



March 13, 2013

NOTICE OF SETTLEMENT AND DEADLINE FOR OBJECTION

**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 settlement of claims of Holders of the Bonds arising from the chapter 11 bankruptcy filing of American (defined below), 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. Background Regarding the 2002/5 Bonds and the Chapter 11 Cases

The 2002/5 Bonds were issued in 2002 and 2005 to fund the demolition of Terminals 8 and 9 at John F. Kennedy International Airport (“JFK Airport”) and the construction of the new Terminal 8 at JFK Airport. In connection with the issuance of the 2002/5 Bonds, American Airlines, Inc. (“American”) and the IDA entered into the Amended and Restated IDA Lease Agreement, dated as of November 1, 2005 (the “2002/5 IDA Lease”). The 2002/5 Bonds have been guaranteed by American and AMR Corporation (“AMR”) pursuant to two separate guarantees (the “2002/5 Guarantees”).

The 2002/5 Bonds were intended to be paid from payments made by American to the IDA under the 2002/5 IDA Lease. The 2002/5 Guarantees are secured by, among other things, a mortgage on American’s leasehold interest in Terminal 8.

The 2002A Bonds have a stated maturity of August 1, 2012. The stated maturity of the 2002B Bonds and 2005 Bonds ranges from August 1, 2016 to August 1, 2031.

BNYM is the indenture trustee for the 2002/5 Bonds, as well as bonds issued in 1990 and 1994 (the “1990 Bonds”¹ and the “1994 Bonds”,² together the “1990/1994 Bonds”) to fund certain improvements at La Guardia Airport and JFK Airport. BNYM is also the indenture trustee for other airport revenue bonds and debt securities guaranteed or issued by the Debtors that are not the subject of the settlement described herein.

AMR, American and certain of their affiliates (the “Debtors”) filed petitions under Chapter 11 of the United States Bankruptcy Code (the “Chapter 11 Cases”) in the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”) on November 29, 2011 (the “Petition Date”).

2. History of Settlement Negotiations

As you have previously been notified in notices dated November 30, 2012 (the “November 30th Notice”) and December 13, 2012 (the “December 13th Notice”), the Debtors, the Trustee and certain large holders of the 1990 Bonds, 1994 Bonds and the 2002/5 Bonds have engaged in negotiations regarding the status of the 2002/5 Bonds, 1990/1994 Bonds and related documents and these negotiations resulted in a proposed settlement embodied in a term sheet (the “Term Sheet”) attached to the December 13th Notice. The background to these negotiations, certain alleged claims and rights of the relevant parties, and certain litigation risks the proposed settlement might help avoid are each described in greater detail in the November 30th Notice.

¹ The terms of the 1990 Bonds are governed by an Indenture dated August 1, 1990 (the “1990 Indenture”). The 1990 Bonds were intended to be paid from payments made by American to the IDA under a Lease Agreement dated as of August 1, 1990 (the “1990 IDA Lease”). The 1990 bonds are guaranteed by AMR.

² The terms of the 1994 Bonds are governed by an Indenture dated August 1, 1994 (the “1994 Indenture”). The 1994 Bonds were intended to be paid from payments made by American to the IDA under a Lease Agreement dated as of August 1, 1994 (the “1994 IDA Lease”). The 1994 Bonds are guaranteed by AMR.

As you were subsequently notified in a notice dated January 25, 2013, the Trustee received direction from the beneficial holders of a majority in principal amount of each of the 1990 Bonds, 1994 Bonds, 2002A Bonds, 2002B Bonds and 2005 Bonds to enter into a final settlement agreement with the Debtors and the IDA incorporating the terms of the Term Sheet.

3. The Stipulation and Agreement and the Rule 9019 Motion

The aforementioned negotiations have resulted in a Stipulation and Agreement (the “Stipulation”) by and between the Debtors, the Trustee and the IDA. On March 13, 2013, the Debtors filed a motion (the “Motion”) pursuant to Sections 105(a) and 365(a) of the Bankruptcy Code, Bankruptcy Rules 6006 and 9019 and Local Bankruptcy Rule 6006-1 for entry of an order (the “Order”) approving the Stipulation and authorizing the assumption of the 2002/5 IDA Lease. Copies of the Motion, the Notice of Hearing on Motion, the Stipulation and the proposed Order are attached hereto as Exhibit A. It is expected that the Motion will be heard before the United States Bankruptcy Court for the Southern District of New York on April 3, 2013. **It is expected that the deadline for filing objections to the Rule 9019 Motion will be March 27, 2013 at 4:00 p.m. (Eastern Time).**

While this Notice contains a summary of the terms of the Stipulation, BNYM encourages all holders to carefully review the Stipulation, the Motion and the proposed Order. As described in greater detail below, the proposed Order enjoins the holders of the 1990 Bonds, 1994 Bonds and 2002/5 Bonds from asserting certain claims against BNYM, the IDA, and the Debtors. The Order, once entered by the Bankruptcy Court will be binding on all Holders irrespective of any rights which they may have under the indentures, the guarantees, or any other relevant documents.³ Accordingly, any bondholder desiring to contest the Motion and the relief sought therein must file an objection in the manner set forth in the Notice of Hearing on Motion.

Among other things, as described in greater detail below, the Stipulation provides the following:

- American will assume the 2002/5 IDA Lease and waive any rights to recharacterize it as a financing. It will continue to make rental payments in respect of interest and principal on the 2002/5 Bonds when due.
- The Holders of the 2002A Bonds will receive the full principal amount outstanding on their Bonds as well as the due and unpaid interest which they would have received on February 1, 2012 and August 1, 2012 (in each case, without interest on overdue payments). The Holders of the 2002B Bonds and 2005 Bonds will receive all due and unpaid interest which they would have received on February 1, 2012, August 1, 2012 and February 1, 2013 (in each case, without interest on overdue payments) less, in the case of the 2002B Bonds, approximately \$8.5 million which shall be deducted from the interest payable to the 2002B Bonds and contributed primarily for the benefit of the 1990/1994 Bonds.

³ Please note that certain ancillary documents that are still being negotiated. In the event that the relevant parties are unable to reach agreement on the terms of these ancillary documents, the Debtors may withdraw the Motion prior to the April 3rd hearing.

- \$3.5 million will be withdrawn from accounts in the Debt Service Reserve Fund securing the 2002B Bonds and 2005 Bonds--\$2 million of this amount will be used for debt service on the 2002/5 Bonds, enabling the contribution of an equivalent amount of funds otherwise intended for debt service on the 2002/5 Bonds to the 1990/1994 Bonds, and \$1.5 million of this amount will be used to pay a portion of the fees and expenses of the Trustee incurred as trustee for 2002/5 Bonds. Following this \$3.5 million withdrawal from the Debt Service Reserve Fund there will be approximately \$34,989,934 remaining in the account securing the 2002B Bonds and approximately \$75,068,443 remaining in the account securing the 2005 Bonds.
- The no-call period for the Series 2002B Bonds maturing August 1, 2028 will be extended as described below.
- As described in greater detail below, the fees and expenses of the Trustee incurred as trustee for the 2002/5 Bonds will be substantially paid in full after taking into account certain fee discounts granted by the professionals retained by the Trustee.
- In connection with the changes to the 2002/5 Indenture described below the IDA will file with the Internal Revenue Service a Form 8038 with respect to the 2002B Bonds. Under Federal income tax rules applicable to tax-exempt bonds the IDA would be required to file a Form 8038 in connection with this transaction only if the changes to the 2002/5 Indenture resulted in the 2002B being treated as having been reissued for Federal income tax purposes (a “deemed refunding”). Without concluding that there has been a deemed refunding of the 2002B Bonds, the IDA is filing the Form 8038 solely as a protective measure.

Summary of the Stipulation

The Stipulation provides for the following treatment of the 2002/5 Bonds:

- The Debtors will assume the 2002/5 IDA Lease and cure all defaults thereunder, as set forth in the Stipulation.
- The Debtors will waive and release all rights to recharacterize the 2002/5 IDA Lease as a financing;
- Approximately \$8.5 million of funds otherwise payable to the holders of the 2002B Bonds in respect of interest on the 2002B Bonds will be used for other purposes. \$8 million of this amount will be distributed to Holders of the 1990/1994 Bonds, \$440,600 will be used to pay fees and expenses of the Trustee incurred as trustee for the 1990/1994 Bonds and the remainder will be used to pay the fees and expenses of the Trustee incurred as trustee for the 2002/5 Bonds.
- Within 60 days of the entry of a final order approving the settlement, to the extent it has received all cure payments from American, BNYM will make (i) any due and unpaid interest payments to the holders of the 2002/5 Bonds, minus, in the case of the 2002B Bonds, the approximately \$8.5 million of post-petition payments contributed to the 1990/1994 Bondholders and used for payment of fees and expenses as

described above and (ii) any due and unpaid principal payments to the holders of the 2002/5 Bonds, in each case, without interest on overdue payments. Following approval of the settlement, BNYM will send a notice to Holders establishing a special record date for these distributions.

- \$2 million from the Debt Service Reserve Fund established under the 2002/5 Indenture to secure the 2002/5 Bonds will be used for debt service on the 2002/5 Bonds, enabling the contribution of an equivalent amount of funds otherwise intended for debt service on the 2002/5 Bonds to the 1990/1994 Bonds (the “Bond Fund Contribution”). An additional \$1.5 million will be withdrawn from this Debt Service Reserve Fund and used to pay a portion of the fees and expenses of the Trustee incurred as trustee for the 2002/5 Bonds. The 2002/5 Indenture will be amended to provide that the Debtors will not be required to replenish the Debt Service Reserve Fund following these withdrawals. These withdrawals will be made from the accounts securing the 2002B Bonds and 2005 Bonds. Following such withdrawals there will be approximately \$34,989,934 remaining in the account securing the 2002B Bonds and approximately \$75,068,443 remaining in the account securing the 2005 Bonds.
- The 2002/5 Indenture will be amended to provide that the Series 2002B Bonds maturing August 1, 2028 will not be subject to optional redemption prior to August 1, 2015, and thereafter will be redeemable at redemption prices of (i) 100.5% for the period August 1, 2015 through July 31, 2016; and (ii) 100.0% from August 1, 2016 and thereafter.
- The Debtors will waive and release all rights to recharacterize the 2002/5 IDA Lease as a financing.
- For the purposes of settlement, BNYM and the Debtors will agree that no acceleration of the 2002/5 Bonds resulted from the Debtors’ chapter 11 filings.
- The Debtors will agree that their chapter 11 filings shall not affect the validity or enforceability of the other documents governing the 2002/5 Bonds, including the Guarantees and any mortgage and security agreements, to the extent such documents were valid and enforceable prior to the Debtors’ chapter 11 filings.
- The fees and expenses of the Trustee incurred as trustee for the 2002/5 Bonds will be substantially paid in full after taking into account certain fee discounts granted by the professionals retained by the Trustee with further detail as follows:
 - The fees and expenses incurred by BNYM through September 30, 2012 as trustee for the 2002/5 Bonds will be paid from the following sources:
 - \$1,500,000 will be withdrawn from the Debt Service Reserve Fund as described above;
 - \$706,546 cash payable by the Debtors within 30 days after the effective date of the Stipulation;

- additional fees incurred prior to September 30, 2012 will be payable from post-petition amounts previously received by BNYM from the Debtors on account of interest on the 2002B Bonds;
- Subject to certain limitations as described in the Stipulation, the Debtors will pay the reasonable fees and expenses incurred by BNYM as trustee for the 2002/5 Bonds after September 30, 2012 to the extent provided for in the applicable documents.
- Seabury Advisors, the Trustee's financial advisor is entitled to payment of a completion fee for its work on behalf of BNYM in its capacity as indenture trustee for a number of different bond structures. Within thirty (30) days after the effective date of the Debtors' confirmed plan of reorganization in the Chapter 11 Cases, the Debtors will make a cash payment of \$1,030,710 in full satisfaction of the portion of the completion fee allocable to the 2002/5 Bonds.
- In accordance with Sections 8.03 and 9.04 of the 2002/5 Indenture, all distributions to the Holders of the 2002/5 Bonds are subject to the prior payment in full of the fees and expenses of BNYM and its counsel and advisors incurred or to be incurred as trustee for the 2002/5 Bonds for the duration of the Chapter 11 Cases.

The Stipulation provides that the 1990 Bonds and 1994 Bonds will receive, among other things, the following treatment:

- For purposes of settlement, BNYM and the Debtors will agree that the transactions entered into in connection with the 1990 Bonds and 1994 Bonds will be deemed unsecured financings, and the Debtors will waive any rights to limit such claims under Section 502(b)(6) of the Bankruptcy Code.
- All post-petition rental payments made by American under the 1990 IDA Lease (totaling approximately \$4,532,220) will be retained by BNYM for distribution to the Holders of the 1990 Bonds.
- A total of \$10 million (consisting of (i) the \$2 million "Bond Fund Contribution" described above and (ii) \$8 million payable from post-petition amounts previously received by BNYM from the Debtors on account of interest on the 2002B Bonds) will be distributed to the Holders of the 1990/1994 Bonds.
- The fees and expenses of the Trustee incurred as trustee for the 1990/1994 Bonds prior to September 30, 2012 will be substantially paid in full after taking into account certain fee discounts granted by the professionals retained by the Trustee.
- The Debtors will pay up to \$50,000 in cash in respect of certain reasonable fees incurred as trustee for the 1990/1994 Bonds after September 30, 2012
- Subject to the Debtors' right to review all fees for reasonableness and to certain limitations described in the Stipulation, the 1990/1994 Bonds will be granted

unsecured claims against American and AMR for additional reasonable fees and expenses incurred as trustee for the 1990/1994 Bonds.

- Treatment of the 1990 Bonds and 1994 Bonds in the manner described above will constitute full and final satisfaction of any claims against the Debtors on account of the 1990 Bonds and 1994 Bonds.

The Stipulation and Order contain, among other things, the following releases, injunctions and exculpations for the benefit of a number of parties including BNYM, the Debtors, certain bondholders and each of their counsel and advisors:

- **The Debtors, BNYM, their counsel and advisors and any bondholder directing BNYM to enter into the settlement shall have no liability for any and all claims and causes of action in any way related to the matters that are the subject of the Motion, the Stipulation or the Order and each holder of the 1990/1994 Bonds and 2002/5 Bonds shall be permanently enjoined from asserting, prosecuting or otherwise pursuing any such claims.**
- **The holders of the 1990/1994 Bonds and the indenture trustees for such bonds will be barred and enjoined from (i) asserting a security interest in any of the Debtors' assets, and (ii) asserting any claims or causes of action against the Debtors, the holders of the 2002/5 Bonds or BNYM in its capacity as indenture trustee for the 1990 Bonds, the 1994 Bonds or the 2002/5 Bonds, in connection with or arising out of the transactions related to or underlying the issuance of the 1990 Bonds, 1994 Bonds and the 2002/5 Bonds.**

4. Further Information

By providing this Notice, BNYM makes no recommendation as to the merits of the Motion, Stipulation or Order. Holders should not construe anything in this Notice 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 Motion, Stipulation and Order.

In the event you have any questions regarding this notice, please 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

HEARING DATE AND TIME: April 3, 2013 at 11:00 a.m. (Eastern Time)
OBJECTION DEADLINE: March 27, 2013 at 4:00 p.m. (Eastern Time)

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Attorneys for Debtors
and Debtors in Possession

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re	: Chapter 11 Case No.
	:
AMR CORPORATION, et al.,	: 11-15463 (SHL)
	:
Debtors.	: (Jointly Administered)
	:
-----X	

**NOTICE OF HEARING
ON MOTION OF DEBTORS
FOR ENTRY OF ORDER PURSUANT
TO 11 U.S.C. §§ 105(a) and 365(a), FED. R. BANKR. P. 9019(a)
AND 6006, AND LBR 6006-1 (I) APPROVING STIPULATION
BY AND AMONG DEBTORS, THE BANK OF NEW YORK
MELLON, AS TRUSTEE FOR VARIOUS ISSUES OF BONDS, AND THE
NEW YORK CITY INDUSTRIAL DEVELOPMENT AUTHORITY AND (II)
AUTHORIZING ASSUMPTION, AS MODIFIED, OF CERTAIN UNEXPIRED
LEASES OF NONRESIDENTIAL REAL PROPERTY RELATED THERETO**

PLEASE TAKE NOTICE that a hearing on the annexed motion, dated
March 13, 2013 (the “**Motion**”), of AMR Corporation and its related debtors, as debtors and
debtors in possession (collectively, the “**Debtors**”), will be held before the Honorable Sean H.
Lane, United States Bankruptcy Judge, in Room 701 of the United States Bankruptcy Court for
the Southern District of New York (the “**Bankruptcy Court**”), One Bowling Green, New York,

New York 10004, on **April 3, 2013 at 11:00 a.m. (Eastern Time)**, or as soon thereafter as counsel may be heard.

PLEASE TAKE FURTHER NOTICE that any responses or objections to the Motion (the “**Objections**”) must be in writing, shall conform to the Federal Rules of Bankruptcy Procedure and the Local Bankruptcy Rules for the Southern District of New York, and shall be filed with the Bankruptcy Court (a) by registered users of the Bankruptcy Court’s case filing system, electronically in accordance with General Order M-399 (which can be found at <http://nysb.uscourts.gov>) and (b) by all other parties in interest, on a 3.5 inch disk, in text-searchable portable document format (PDF) (with a hard copy delivered directly to Chambers), in accordance with the customary practices of the Bankruptcy Court and General Order M-399, to the extent applicable, and served in accordance with General Order M-399 and on (i) the attorneys for the Debtors, Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153 (Attn: Stephen Karotkin, Esq.), (ii) the Debtors, c/o AMR Corporation, 4333 Amon Carter Boulevard, MD 5675, Fort Worth, Texas 76155 (Attn: Kathryn Kooreny, Esq.), (iii) the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, 21st Floor, New York, New York 10004 (Attn: Brian Masumoto, Esq.), (iv) the attorneys for the Official Committee of Unsecured Creditors, Skadden, Arps, Slate, Meagher & Flom LLP, 155 North Wacker Drive, Chicago, Illinois 60606 (Attn: John Wm. Butler, Jr., Esq.) and Four Times Square, New York, New York 10036 (Attn: Jay M. Goffman, Esq.), (v) the attorneys for the Section 1114 Committee of Retired Employees, Jenner & Block LLP, 353 North Clark Street, Chicago, Illinois 60654 (Attn: Catherine L. Steege, Esq. and Charles B. Sklarsky, Esq.) and 919 Third Avenue, 37th Floor, New York, New York 10022 (Attn: Marc B. Hankin, Esq.), (vi) the attorneys for The Bank of New York Mellon Trust Company, N.A., as Indenture Trustee for the

1990 Bonds, the 1994 Bonds, the 2002/5 Bonds, Kramer Levin Naftalis & Frankel LLP, 1177 Avenue of the Americas, New York, New York 10036 (Attn: Amy Caton, Esq. and David E. Blabey, Jr., Esq.), (vii) New York City Industrial Development Agency, New York City Law Department, 100 Church Street, Room 5-223, New York, New York 10007 (Attn: Gabriela P. Cacuci, Esq.), (viii) The Port Authority of New York and New Jersey, 225 Park Avenue South, 13th Floor, New York, New York 10003 (Attn: Margaret Taylor-Finucane, Esq.), and (ix) all entities that requested notice in these chapter 11 cases under Fed. R. Bankr. P. 2002 so as to be received no later than **March 27, 2013 at 4:00 p.m. (Eastern Time)** (the “**Objection Deadline**”).

PLEASE TAKE FURTHER NOTICE that if no Objections are timely filed and served with respect to the Motion, the Debtors may, on or after the Objection Deadline, submit to the Bankruptcy Court an order substantially in the form of the proposed order annexed to the Motion, which order may be entered with no further notice or opportunity to be heard.

Dated: New York, New York
March 13, 2013

/s/ Alfredo R. Perez

Harvey R. Miller
Stephen Karotkin
Alfredo R. Pérez
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Attorneys for Debtors
and Debtors in Possession

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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	:	
In re	:	Chapter 11 Case No.
	:	
AMR CORPORATION, et al.,	:	11-15463 (SHL)
	:	
Debtors.	:	(Jointly Administered)
	:	
-----X		

**MOTION OF DEBTORS
FOR ENTRY OF ORDER PURSUANT
TO 11 U.S.C. §§ 105(a) and 365(a), FED. R. BANKR. P. 9019(a)
AND 6006, AND LBR 6006-1 (I) APPROVING STIPULATION
BY AND AMONG DEBTORS, THE BANK OF NEW YORK
MELLON, AS TRUSTEE FOR VARIOUS ISSUES OF BONDS, AND THE
NEW YORK CITY INDUSTRIAL DEVELOPMENT AUTHORITY AND (II)
AUTHORIZING ASSUMPTION, AS MODIFIED, OF CERTAIN UNEXPIRED
LEASES OF NONRESIDENTIAL REAL PROPERTY RELATED THERETO**

TO THE HONORABLE SEAN H. LANE,
UNITED STATES BANKRUPTCY JUDGE:

AMR Corporation and its related debtors, as debtors and debtors in possession

(collectively, the “**Debtors**”), respectfully represent:

Background

1. On November 29, 2011 (the “**Commencement Date**”), each of the Debtors commenced a voluntary case under chapter 11 of title 11, United States Code (the “**Bankruptcy Code**”). The Debtors have continued to operate their business and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in these chapter 11 cases.
2. On December 5, 2011, the United States Trustee for the Southern District of New York (the “**U.S. Trustee**”) appointed the Official Committee of Unsecured Creditors.
3. Information regarding the Debtors’ business, capital structure, and the circumstances leading to the commencement of these chapter 11 cases is set forth in the Affidavit of Isabella D. Goren Pursuant to Rule 1007-2 of the Local Bankruptcy Rules of the Southern District of New York, sworn to on November 29, 2011 (ECF No. 4).
4. On June 21, 2012, this Court entered an order, pursuant to section 365(d)(4) of the Bankruptcy Code, further extending the time for the Debtors to assume or reject certain unexpired leases of nonresidential real property (the “**Deadline**”) with the New York City Industrial Development Agency (the “**IDA**”), as the owner and operator of the John F. Kennedy International Airport (“**JFK**”), without prejudice to the Debtors’ right to request further extensions in accordance with section 365(d)(4) (ECF No. 3318).
5. On July 24, 2012, August 8, 2012, September 20, 2012, October 9, 2012, November 9, 2012, November 29, 2012, December 19, 2012, January 9, 2013, February 14, 2013, February 26, 2013, and March 12, 2013 respectively, this Court entered orders, pursuant to section 365(d)(4) of the Bankruptcy Code, further extending the Deadline to assume or reject certain unexpired leases of nonresidential real property at the JFK with consent of the IDA and

the 1990 Bond Trustee, 1994 Bond Trustee and the 2002/5 Bond Trustee (each as defined below), without prejudice to the Debtors' right to request further extensions in accordance with section 365(d)(4) (ECF Nos. 3664, 3953, 4641, 4947, 5292, 5467, 5795, 6098, 6688, 6864, and 7058) (collectively, the "**Consensual Extension Orders**"). The deadline under section 365(d)(4) to assume or reject those leases at JFK is currently April 4, 2013 (subject to further extensions as noted in more detail below).

Jurisdiction

6. The Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b).

Relief Requested

7. The Debtors request entry of an order, substantially in the form annexed hereto as **Exhibit "A,"** pursuant to section 365(a) of the Bankruptcy Code, Rules 9019(a) and 6006 of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**"), and Rule 6006-1 of the Local Bankruptcy Rules for the Southern District of New York (the "**Local Rules**"), approving that certain Stipulation and Agreement among the Debtors, the IDA, the Bank of New York Mellon (formerly known as Bank of New York), as successor indenture trustee for the 1990 Bonds (as defined below) (in such capacity, the "**1990 Bond Trustee**"), for the 1994 Bonds (as defined below) (in such capacity, the "**1994 Bond Trustee**"), and for the 2002 Bonds and the 2005 Bonds (each as defined below) (in such capacity, the "**2002/5 Bond Trustee**") (the "**Stipulation**"), a copy of which is annexed hereto as **Exhibit "1"** to the proposed order annexed hereto as **Exhibit "A"** and authorizing the assumption, as modified, of the Subleases (as defined

below).¹

The Bond Issuances

8. The 1990 Bond Trustee is the indenture trustee for the publicly issued Special Facility Revenue Bonds (the “**1990 Bonds**,” and the holders of such Bonds, the “**1990 Bondholders**”) in the aggregate original principal amount of \$83,930,000 issued by the IDA pursuant to the terms of an Indenture of Trust, dated as of August 1, 1990, between the IDA and United States Trust Company of New York (a predecessor indenture trustee) (the “**1990 Indenture**”).

9. The 1994 Bond Trustee is the indenture trustee for the publicly issued Special Facility Revenue Bonds (the “**1994 Bonds**,” and the holders of such Bonds, the “**1994 Bondholders**”) in the aggregate original principal amount of \$83,085,000 issued by the IDA pursuant to the terms of an Indenture of Trust, dated as of August 1, 1994, between the IDA and United States Trust Company of New York (a predecessor indenture trustee) (the “**1994 Indenture**”).

10. The 1990 Bonds are guaranteed by AMR Corporation (“**AMR**”) pursuant to that certain Guaranty, dated August 1, 1990 (the “**1990 Guaranty**”), and the 1994 Bonds are guaranteed by AMR pursuant to that certain Guaranty, dated August 1, 1994 (the “**1994 Guaranty**”).

11. American Airlines, Inc. (“**American**”) subleased American’s facilities (the “**JFK Premises**”) located at JFK and LaGuardia Airport (the “**LGA Premises**” and, together with the JFK Premises, the “**Premises**”) from (i) the Port Authority of New York and

¹ The Debtors, Bank of New York Mellon, the 1990 Bond Trustee, the 1994 Bond Trustee, the 2002/5 Bond Trustee, and the IDA are each referred to individually as a “**Party**” and collectively as the “**Parties**.” The proposed cure amounts for the Subleases are also set forth in the Stipulation.

New Jersey (the “**Port Authority**”) pursuant to those certain (a) Agreement of Lease (AYB-085), dated August 1, 1976 the (“**1976 PA Lease**”), (b) Agreement of Lease (AYB-040), dated November 1, 1975, and (c) Agreement of Lease (AG-416), dated January 1, 1957, and (ii) other airlines (who subleased various portions of the Premises from the Port Authority) pursuant to those certain (a) Facility Use Agreement, dated October 5, 1989, with United Air Lines, Inc. and (b) Gate Use Agreement, dated December 13, 1989, with Northwest Airlines, Inc. (the leases referenced in (i) and (ii), collectively, as amended from time to time, the “**PA Leases**”). The Debtors have previously assumed the PA Leases pursuant to the Fourteenth Omnibus Order Pursuant to 11 U.S.C. § 365(a), Fed. R. Bankr. P. 6006, and LBR 6006-1 Authorizing Assumption of Certain Unexpired Leases of Nonresidential Real Property and Sixteenth Omnibus Order Pursuant to 11 U.S.C. § 365(a), Fed. R. Bankr. P. 6006, and LBR 6006-1 Authorizing Assumption of Certain Unexpired Leases of Nonresidential Real Property, dated June 20, 2012 and July 19, 2012, respectively (ECF Nos. 3304 and 3634).

12. Pursuant to that certain Company Lease, dated August 1, 1990 (the “**1990 Company Sublease**”), American sub-subleased a portion of the Premises, which leased Premises are described in the Description of Leased Facilities annexed as an appendix to the 1990 Company Sublease (the “**1990 Premises**”) to the IDA, and the IDA sub-sub-subleased the 1990 Premises back to American pursuant to that certain Lease Agreement, dated August 1, 1990 (the “**1990 IDA Sublease**”).

13. On August 1, 1994, American entered into additional lease agreements with regard to the 1990 Premises as well as with regard to certain other improvements (together with the 1990 Premises, the “**1994 Premises**”) pursuant to those certain (i) Company Lease, dated August 1, 1994, with the IDA, pursuant to which American sub-subleased the 1994

Premises to the IDA (the “**1994 Company Sublease**”) and (ii) Lease Agreement, dated August 1, 1994, with the IDA, pursuant to which the IDA sub-sub-subleased the 1994 Premises back to American (the “**1994 IDA Sublease**”), which in each case, with respect to the 1990 Premises, were made “subject to” the 1990 Company Sublease and the 1990 IDA Sublease. American asserts that the portions of the 1990 Premises and the 1994 Premises at JFK were previously demolished.

14. The 2002/5 Bond Trustee is the indenture trustee for the publicly issued Special Facility Revenue Bonds in the aggregate original principal amount of \$1,300,000,000 issued by the IDA pursuant to the terms of a Master Indenture of Trust, dated as of July 1, 2002, between the IDA and The Bank of New York, as amended by an Amended and Restated Master Indenture of Trust, dated as of November 1, 2005, between the IDA and The Bank of New York (the “**2002/5 Indenture**”), as supplemented by (x) the First Series Supplemental Indenture of Trust, dated as of July 1, 2002, between the IDA and The Bank of New York, (y) the Second Series Supplemental Indenture of Trust, dated as of July 1, 2002, between the IDA and The Bank of New York (the “**2002/5 Second Supplemental Indenture**”) and (z) the Third Series Supplemental Indenture, dated as of November 1, 2005, between the IDA and The Bank of New York (the “**2002/5 Third Supplemental Indenture**”), consisting of—

(i) \$120,000,000 in aggregate original principal amount of IDA Special Facility Revenue Bonds, Series 2002A (the “**2002A Bonds**” and the holders of such Bonds, the “**2002A Bondholders**”);

(ii) \$380,000,000 in aggregate original principal amount of IDA Special Facility Revenue Bonds, Series 2002B (the “**2002B Bonds**,” and the holders of such Bonds, the “**2002B Bondholders**”), and

(iii) \$800,000,000 in aggregate original principal amount of IDA Special Facility Revenue Bonds, Series 2005 (the “**2005 Bonds**,” and the holders of such Bonds, the “**2005 Bondholders**”; such 2005 Bonds together with the 2002A Bonds and the 2002B Bonds, the “**2002/5 Bonds**”; such 2002/5 Bonds together with the 1990 Bonds and 1994 Bonds, the “**Bonds**”; such 2005 Bondholders together with the 2002A Bondholders, and the 2002B Bondholders, the “**2002/5 Bondholders**”; and such 2002/5 Bondholders together with the 1990 Bondholders and 1994 Bondholders, the “**Bondholders**”).

15. The 2002/5 Bonds are guaranteed by AMR pursuant to that certain Guaranty, dated July 1, 2002, and by American pursuant to that certain Guaranty, dated July 1, 2002 (the “**2002/5 Guarantees**”), and American and AMR each executed a Confirmation of Guaranty (the “**2002/5 Confirmations of Guarantees**”) confirming, among other things, that the 2002/5 Guarantees apply equally to the 2002A, 2002B and 2005 Bonds.

16. American and the IDA are party to that certain Leasehold Mortgage and Security Agreement, dated November 8, 2005, by American in favor of the 2002/5 Bond Trustee (the “**2002/5 Leasehold Mortgage**”).

17. American, the IDA and the 2002/5 Bond Trustee are party to that certain Equipment Security Agreement, dated July 1, 2002, among American, The Bank of New York and the IDA, as amended by that certain Amended and Restated Equipment Security Agreement, dated November 1, 2005 (the “**2002/5 Equipment Security Agreement**”). There has been established under the terms of the 2002/5 Indenture a Debt Service Reserve Fund (the “**Debt Service Reserve Fund**”) and within such Debt Service Reserve Fund there have been established certain accounts, including, (i) the Series 2002B Debt Service Reserve Account (the “**2002B DSR Account**”) with a balance as of February 1, 2013 of \$36,102,660.00, and (ii) the

Series 2005 Debt Service Reserve Account the (“**2005 DSR Account**”) with a balance as of February 1, 2013 of \$77,455,718.00 (such balances, which are exclusive of interest earned, the “**DSR Account Balances**”).

18. American sub-subleased all or a portion of the premises subject to the 1976 PA Lease to the IDA (the “**2002/5 Premises**”) pursuant to that certain Company Sublease Agreement, dated July 1, 2002, as amended by that certain Amended and Restated Company Sublease Agreement, dated November 1, 2005 (the “**2002/5 Company Sublease**”), and the IDA sub-sub-subleased the 2002/5 Premises back to American pursuant to that certain IDA Lease Agreement, dated July 1, 2002, as amended by that certain Amended and Restated IDA Lease Agreement, dated November 1, 2005 (the “**2002/5 IDA Sublease**,” and together with the 2002/5 Company Sublease, the “**Subleases**”). American asserts that its use and occupancy of the premises at JFK is currently governed by the PA Leases and the Subleases.

19. The Parties have entered into certain other agreements that may affect the rights, duties and responsibilities of the Parties and the Bondholders (such other agreements in respect of the 1990 Bonds, together with the 1990 Indenture, the 1990 Company Sublease, the 1990 IDA Sublease and the 1990 Guaranty, the “**1990 Transaction Documents**”; such other agreements in respect of the 1994 Bonds, together with the 1994 Indenture, the 1994 Company Sublease, the 1994 IDA Sublease and the 1994 Guaranty, the “**1994 Transaction Documents**”; such other agreements in respect of the 2002/5 Bonds, together with the 2002/5 Indenture, the 2002/5 Company Sublease, the 2002/5 IDA Sublease, the 2002/5 Guarantees, the 2002/5 Confirmation of Guarantees, the 2002/5 Leasehold Mortgage and the 2002/5 Equipment Security Agreement, the “**2002/5 Transaction Documents**”; and the 1990 Transaction Documents, the 1994 Transaction Documents and the 2002/5 Transaction Documents, collectively, the

“**Transaction Documents,**” with references in the Stipulation to any such Transaction Document being to such document as it may have been amended or supplemented).

Pre- and Postpetition Rent and Debt Service Payments

20. The Debtors have made certain postpetition payments under the 1990 IDA Sublease and 2002/5 IDA Sublease, but have not made any postpetition payments under the 1994 IDA Sublease. Certain of the aforementioned postpetition payments made by the Debtors under the 1990 IDA Sublease and 2002/5 IDA Sublease were made subject to the following reservation of rights:

American reserves all rights in connection with the payments made pursuant to that certain [IDA Sublease]. . . , between the New York City Industrial Development Agency and American, as amended . . . and any other related agreements. Acceptance of payments thereunder from the recipient shall not be deemed an admission by American concerning the legal characterization or nature of American’s obligations, and American does not waive (and expressly reserves) its right to seek to recharacterize any or a portion of the obligations under the . . . [IDA Sublease] and any related documents, take any other action, or to exercise any other right with respect to the [IDA Sublease] . . . and any related documents.

21. Due to alleged uncertainties and allocation issues arising as a result of the chapter 11 filing and subsequent events, the 1990 Bond Trustee has not made any distributions to the 1990 Bondholders since the chapter 11 filing and the 2002/5 Bond Trustee has distributed to the 2002/5 Bondholders a portion of the postpetition payments it has received and continues to hold a portion of such postpetition payments.

22. Certain of the 1990 Bondholders and 1994 Bondholders have asserted that they may hold an equitable lien on some or all of the 2002/5 Premises, and the Debtors and certain of the 2002/5 Bondholders may dispute such assertions.

The Stipulation and Agreement

23. After extensive arm’s-length negotiations, the Debtors, the 1990 Bond

Trustee, the 1994 Bond Trustee, the 2002/5 Bond Trustee, and the IDA have reached an agreement that is embodied in the Stipulation.

24. The 1990 Bond Trustee has advised the Debtors that it has been directed by holders of a majority in principal amount of the 1990 Bonds (the “**1990 Directing Bondholders**”) to enter into the Stipulation; the 1994 Bond Trustee has advised the Debtors that it has been directed by holders of a majority in principal amount of the 1994 Bonds (the “**1994 Directing Bondholders**”) to enter into the Stipulation; and the 2002/5 Bond Trustee has advised the Debtors that it has been directed by holders of a majority in principal amount of each of the 2002A Bonds, the 2002B Bonds and the 2005 Bonds (the “**2002/5 Directing Bondholders**” and together with the 1990 Directing Bondholders and the 1994 Directing Bondholders, the “**Directing Bondholders**”) to enter into the Stipulation.²

25. The following briefly summarizes the major terms of the Stipulation:³

- (a) Recharacterization. For purposes of settlement, the Parties agree that effective upon the later of (i) the date that an order approving the Stipulation (the “**Settlement Order**”) becomes final and non-appealable or (ii) the date on which each of the Parties to the Stipulation have executed the Stipulation (the “**Effective Date**”), the transactions entered into in connection with the 1990 Bonds and the 1994 Bonds (including, without limitation, the 1990 Company Sublease, 1990 IDA Sublease, 1994 Company Sublease, and 1994 IDA Sublease) shall be deemed unsecured financings (the “**Recharacterization**”), and that each of the 1990

² The description and characterization in this Motion of (a) the events, facts and circumstances giving rise to the claims and disputes (and the settlement of those claims and disputes) referenced herein and (b) the claims and disputes themselves, are for information purposes only, and are without prejudice to any claims, defenses, rights of setoff, liens, losses, demands, damages, costs, and causes of action of whatever nature of the Debtors, the 1990 Bond Trustee, the 1994 Bond Trustee, the 2002/5 Bond Trustee, the IDA and their respective affiliates, which shall be governed solely by the terms of the Stipulation.

³ The summary of the Stipulation set forth herein is provided for purposes of convenience only and is qualified in its entirety by the terms and conditions of the Stipulation. In the event of any inconsistency between the summary contained herein and the terms and provisions of the Stipulation, the Stipulation shall control. Terms used in this summary or elsewhere in the Motion and not defined herein have the meanings ascribed to them in the Stipulation.

Company Sublease, 1990 IDA Sublease, 1990 Guaranty, 1994 Company Sublease, 1994 IDA Sublease and 1994 Guaranty shall constitute non-executory contracts that are not subject to rejection under section 365 of the Bankruptcy Code; provided, however, for the avoidance of doubt, that (i) the Recharacterization shall in no way affect the validity of the PA Leases or the 2002/5 Transaction Documents and (ii) the Debtors shall be entitled to continue to use the JFK Premises and the LGA Premises (if any) financed by the proceeds of the 1990 Bonds and/or the 1994 Bonds, in accordance with the terms of the PA Leases. The parties further agree for purposes of settlement that no acceleration or redemption obligations with respect to the 1990 Bonds or 1994 Bonds resulted from the chapter 11 filing.

- (b) Allowed Unsecured Claims and Cash Consideration to the 1990 Bondholders and 1994 Bondholders. The Parties agree for purposes of settlement that, in respect of its prepetition claims against American and AMR, (i) the 1990 Bond Trustee 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 of the 1990 Bond Trustee in the amount of \$85,793,246.00 (representing principal plus accrued but unpaid prepetition interest), and (ii) the 1994 Bond Trustee 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 of the 1994 Bond Trustee in the amount of \$84,964,105.75 (representing principal plus accrued but unpaid prepetition interest) and, except as may be provided expressly in the Stipulation, any other amounts claimed by the 1990 Bond Trustee or the 1994 Bond Trustee on behalf of itself and/or the 1990 Bondholders or the 1994 Bondholders shall be disallowed and/or deemed withdrawn.⁴ In addition to the aforementioned allowed general unsecured claims, the 1990 Bond Trustee and 1994 Bond Trustee shall be entitled to certain other cash consideration provided for in the Stipulation, including the \$8 million 2002B Bondholder Contribution (contributed by the 2002B Bondholders) to the 1990/1994 Bonds, the \$2 million Bond Fund Contribution (consisting of amounts contributed from the 2002/5 Bond Fund or 2002/5 Lease Payments Fund)⁵ to the 1990/1994 Bonds and will

⁴ Nothing in the Stipulation is intended to grant or release any claim that the 1990 Bond Trustee or 1994 Bond Trustee may have for interest (including interest on overdue interest) due and owing on the 1990 Bonds or the 1994 Bonds which may have accrued or may yet accrue after the date of the Chapter 11 Filing (“**Postpetition Interest**”) to the extent provided for in the applicable 1990 Transaction Documents or 1994 Transaction Documents, *provided* that, the Debtors retain all rights and defenses to any claim for Postpetition Interest asserted by the 1990 Bond Trustee or the 1994 Bond Trustee.

⁵ A total of \$2 million will also be transferred from the 2002B DSR Account and 2005 DSR Account to the 2002/5 Bond Fund or 2002/5 Lease Payments Fund.

be entitled to retain the postpetition payments previously made by American under the 1990 IDA Sublease.

- (c) 1990 Bond Trustee Fees & Expenses. For purposes of settlement of claims by the 1990 Bond Trustee with respect to the Debtors' alleged obligations under the 1990 Transaction Documents to pay the fees and expenses of the 1990 Bond Trustee incurred in connection with or allocable to the 1990 Bonds prior to the Effective Date, the Parties agree that the 1990 Bond Trustee shall receive payments in cash as set forth in the Stipulation or, to the extent such fees and expenses exceed the amount specified in the Stipulation, the 1990 Bond Trustee shall be entitled to allowed general unsecured claims as set forth in the Stipulation.
- (d) 1994 Bond Trustee Fees & Expenses. For purposes of settlement of claims by the 1994 Bond Trustee with respect to the Debtors' alleged obligations under the 1994 Transaction Documents to pay the fees and expenses of the 1994 Bond Trustee incurred in connection with or allocable to the 1994 Bonds prior to the Effective Date, the Parties agree that the 1994 Bond Trustee shall receive payments in cash as set forth in the Stipulation or, to the extent such fees and expenses exceed the amount specified in the Stipulation, the 1994 Bond Trustee shall be entitled to allowed general unsecured claims as set forth in the Stipulation.
- (e) Assumption. Effective upon the Effective Date, the Debtors shall be deemed to have assumed the Subleases.
- (f) Waiver of Recharacterization. As of the Effective Date, each of the Debtors shall be deemed to have irrevocably waived and released, 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 2002/5 Bonds, including the 2002/5 IDA Lease.
- (g) Withdrawal of Adequate Protection Motion. As of the Effective Date, the Adequate Protection Motion shall be deemed withdrawn without prejudice solely with respect to the 1976 PA Lease, the 2002/5 Bonds, and any interest in collateral claimed by the 2002/5 Bond Trustee or the 2002/5 Bondholders in connection therewith.
- (h) IDA Fees & Expenses (1990 Bonds, 1994 Bonds, 2002/5 Bonds). Within thirty (30) days after the Effective Date or such later date as may be agreed to by and between the Debtors and the IDA, the Debtors shall, for purposes of settlement, pay all reasonable prepetition and postpetition fees and expenses of the IDA and its counsel and other advisors incurred in connection with the 1990 Bonds, the 1994 Bonds or the 2002/5 Bonds on or prior to the Effective Date and invoiced to the Debtors on or prior to the fifteenth (15th) day after the Effective Date. Such fees and expenses are currently estimated to be approximately \$120,000. After the Effective

Date, the Debtors shall continue to pay all reasonable fees and expenses of the IDA and its respective counsel and other advisors incurred in connection with the 2002/5 Bonds (including fees incurred prior to the Effective Date but not invoiced prior to the fifteenth (15th) day after the Effective Date) to the extent provided for, and in accordance with, applicable documents, within 30 days after receipt of an invoice for such fees (or by such other later date as may be mutually agreed by the Debtors and the IDA); provided, however, that nothing in the Stipulation shall be deemed to constitute a waiver of the Debtors' right to challenge any such claimed fees or expenses.

- (i) 2002/5 Bond Trustee Fees & Expenses. In full satisfaction of any alleged obligations the Debtors may have under the 2002/5 Transaction Documents in respect of the prepetition and postpetition fees and expenses of the 2002/5 Bond Trustee incurred through September 30, 2012 in connection with the 2002/5 Bonds (other than the portion of the completion fee of Seabury Advisors (“**Seabury**”) allocable to the 2002/5 Bonds) (the “**2002/5 Fees Through 9/30/2012**”), the 2002/5 Bond Trustee shall receive payments in cash as set forth in the Stipulation.⁶ Within thirty (30) days after the Effective Date, the Debtors will pay all reasonable fees and expenses of the 2002/5 Bond Trustee incurred between October 1, 2012 and the Effective Date, subject to certain parameters and restrictions provided for in the Stipulation. From and after the Effective Date, the Debtors will continue to pay all reasonable fees and expenses of the 2002/5 Bond Trustee subject to certain parameters and restrictions provided for in the Stipulation. If the 2002/5 Bond Trustee's legal counsel believes that fees and expenses incurred by the 2002/5 Bond Trustee and its counsel after the Effective Date in connection with the 2002/5 Bonds (including fees and expenses incurred in connection with or allocable to the 2002/5 Guarantees, but not including the “General Fees”) (the “**Post-Effective Date JFK 2002/5 Fees**”) are likely to exceed \$25,000 in any one month, the 2002/5 Bond Trustee's legal counsel shall use its best reasonable efforts to notify the Debtors and discuss with the Debtors the reasonableness of such fees. If the Debtors dispute the reasonableness of the Post-Effective Date JFK 2002/5 Fees, the 2002/5 Bond Trustee's legal counsel agrees that it will submit its Post-Effective Date JFK 2002/5 Fees to a fee examiner (mutually agreed to between the 2002/5 Bond Trustee and the Debtors) or the Bankruptcy Court for a review for their reasonableness. Each of the Parties shall be bound by any decision by a fee examiner or the Bankruptcy Court in connection with a

⁶ The cash payment made by the Debtors in respect of the 2002/5 Fees Through 9/30/2012 will consist of \$706,546.

review of the reasonableness of Post-Effective Date JFK 2002/5 Fees and the Debtors agree to pay any fees and expenses deemed reasonable by the Bankruptcy Court or fee examiner.

- (j) 2002/5 Completion Fee. Within thirty (30) days after the effective date of the Debtors' chapter 11 plan, the Debtors shall make a cash payment of \$1,030,710 to the 2002/5 Bond Trustee in respect of the portion of the reduced completion fee of Seabury allocable to the 2002/5 Bonds (the "**2002/5 Completion Fee**"). Other than as provided in the immediately preceding sentence, the Debtors shall have no further obligations in respect of the 2002/5 Completion Fee.
- (k) Reinstatement of 2002/5 Bonds. The 2002/5 Bonds shall be reinstated such that the 2002/5 Transaction Documents shall pass through the Debtors' bankruptcies unaltered, subject only to (i) amendments necessary to effectuate the Stipulation, including, without limitation, the DSR Reduction (as defined in the Stipulation), the No Call Extension (as defined in the Stipulation) and any other amendments necessary to clarify that the Debtors shall not be required to replenish the Debt Service Reserve Fund as a result of transfer of moneys from the Debt Service Reserve Fund pursuant to the DSR Contribution (as defined in the Stipulation), and (ii) such other amendments as shall be necessary to effectuate the reinstatement as provided in the Stipulation.
- (l) Amendments to the Transaction Documents. Each of the Parties agrees to make any amendments or modifications to the Transaction Documents, to enter into any other documents or take any other actions that may be necessary or reasonably desirable to implement the terms and provisions or purposes of the Stipulation.
- (m) 2002B Bondholder Contribution. The 2002B Bondholder Contribution consists of approximately \$8.5 million of funds payable to the 2002B Bondholders in respect of interest on the 2002B Bonds which will be paid to the 1990 Bond Trustee and 1994 Bond Trustee as provided in the Stipulation. Neither the 2002/5 Bond Trustee nor the 2002/5 Bondholders shall assert a claim against the Debtors for reimbursement on account of the 2002B Bondholder Contribution.
- (n) No-Call Provisions. The applicable documents will be amended to provide that 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: (i) 100.5% for the period August 1, 2015 through July 31, 2016; and (ii) 100.0% from August 1, 2016 and thereafter.
- (o) DSR Reduction. Certain of the payments made pursuant to the Stipulation will be funded by withdrawals from the 2002B DSR Account and 2005

DSR Account (totaling \$3.5 million in the aggregate). The applicable documents will be amended to provide that these accounts will not need to be replenished as a result of these withdrawals.

- (p) Releases. The proposed order approving the Stipulation (annexed hereto as **Exhibit A**) contains certain releases of the Debtors, the 1990 Bond Trustee, the 1994 Bond Trustee, the 2002/5 Bond Trustee and the IDA, the approval of which are a condition of the settlement, including, among other things, releases of any claims, including by any holder or future holder of the Bonds, against the Debtors, the 1990 Bond Trustee, the 1994 Bond Trustee, the 2002/5 Bond Trustee (each as indenture trustee or in any other fiduciary capacity with respect to the respective Bonds or in its individual capacity), the IDA, any Directing Holder, or any of their respective legal counsel or financial advisors, in any way related to the matters that are the subject of the Motion, the Stipulation and the Settlement Order.

26. In connection with the Stipulation, and to allow the parties adequate time to have this Motion heard by the Court and approved on a final basis, the Debtors, the 1990 Bond Trustee, the 1994 Bond Trustee, the 2002/5 Bond Trustee and the IDA agreed to an additional extension of the section 365(d)(4) deadline in which to assume the 1990 IDA Sublease, 1994 IDA Sublease and the 2002/5 IDA Sublease until (x) in the event the Settlement Order is granted by the Bankruptcy Court and becomes final and non-appealable by, April 24, 2013, the Effective Date, or (y) in the event this Motion is granted by the Bankruptcy Court but the Settlement Order does not become final and non-appealable by April 24, 2013, the earlier of the Effective Date and May 1, 2013, or (z) in the event this Motion is denied by the Bankruptcy Court or is unresolved as of April 24, 2013, May 27, 2013.

**The Stipulation is in the
Best Interests of the Debtors' Estates**

27. The Court may exercise its equitable powers to grant the relief requested herein. Section 105(a) of the Bankruptcy Code empowers the Court to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of” the Bankruptcy Code.

11 U.S.C. § 105(a); *see Schwartz v. Aquatic Dev. Group, Inc. (In re Aquatic Dev. Group, Inc.)*, 352 F.3d 671, 680 (2d Cir. 2003) (“it is axiomatic that bankruptcy courts are ‘courts of equity, empowered to invoke equitable principles to achieve fairness and justice in the reorganization process’”) (quoting *In re Momentum Mfg. Corp.*, 25 F.3d 1132, 1136 (2d Cir. 1994)).

28. The Subleases are important to the Debtors’ business operations and preserve and enhance the value of the Debtors’ estates. Maintaining operations at the JFK Premises under the Subleases are vital to the Debtors’ ongoing operations and comprehensive route network. The Stipulation will avoid protracted litigation (including potential appeals) in connection with the Debtors’ assumption of the Subleases, and preserves the Debtors’ ability to provide uninterrupted service to their customers. Therefore, the Debtors submit that the Stipulation is in the best interests of the Debtors’ estates and the approval of the Stipulation is within the Court’s equitable power under section 105(a) of the Bankruptcy Code.

**Ample Cause Exists to Approve the
Stipulation Pursuant to Bankruptcy Rule 9019(a)**

29. The Debtors request that the Court approve the Stipulation pursuant to Bankruptcy Rule 9019(a), which requires the Court to find that the Stipulation is fair and equitable and is in the best interests of the Debtors’ estates. *See Protective Comm. for Indep. Stockholders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. 414, 424 (1968); *Fisher v. Pereira (In re 47-49 Charles St., Inc.)*, 209 B.R. 618, 620 (S.D.N.Y. 1997); *In re Ionosphere Clubs, Inc.*, 156 B.R. 414, 426 (S.D.N.Y. 1993), *aff’d*, 17 F.3d 600 (2d Cir. 1994).

30. The decision to approve a particular settlement agreement lies within the sound discretion of the Court. *Nellis v. Shugrue*, 165 B.R. 115, 123 (S.D.N.Y. 1994). It is the responsibility of a court to examine a settlement and determine whether it “falls below the lowest point in the range of reasonableness.” *Cosoff v. Rodman (In re W.T. Grant Co.)*, 699 F.2d 599,

608 (2d Cir. 1983); *In re Spielfogel*, 211 B.R. 133, 144 (Bankr. E.D.N.Y. 1997). Additionally, a Court may exercise its discretion “in light of the general public policy favoring settlements.” *In re Hibbard Brown & Co., Inc.*, 217 B.R. 41, 46 (Bankr. S.D.N.Y. 1998).

31. While a Court must “evaluate ... all ... factors relevant to a fair and full assessment of the wisdom of the proposed compromise,” *Anderson*, 390 U.S. at 424-25, a Court need not conduct a “mini-trial” of the merits of the claims being settled, *W.T. Grant Co.*, 699 F.2d at 608, or conduct a full independent investigation. *In re Drexel Burnham Lambert Group, Inc.*, 134 B.R. 493, 496 (Bankr. S.D.N.Y. 1991). “[T]he bankruptcy judge does not have to decide the numerous questions of law and fact.... The court need only canvass [sic] the settlement to determine whether it is within the accepted range of reasonableness.” *Nellis*, 165 B.R. at 123.

32. The Court may give weight to the informed judgment of the debtor that a compromise is fair and equitable. *In re Purofied Down Prods. Corp.*, 150 B.R. 519, 522 (S.D.N.Y. 1993); *In re Ashford Hotels Ltd.*, 226 B.R. 797, 802 (Bankr. S.D.N.Y. 1998) (“Significantly, that test does not contemplate that I substitute my judgment for the Trustee’s, but only that I test his choice for reasonableness....if the Trustee chooses one of two reasonable choices, I must approve that choice, even if, all things being equal, I would have selected the other.”).

33. The Debtors submit that the Stipulation is fair and reasonable, represents a prudent exercise of the Debtors’ business judgment, and falls well within the range of reasonableness, and that the Debtors’ assumption of the Subleases represents a sound exercise of their business judgment. The Debtors have conducted an extensive review of their nonresidential real property leases and, in their business judgment, determined that the Subleases are critical to

their business operations and preserve and enhance the value of the Debtors' estates. Continued access to the JFK Premises is important to the Debtors' ongoing operations and essential to maintaining the Debtors' comprehensive route network, which constitutes the lifeblood of their operations.

34. To avoid the possibility of protracted litigation (including potential appeals) in connection with the Debtors' assumption of the Subleases, and in light of the importance of continued operation at JFK to the Debtors' businesses, the Debtors determined, in the exercise of their business judgment, that the settlement contained in the Stipulation represented a fair resolution of the disputed issues among the parties. The Stipulation will permit the Debtors to assume the Subleases and cure all defaults thereunder, and will enable the Debtors to avoid the costs and added burden on the Debtors' estates had they engaged in protracted litigation with the 1990 Bond Trustee, 1994 Bond Trustee, 2002/5 Bond Trustee, and/or the holders of the Bonds.

35. In summary, the Stipulation allows the Debtors to fully resolve all material issues related to the Bonds, confers substantial value upon their estates, and enables the parties to avoid potential litigation and associated legal costs to address issues already resolved in the Stipulation. Accordingly, the Stipulation should be approved under Bankruptcy Rule 9019(a) as a valid exercise of the Debtors' reasonable business judgment and as being in the best interests of the Debtors' estates and all parties in interest.

**Assumption of the Subleases is a
Sound Exercise of the Debtors' Business Judgment**

36. Section 365(a) of the Bankruptcy Code provides, in pertinent part, that a debtor in possession "subject to the court's approval, may assume or reject any executory contract or unexpired lease of the debtor." 11 U.S.C. § 365(a); *see also NLRB v. Bildisco &*

Bildisco, 465 U.S. 513, 521 (1984); *In re Lavigne*, 114 F.3d 379, 386 (2d Cir. 1997). The purpose behind allowing the assumption of unexpired leases “is to permit the trustee or debtor-in-possession to use valuable property of the estate.” *Orion Pictures Corp. v. Showtime Networks, Inc. (In re Orion Pictures Corp.)*, 4 F.3d 1095, 1098 (2d Cir. 1993).

37. Courts defer to a debtor’s business judgment in assuming an unexpired lease. *See, e.g., In re Child World, Inc.*, 142 B.R. 87, 89 (Bankr. S.D.N.Y. 1992) (stating that a debtor may assume or reject an unexpired lease under section 365(a) of the Bankruptcy Code in the exercise of its “business judgment”). Indeed, under the business judgment standard, a debtor’s decision to assume must be summarily affirmed unless it is the product of bad faith, whim, or caprice. *In re Trans World Airlines, Inc.*, 261 B.R. 103, 121 (Bankr. D. Del. 2001) (quotation omitted).

38. The Debtors’ assumption of the Subleases represents a sound exercise of their business judgment and should be approved. The Debtors have conducted an extensive review of their unexpired nonresidential real property leases with IDA and, in their business judgment, determined that the Subleases (a) are important to their business operations and (b) preserve and enhance the value of the Debtors’ estates. The use of commercial spaces at JFK pursuant to the Subleases is necessary for the operation of the Debtors’ businesses. JFK is a significant travel and flight service center and constitutes an important component of the Debtors’ route network.

39. Moreover, the 1990 Bond Trustee, 1994 Bond Trustee and 2002/5 Bond Trustee report that they have notified the 1990 Bondholders, 1994 Bondholders and 2002/5 Bondholders of the material terms of the settlement embodied in the terms of the Stipulation and have been directed to enter into such a settlement based on such terms by the holders of the

majority of the principal amount the of each of the 1990 Bonds, 1994 Bonds, 2002A Bonds, 2002B Bonds and 2005 Bonds. The assumption of the Subleases, the waiver of the right to seek to recharacterize as financings the transactions entered into in connection with the 2002/5 Bonds, the releases and the other agreements contained in the Stipulation will provide greater certainty to the 2002/5 Bond Trustee and 2002/5 Bondholders as to the amount of future payments under the 2002/5 IDA Sublease and will permit the 2002/5 Bond Trustee to distribute to the 2002/5 Bondholders the funds that it has, thus far, been unable to distribute due to uncertainties regarding the existence of defaults under the 2002/5 IDA Sublease. Additionally, the settlement embodied in the Stipulation provides greater certainty to the 1990 Bond Trustee, 1994 Bond Trustee, 1990 Bondholders and 1994 Bondholders as to their recoveries from the Debtors' estates. Accordingly, the releases contained in the Stipulation are warranted, in the best interests of the parties in interest and should be approved.

**The Debtors Will Pay Cure Amounts and Have
Provided Adequate Assurance of Future Performance**

40. Section 365(b) of the Bankruptcy Code establishes certain conditions that must be satisfied prior to the assumption of an unexpired lease:

(b)(1) If there has been a default in an executory contract or unexpired lease of the debtor, the trustee may not assume such contract or lease unless, at the time of assumption of such contract or lease, the trustee—

(A) cures, or provides adequate assurance that the trustee will promptly cure, such default . . .

(B) compensates, or provides adequate assurance that the trustee will promptly compensate, a party other than the debtor to such contract or lease, for any actual pecuniary loss to such party resulting from such default; and

(C) provides adequate assurance of future performance under such contract or lease.

11 U.S.C. § 365(b)(1).

41. In satisfaction of section 365(b), the Debtors propose to pay the cure amounts set forth in the Stipulation.

42. Section 365(b)(1)(C) provides that a debtor seeking to assume a contract or unexpired lease must provide “adequate assurance of future performance under such contract or lease.” 11 U.S.C. § 365(b)(1)(C). The meaning of “adequate assurance of future performance” depends on the facts and circumstances of each case, but should be given “practical, pragmatic construction.” See *Carlisle Homes, Inc. v. Arrari (In re Carlisle Homes, Inc.)*, 103 B.R. 524, 538 (Bankr. D.N.J. 1989) (citation omitted); see also *In re Jennifer Convertibles, Inc.*, 447 B.R. 713, 719 (Bankr. S.D.N.Y. 2011) (“A debtor need not prove that it will thrive and make a profit but only that it appears that it will meet its obligations.”); *In re Natco Indus., Inc.*, 54 B.R. 436, 440 (Bankr. S.D.N.Y. 1985) (adequate assurance of future performance “does not mean absolute insurance that the debtor will thrive and make a profit”).

43. The facts of these chapter 11 cases sufficiently demonstrate the Debtors’ adequate assurance of future performance. First, the Debtors have sufficient liquidity through access to more than \$4 billion in unrestricted cash and short-term investments and additional cash flow from their ongoing business operations, such that the Debtors can meet their future obligations under the Subleases (See Debtors’ Monthly Operating Report as of November 30, 2012 (ECF No. 5846)).

44. Courts have found that sufficient income to cover lease obligations provides “adequate assurance of future performance.” See *Tex. Health Enters., Inc. v. Lytle Nursing Home (In re Tex. Health Enters., Inc.)*, 72 Fed. Appx. 122, 126 (5th Cir. 2003) (finding “an income stream sufficient to meet [Debtors’] obligations” provides adequate assurance of

future performance) (citations omitted); *In re Lafayette Radio Elecs. Corp.*, 7 B.R. 189, 194 (Bankr. E.D.N.Y. 1980) (finding adequate assurance through the debtor's renewed viability" that showed "sufficient income" to cover the lease).

45. In addition, the Debtors' current reorganization efforts and likelihood for an effective reorganization provide adequate assurance of future performance. *See In re Shelco, Inc.*, 107 B.R. 483, 487 (Bankr. D. Del. 1989) (finding that "a realistic possibility of an effective reorganization" provides adequate assurance).

Notice

46. Notice of this Motion has been provided to the attorneys for IDA, the Bank of New York Mellon, the 1990 Bond Trustee, the 1994 Bond Trustee, the 2002/5 Bond Trustee, and all parties in interest in accordance with the Amended Order Pursuant to 11 U.S.C. §§ 105(a) and (d) and Bankruptcy Rules 1015(c), 2002(m), and 9007 Implementing Certain Notice and Case Management Procedures, dated August 8, 2012 (ECF No. 3952). In view of the facts and circumstances, such notice is sufficient and no other or further notice need be provided.

47. No previous request for the relief sought in this Motion has been made by the Debtors to this or any other Court.

WHEREFORE, the Debtors respectfully request entry of an order granting the relief requested herein and such other and further relief as is just.

Dated: New York, New York
March 13, 2013

/s/ Alfredo R. Perez

Harvey R. Miller
Stephen Karotkin
Alfredo R. Pérez
Stephen A. Youngman

WEIL, GOTSHAL & MANGES LLP
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New York, New York 10153
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Attorneys for Debtors
and Debtors in Possession

Exhibit "A"

Proposed Order

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X	
In re	: Chapter 11 Case No.
	:
AMR CORPORATION, et al.,	: 11-15463 (SHL)
	:
Debtors.	: (Jointly Administered)
	:
-----X	

**ORDER PURSUANT TO 11 U.S.C. §§ 105(a) and 365(a),
FED. R. BANKR. P. 9019(a) AND 6006, AND
LBR 6006-1 (I) APPROVING STIPULATION BY AND
AMONG DEBTORS, THE BANK OF NEW YORK MELLON,
AS TRUSTEE FOR VARIOUS ISSUES OF BONDS, AND THE
NEW YORK CITY INDUSTRIAL DEVELOPMENT AUTHORITY AND (II)
AUTHORIZING ASSUMPTION, AS MODIFIED, OF CERTAIN UNEXPIRED
LEASES OF NONRESIDENTIAL REAL PROPERTY RELATED THERETO**

Upon the motion, dated March 13, 2013 (the “**Motion**”),¹ of AMR Corporation and its related debtors, as debtors and debtors in possession (collectively, the “**Debtors**”), pursuant to section 105(a) of title 11 of the United States Code (the “**Bankruptcy Code**”) and Rules 9019(a) and 6006 of the Federal Rules of Bankruptcy (the “**Bankruptcy Rules**”), and Rule 6006-1 of the Local Bankruptcy Rules for the Southern District of New York (the “**Local Rules**”), for entry of an order approving the stipulation annexed as “**Exhibit 1**” hereto (the “**Stipulation**”) and authorizing the Debtors’ assumption of the Subleases, all as more fully described in the Motion; and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334 and the Amended Standing Order of Reference M-431, dated January 31, 2012 (Preska, C.J.); and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b);

¹ Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Stipulation.

and due and proper notice of the Motion having been provided, and it appearing that no other or further notice need be provided; and a hearing having been held to consider the relief requested in the Motion (the “**Hearing**”); and upon the record of the Hearing and all of the proceedings had before the Court; and the Court having found and determined that the relief sought in the Motion is in the best interests of the Debtors, their estates, creditors, and all parties in interest, and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that the Motion is granted as provided herein; and it is further

ORDERED that, effective on the Effective Date, each of the terms and conditions of the Stipulation are hereby approved and incorporated herein by reference and the Stipulation shall be binding on the Parties and all 1990 Bondholders, 1994 Bondholders, and 2002/5 Bondholders; and it is further

ORDERED that, effective on the Effective Date, all parties to the Stipulation are authorized, to the extent necessary, and directed to take the actions required thereunder and to execute and deliver such documents and instruments and to take such other actions as may be reasonably necessary or appropriate to consummate the transactions contemplated by the Stipulation; and it is further

ORDERED that, effective on the Effective Date, the Transaction Documents shall be deemed amended or modified, and compliance with the provisions thereof shall be deemed waived, to the extent necessary, to effectuate the terms and conditions of the Stipulation; and it is further

ORDERED that, effective on the Effective Date, all 1990 Bondholders, 1994 Bondholders, and 2002/5 Bondholders are deemed to have irrevocably consented to each of the

terms and conditions of the Stipulation, including, without limitation, any deemed amendments and modifications of the Transaction Documents, or deemed waiver of compliance with the provisions of the Transaction Documents, in each case as applicable and to the extent necessary to effectuate the terms and conditions of the Stipulation; and it is further

ORDERED that, effective on the Effective Date, the transactions entered into in connection with the 1990 Bonds and the 1994 Bonds (including, without limitation, the 1990 Company Sublease, 1990 IDA Sublease, 1994 Company Sublease, and 1994 IDA Sublease) shall be deemed unsecured financings, and that each of the 1990 Company Sublease, 1990 IDA Sublease, 1990 Guaranty, 1994 Company Sublease, 1994 IDA Sublease and 1994 Guaranty shall constitute non-executory contracts that are not subject to rejection under section 365 of the Bankruptcy Code; provided, however, for the avoidance of doubt, that (i) the Recharacterization shall in no way affect the validity of the PA Leases or the 2002/5 Transaction Documents and (ii) the Debtors shall be entitled to continue to use the JFK Premises and the LGA Premises (if any) financed by the proceeds of the 1990 Bonds and/or the 1994 Bonds, in accordance with the terms of the PA Leases and the 2002/5 Transaction Documents (to the extent applicable); and it is further

ORDERED that, effective on the Effective Date, the Bankruptcy Court having found that the Debtors, the IDA, the 1990 Bond Trustee, the 1994 Bond Trustee, the 2002/5 Bond Trustee, and the Directing Bondholders, and their respective legal counsel and/or other advisors, have used the same degree of care and skill in the exercise of their respective rights and powers a prudent person would exercise and use under the circumstances, there is no bona fide basis for any claims or actions against the Debtors, the IDA, the 1990 Bond Trustee, the 1994 Bond Trustee or the 2002/5 Bond Trustee (each as indenture trustee or in any other fiduciary

capacity with respect to the respective Bonds or in its individual capacity), any Directing Bondholder, or any of their respective legal counsel and/or other advisors, in any way related to the matters that are the subject of the Motion, the Stipulation or this Settlement Order; *provided, however,* that, other than to the extent the respective obligations of the IDA, the 1990 Bond Trustee, the 1994 Bond Trustee and/or the 2002/5 Bond Trustee have been altered by the Stipulation and this Settlement Order, (i) nothing in this Settlement Order shall relieve the IDA or the Debtors from each of their obligations to perform under the 2002/5 Transaction Documents (each as amended or modified to the extent necessary to effectuate the Stipulation and this Settlement Order), if any, or restrict the ability of the 2002/5 Bondholders, or the 2002/5 Bond Trustee to enforce such obligations against the IDA or the Debtors; and (ii) nothing in this Settlement Order shall relieve the 1990 Bond Trustee, 1994 Bond Trustee or 2002/5 Bond Trustee from their respective obligations to perform under the 1990 Indenture, 1994 Indenture or 2002/5 Transaction Documents, as applicable, (each as amended or modified to the extent necessary to effectuate the Stipulation and this Settlement Order) or restrict the ability of the 1990 Bondholders, 1994 Bondholders or 2002/5 Bondholders to enforce such obligations against the 1990 Bond Trustee, 1994 Bond Trustee or 2002/5 Bond Trustee, as applicable; *provided further,* that nothing in the Stipulation shall impair the rights of the 1990 Bond Trustee as against the 1990 Bondholders, the 1994 Bond Trustee as against the 1994 Bondholders or the 2002/5 Bond Trustee as against the 2002/5 Bondholders, under the Transaction Documents or otherwise; and it is further

ORDERED that, effective on the Effective Date, the Debtors, the IDA and each Directing Bondholder, and the 1990 Bond Trustee, the 1994 Bond Trustee and the 2002/5 Bond Trustee (each as indenture trustee or in any other fiduciary capacity with respect to the respective

Bonds or in its individual capacity), and each of their respective legal counsel and/or other advisors, shall have no liability for any claims, demands, suits, actions or causes of action in any way related to the matters that are the subject of the Motion, the Stipulation and this Settlement Order; *provided, however*, that nothing in this Settlement Order shall relieve any party from its respective obligations, or deprive any party of its rights, under the Stipulation; *provided further*, that nothing in the Stipulation shall impair the rights of the 1990 Bond Trustee as against the 1990 Bondholders, the 1994 Bond Trustee as against the 1994 Bondholders or the 2002/5 Bond Trustee as against the 2002/5 Bondholders, under the Transaction Documents or otherwise; and it is further

ORDERED that, effective on the Effective Date, any present or future 1990 Bondholder, the 1990 Bond Trustee, any present or future 1994 Bondholder, the 1994 Bond Trustee, and each of their respective successors and assigns, shall be forever barred, estopped and permanently enjoined from asserting, prosecuting or otherwise pursuing any claims against the Debtors, the 1990 Bond Trustee, the 1994 Bond Trustee, the 2002/5 Bond Trustee, the Directing Bondholders or any other holders of Bonds, in connection with or arising out of or in any way related to the transactions related to or underlying the 1990 Bonds, the 1990 Transactions Documents, the 1994 Bonds, the 1994 Transaction Documents, the 2002/5 Bonds or the 2002/5 Transaction Documents; *provided, however*, that nothing in the Stipulation shall impair the rights of the 1990 Bond Trustee as against the 1990 Bondholders or the 1994 Bond Trustee as against the 1994 Bondholders, under the Transaction Documents or otherwise; *provided, further*, that nothing in this Settlement Order shall relieve any party from its respective obligations, or deprive any party of its rights, under the Stipulation; and it is further

ORDERED that, effective on the Effective Date, each present or future 1990 Bondholder, 1994 Bondholder or 2002/5 Bondholder shall be forever barred, estopped and permanently enjoined from asserting, prosecuting or otherwise pursuing any claims against the Debtors, the IDA, the 1990 Bond Trustee, the 1994 Bond Trustee or the 2002/5 Bond Trustee (each as indenture trustee or in any other fiduciary capacity with respect to the respective Bonds or in its individual capacity), or any Directing Bondholder, that are in any way related to the matters that are the subject of the Motion, the Stipulation or this Settlement Order; *provided, however,* that nothing in this Settlement Order shall relieve any party from its respective obligations, or deprive any party of its rights, under the Stipulation; and it is further

ORDERED that, effective on the Effective Date, the Subleases are each assumed upon the Effective Date (as defined in the Stipulation Agreement); and it is further

ORDERED that, effective on the Effective Date, the Debtors shall not be required to make further payment in connection with any default under the Subleases (existing as of the date of the Stipulation) in excess of the amounts set forth in the Stipulation; and it is further

ORDERED that, effective on the Effective Date, by agreeing to the terms of this Stipulation, the Debtors have provided adequate assurance of future performance of the Subleases, and no further showing of adequate assurance is necessary; and it is further

ORDERED that, effective on the Effective Date, the Debtors, the IDA, the 1990 Bond Trustee, the 1994 Bond Trustee and the 2002/5 Bond Trustee are authorized to take any actions as are necessary or appropriate to implement and effectuate the terms of this Order; and it is further

ORDERED that, effective on the Effective Date, the Stipulation and any related agreements, documents or other instruments may be modified, amended or supplemented by the

parties thereto, in a writing signed by such parties, and in accordance with the terms thereof, without further order of the Court, *provided* that any such modification, amendment or supplement does not have a material adverse effect on the Debtors' estates; and it is further

ORDERED that notice of the Motion satisfies Bankruptcy Rules 6006 and 9019 and Local Rule 6006-1(a); and it is further

ORDERED that this Court shall retain jurisdiction to hear and determine all matters arising from or related to this Order.

Dated: New York, New York
_____, 2013

United States Bankruptcy Judge

Exhibit "1"

Stipulation

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

_____	X	Chapter 11
In re:	:	Case No. 11-15463 (SHL)
AMR CORPORATION, <i>et al.</i> ,	:	(Jointly Administered)
Debtors.	:	
	:	
	:	
	:	
	:	
	:	
_____	X	

**STIPULATION AND AGREEMENT AMONG
THE DEBTORS, THE BANK OF NEW YORK MELLON,
AS TRUSTEE FOR VARIOUS ISSUES OF BONDS,
AND THE NEW YORK CITY INDUSTRIAL DEVELOPMENT AUTHORITY**

This Stipulation and Agreement (the “**Stipulation**”) is entered into by and among AMR Corporation (“**AMR**”), American Airlines, Inc. (“**American**”) and certain of their subsidiaries, as debtors and debtors in possession (collectively, the “**Debtors**”), the Bank of New York Mellon (formerly known as Bank of New York), as successor indenture trustee for the 1990 Bonds (as defined below) (in such capacity, the “**1990 Bond Trustee**”), for the 1994 Bonds (as defined below) (in such capacity, the “**1994 Bond Trustee**”), for the 2002 Bonds and the 2005 Bonds (each as defined below) (in such capacity, the “**2002/5 Bond Trustee**”), and the New York City Industrial Development Agency (the “**IDA**”) with respect to, among other things, the Debtors’ assumption of the 2002/5 Company Sublease and 2002/5 IDA Sublease (each as defined below) and the characterization of the transactions underlying the issuance of the 1990 Bonds and 1994 Bonds. The Debtors, the 1990 Bond Trustee, the 1994 Bond Trustee, the 2002/5 Bond Trustee and the IDA are each referred to individually as a “**Party**” and collectively as the “**Parties**”.

RECITALS:

A. WHEREAS, on November 29, 2011, the Debtors filed voluntary petitions for relief under chapter 11 of title 11 of the United States code (the “**Bankruptcy Code**”) (such filings, the “**Chapter 11 Filing**”).

B. WHEREAS, the 1990 Bond Trustee is the indenture trustee for the publicly issued \$83,930,000 in aggregate original principal amount of Special Facility Revenue Bonds (the “**1990 Bonds**,” and the holders of such Bonds, the “**1990 Bondholders**”) issued by the IDA pursuant to the terms of an Indenture of Trust, dated as of August 1, 1990, between the IDA and United States Trust Company of New York (a predecessor indenture trustee) (the “**1990 Indenture**”).

C. WHEREAS, the 1994 Bond Trustee is the indenture trustee for the publicly issued \$83,085,000 in aggregate original principal amount of Special Facility Revenue Bonds (the “**1994 Bonds**,” and the holders of such Bonds, the “**1994 Bondholders**”) issued by the IDA pursuant to the terms of an Indenture of Trust, dated as of August 1, 1994, between the IDA and United States Trust Company of New York (a predecessor indenture trustee) (the “**1994 Indenture**”).

D. WHEREAS, the 1990 Bonds are guaranteed by AMR pursuant to that certain Guaranty, dated August 1, 1990 (the “**1990 Guaranty**”), and the 1994 Bonds are guaranteed by AMR pursuant to that certain Guaranty, dated August 1, 1994 (the “**1994 Guaranty**”).

E. WHEREAS, American subleased American’s facilities located at John F. Kennedy International Airport (the “**JFK Premises**”) and LaGuardia Airport (the “**LGA Premises**”) and, together with the JFK Premises, the “**Premises**”) from (i) the Port Authority of

New York and New Jersey (the “**Port Authority**”) pursuant to those certain (a) Agreement of Lease (AYB-085), dated August 1, 1976 the (“**1976 PA Lease**”), (b) Agreement of Lease (AYB-040), dated November 1, 1975, and (c) Agreement of Lease (AG-416), dated January 1, 1957, and (ii) other airlines (who subleased various portions of the Premises from the Port Authority) pursuant to those certain (a) Facility Use Agreement, dated October 5, 1989, with United Air Lines, Inc. and (b) Gate Use Agreement, dated December 13, 1989, with Northwest Airlines, Inc. (the leases referenced in (i) and (ii), collectively, as amended from time to time, the “**PA Leases**”).

F. WHEREAS, pursuant to that certain Company Lease, dated August 1, 1990 (the “**1990 Company Sublease**”), American sub-subleased a portion of the Premises, which leased premises are described in the Description of Leased Facilities annexed as an appendix to the 1990 Company Sublease (the “**1990 Premises**”) to the IDA, and the IDA sub-sub-subleased the 1990 Premises back to American pursuant to that certain Lease Agreement, dated August 1, 1990 (the “**1990 IDA Sublease**”).

G. WHEREAS, on August 1, 1994, American entered into additional lease agreements with regard to the 1990 Premises as well as with regard to certain other improvements (together with the 1990 Premises, the “**1994 Premises**”) pursuant to those certain (i) Company Lease, dated August 1, 1994, with the IDA, pursuant to which American sub-subleased the 1994 Premises to the IDA (the “**1994 Company Sublease**”) and (ii) Lease Agreement, dated August 1, 1994, with the IDA, pursuant to which the IDA sub-sub-subleased the 1994 Premises back to American (the “**1994 IDA Sublease**”), which in each case, with respect to the 1990 Premises, were made “subject to” the 1990 Company Sublease and the 1990 IDA Sublease.

H. WHEREAS, the former Terminal 8 and Terminal 9 at JFK International Airport which previously comprised a portion of the 1990 Premises and 1994 Premises were previously demolished.

I. WHEREAS, the 2002/5 Bond Trustee is the indenture trustee for the publicly issued \$1,300,000,000 in aggregate original principal amount of Special Facility Revenue Bonds issued by the IDA pursuant to the terms of a Master Indenture of Trust, dated as of July 1, 2002, between the IDA and The Bank of New York, as amended by an Amended and Restated Master Indenture of Trust, dated as of November 1, 2005, between the IDA and The Bank of New York (the “**2002/5 Indenture**”), as supplemented by (x) the First Series Supplemental Indenture of Trust, dated as of July 1, 2002, between the IDA and The Bank of New York, (y) the Second Series Supplemental Indenture of Trust, dated as of July 1, 2002, between the IDA and The Bank of New York (the “**2002/5 Second Supplemental Indenture**”) and (z) the Third Series Supplemental Indenture, dated as of November 1, 2005, between the IDA and The Bank of New York (the “**2002/5 Third Supplemental Indenture**”), consisting of—

(i) \$120,000,000 in aggregate original principal amount of IDA Special Facility Revenue Bonds, Series 2002A (the “**2002A Bonds**” and the holders of such Bonds, the “**2002A Bondholders**”);

(ii) \$380,000,000 in aggregate original principal amount of IDA Special Facility Revenue Bonds, Series 2002B (the “**2002B Bonds**,” and the holders of such Bonds, the “**2002B Bondholders**”), and

(iii) \$800,000,000 in aggregate original principal amount of IDA Special Facility Revenue Bonds, Series 2005 (the “**2005 Bonds**,” and the holders of such Bonds,

the “**2005 Bondholders**”; such 2005 Bonds together with the 2002A Bonds and the 2002B Bonds, the “**2002/5 Bonds**”; such 2002/5 Bonds together with the 1990 Bonds and 1994 Bonds, the “**Bonds**”; such 2005 Bondholders together with the 2002A Bondholders, and the 2002B Bondholders, the “**2002/5 Bondholders**”; and such 2002/5 Bondholders together with the 1990 Bondholders and 1994 Bondholders, the “**Bondholders**”).

J. WHEREAS, the 2002/5 Bonds are guaranteed by AMR pursuant to that certain Guaranty, dated July 1, 2002, and by American pursuant to that certain Guaranty, dated July 1, 2002 (the “**2002/5 Guarantees**”), and American and AMR each executed a Confirmation of Guaranty (the “**2002/5 Confirmations of Guarantees**”) confirming, among other things, that the 2002/5 Guarantees apply equally to the 2002A, 2002B and 2005 Bonds.

K. WHEREAS, American and the IDA are party to that certain Leasehold Mortgage and Security Agreement, dated November 8, 2005, by American in favor of the 2002/5 Bond Trustee (the “**2002/5 Leasehold Mortgage**”).

L. WHEREAS, American, the IDA and the 2002/5 Bond Trustee are party to that certain Equipment Security Agreement, dated July 1, 2002, among American, The Bank of New York and the IDA, as amended by that certain Amended and Restated Equipment Security Agreement, dated November 1, 2005 (the “**2002/5 Equipment Security Agreement**”).

M. WHEREAS, there has been established under the terms of the 2002/5 Indenture a Debt Service Reserve Fund (the “**Debt Service Reserve Fund**”) and within such Debt Service Reserve Fund there have been established certain accounts, including, (i) the Series 2002B Debt Service Reserve Account (the “**2002B DSR Account**”) with a balance as of February 1, 2013 of \$36,102,660.00, and (ii) the Series 2005 Debt Service Reserve Account the

(“**2005 DSR Account**”) with a balance as of February 1, 2013 of \$77,455,718.00 (such balances, which are exclusive of interest earned, the “**DSR Account Balances**”).

N. WHEREAS, there has been established under the terms of the 2002/5 Indenture a Lease Payments Fund (the “**2002/5 Lease Payments Fund**”) and a Bond Fund (the “**2002/5 Bond Fund**”).

O. WHEREAS, American sub-subleased all or a portion of the premises subject to the 1976 PA Lease to the IDA (the “**2002/5 Premises**”) pursuant to that certain Company Sublease Agreement, dated July 1, 2002, as amended by that certain Amended and Restated Company Sublease Agreement, dated November 1, 2005 (the “**2002/5 Company Sublease**”), and the IDA sub-sub-subleased the 2002/5 Premises back to American pursuant to that certain IDA Lease Agreement, dated July 1, 2002, as amended by that certain Amended and Restated IDA Lease Agreement, dated November 1, 2005 (the “**2002/5 IDA Sublease**”).

P. WHEREAS, American contends that American’s use and occupancy of the premises at JFK is currently governed by the PA Leases and the 2002/5 IDA Sublease.

Q. WHEREAS, the Parties have entered into certain other agreements which may affect the rights, duties and responsibilities of the Parties and the Bondholders (such other agreements in respect of the 1990 Bonds, together with the 1990 Indenture, the 1990 Company Sublease, the 1990 IDA Sublease and the 1990 Guaranty, the “**1990 Transaction Documents**”; such other agreements in respect of the 1994 Bonds, together with the 1994 Indenture, the 1994 Company Sublease, the 1994 IDA Sublease and the 1994 Guaranty, the “**1994 Transaction Documents**”; such other agreements in respect of the 2002/5 Bonds, together with the 2002/5 Indenture, the 2002/5 Company Sublease, the 2002/5 IDA Sublease, the 2002/5 Guarantees, the 2002/5 Confirmation of Guarantees, the 2002/5 Leasehold Mortgage and the 2002/5 Equipment

Security Agreement, the “**2002/5 Transaction Documents**”; and the 1990 Transaction Documents, the 1994 Transaction Documents and the 2002/5 Transaction Documents, collectively, the “**Transaction Documents**”, with references in this Stipulation to any such Transaction Document being to such document as it may have been amended or supplemented).

R. WHEREAS, the Debtors have made certain postpetition payments under the 1990 IDA Sublease and 2002/5 IDA Sublease, but have not made any postpetition payments under the 1994 IDA Sublease.

S. WHEREAS, due to alleged uncertainties and allocation issues arising as a result of the Chapter 11 Filing and subsequent events, the 1990 Bond Trustee has not made any distributions to the 1990 Bondholders since the Chapter 11 Filing and the 2002/5 Bond Trustee has distributed to the 2002/5 Bondholders a portion of the postpetition payments it has received and continues to hold a portion of such postpetition payments.

T. WHEREAS, on or about May 15, 2012, the 2002/5 Bond Trustee filed that certain Motion of the Bank of New York Mellon Trust Company, N.A., as Indenture Trustee, For Adequate Protection (the “**Adequate Protection Motion**”) pursuant to which the 2002/5 Bond Trustee sought adequate protection in connection with the 1976 PA Lease and the 2002/5 Bonds.

U. WHEREAS, the Debtors desire to assume the 2002/5 IDA Sublease under Section 365(a) of the Bankruptcy Code.

V. WHEREAS, the Debtors have previously assumed the PA Leases pursuant to orders of the Bankruptcy Court dated June 20, 2012 and July 19, 2012.

W. WHEREAS, certain of the 1990 Bondholders and 1994 Bondholders have asserted that they may hold an equitable lien on some or all of the 2002/5 Premises, and the Debtors and certain of the 2002/5 Bondholders may dispute such assertions.

X. WHEREAS, the 1990 Bond Trustee asserts that it has been directed by holders of a majority in principal amount of the 1990 Bonds (the “**1990 Directing Bondholders**”) to enter into this Stipulation; the 1994 Bond Trustee asserts that it has been directed by holders of a majority in principal amount of the 1994 Bonds (the “**1994 Directing Bondholders**”) to enter into this Stipulation; and the 2002/5 Bond Trustee asserts that it has been directed by holders of a majority in principal amount of each of the 2002A Bonds, the 2002B Bonds and the 2005 Bonds (the “**2002/5 Directing Bondholders**” and together with the 1990 Directing Bondholders and the 1994 Directing Bondholders, the “**Directing Bondholders**”) to enter into this Stipulation.

Y. WHEREAS, the Parties desire to resolve and settle their differences regarding the treatment of the Bonds and the Transaction Documents, the Debtors’ continued use of the JFK Premises and LGA Premises, and related issues, their consequences and the rights of the Parties in respect thereof, on the terms set forth herein.

IT IS HEREBY STIPULATED AND AGREED, by and among the Debtors, the IDA, the 1990 Bond Trustee, the 1994 Bond Trustee and the 2002/5 Bond Trustee, through their undersigned attorneys, that:

1. Each of the terms and conditions of the Stipulation contained herein is binding on the Parties, subject to the occurrence of the Effective Date (defined below) with regards to certain provisions as more fully set forth in this Stipulation.

1990 and 1994 Subleases

Recharacterization

2. For purposes of settlement, the Parties agree that effective upon the later of (i) the date that an order approving this Stipulation (the “**Settlement Order**”) becomes final

and non-appealable or (ii) the date on which each of the Parties hereto shall have executed this Stipulation (the “**Effective Date**”),¹ the transactions entered into in connection with the 1990 Bonds and the 1994 Bonds (including, without limitation, the 1990 Company Sublease, 1990 IDA Sublease, 1994 Company Sublease, and 1994 IDA Sublease) shall be deemed unsecured financings (the “**Recharacterization**”), and that each of the 1990 Company Sublease, 1990 IDA Sublease, 1990 Guaranty, 1994 Company Sublease, 1994 IDA Sublease and 1994 Guaranty shall constitute non-executory contracts that are not subject to rejection under Section 365 of the Bankruptcy Code; provided, however, for the avoidance of doubt, that (i) the Recharacterization shall in no way affect the validity of the PA Leases or 2002/5 Transaction Documents and (ii) the Debtors shall be entitled to continue to use the JFK Premises and the LGA Premises (if any) financed by the proceeds of the 1990 Bonds and/or the 1994 Bonds, in accordance with the terms of the PA Leases and the 2002/5 Transaction Documents. The parties further agree for purposes of settlement that no acceleration or redemption obligations with respect to the 1990 Bonds or 1994 Bonds resulted from the Chapter 11 Filing.

3. To the extent their consent is necessary, each of the Parties consents to the Recharacterization, subject to the terms of this Stipulation.

4. As of the Effective Date, each of the Parties as well as any present or future 1990 Bondholder or 1994 Bondholder shall be deemed to have irrevocably waived and released, on behalf of itself and its respective estate, any and all rights to challenge the Recharacterization or to take any action inconsistent therewith.

Claims and Fee Payments.

¹ Notwithstanding anything in this Stipulation or the Settlement Order, if each of the Parties to the Stipulation have not executed this Stipulation before the date that the Settlement Order becomes final and non-appealable, this Stipulation shall be terminated and shall become null and void and of no force and effect, unless otherwise agreed to in writing by the Parties.

5. *Allowed Unsecured Claims.* The Parties agree for purposes of settlement that, in respect of its prepetition claims against American and AMR, (i) the 1990 Bond Trustee 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 of the 1990 Bond Trustee in the amount of \$85,793,246.00 (representing principal plus accrued but unpaid prepetition interest), and (ii) the 1994 Bond Trustee 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 of the 1994 Bond Trustee in the amount of \$84,964,105.75 (representing principal plus accrued but unpaid prepetition interest) and, except as may be provided expressly herein, any other amounts claimed by the 1990 Bond Trustee or the 1994 Bond Trustee on behalf of itself and/or the 1990 Bondholders or the 1994 Bondholders shall be disallowed and/or deemed withdrawn.²

6. *IDA Fees & Expenses.* Within thirty (30) days after the Effective Date or such later date as may be agreed to by and between the Debtors and the IDA, the Debtors shall, for purposes of settlement, pay all reasonable prepetition and postpetition fees and expenses of the IDA and its counsel and other advisors incurred in connection with the 1990 Bonds or the 1994 Bonds on or prior to the Effective Date and invoiced to the Debtors on or prior to the fifteenth (15th) day after the Effective Date, including, without limitation postpetition administrative fees owed to the IDA, the amount of which is presently estimated to be \$2,473.68.

² Nothing in this Stipulation is intended to grant or release any claim that the 1990 Bond Trustee or the 1994 Bond Trustee may have for interest (including interest on overdue interest) due and owing on the 1990 Bonds or the 1994 Bonds which may have accrued or may yet accrue after the date of the Chapter 11 Filing (“**Postpetition Interest**”) to the extent provided for in the applicable 1990 Transaction Documents or 1994 Transaction Documents; *provided that*, the Debtors retain all rights and defenses to any claim for Postpetition Interest asserted by the 1990 Bond Trustee or the 1994 Bond Trustee. Nothing in this Stipulation is intended to grant or release any claim by the IDA arising under the 1990 Transaction Documents or the 1994 Transaction Documents for indemnification asserted in Proof of Claim 11909 against American; *provided that*, the Debtors retain all rights and defenses to such claim other than the right to object on the basis that such claim against American was not filed by the claims bar date established for general unsecured claims in the Debtors’ chapter 11 cases.

1990 Bond Trustee Fees & Expenses

7. For purposes of settlement of claims by the 1990 Bond Trustee with respect to the Debtors' alleged obligations under the 1990 Transaction Documents to pay the fees and expenses of the 1990 Bond Trustee incurred in connection with or allocable to the 1990 Bonds prior to the Effective Date, the Parties agree that the 1990 Bond Trustee shall receive payments in cash or shall be entitled to allowed general unsecured claims as follows:

	Description	Amount	Derivation of Amount	Timing	Source of Payment
(i)	Cash payment for a portion of the prepetition and postpetition fees and expenses of the 1990 Bond Trustee, its counsel and other advisors incurred through September 30, 2012.	\$221,414.59	Pro rata allocation, based on principal amount, between the 1990 Bonds and the 1994 Bonds of \$440,600.	Within thirty (30) days after receipt by the 2002/5 Bond Trustee of the 2002/5 Cure Payments (defined below) or as soon thereafter as practicable.	The 2002B Bondholder Contribution to the 1990 Fees (defined in Paragraph 30 below).
(ii)	Cash payment for a portion of the postpetition fees and expenses of the 1990 Bond Trustee and its counsel and other advisors incurred between October 1, 2012 and the Effective Date and invoiced to the Debtors on or prior to the fifteenth (15 th) day after the Effective Date.	\$25,126.49	Pro rata allocation, based on principal amount, between the 1990 Bonds and the 1994 Bonds of \$50,000.	Within thirty (30) days after the Effective Date or such later date as agreed to by the Debtors and the 1990 Bond Trustee.	Payment by the Debtors.
(iii)	One allowed general unsecured claim against American and one allowed general unsecured claim against AMR in respect of the portion of the completion fee of Seabury Advisors, the Trustee's financial advisor, allocable to the 1990 Bonds.	\$83,930.00	Pro rata allocation, based on principal amount, between the 1990 Bonds and the 1994 Bonds of \$167,015, the aggregate amount of the completion fee of Seabury allocable to the 1990 Bonds.		

(The payment described in row (ii) of the foregoing table is hereinafter referred to as the “**1990 Fee Payment**” and Seabury Advisors is hereinafter referred to as “**Seabury.**”) Other than as provided in row (iii) of the foregoing table, the Debtors shall have no further obligations to any party (including, but not limited to, the 1990 Bond Trustee and Seabury) in respect of the portion of the completion fee of Seabury allocable to the 1990 Bonds, and shall not be responsible or liable for any asserted shortfall between the amount recovered by the 1990 Bond Trustee in respect of the claims described in row (iii) of the foregoing table and any amount otherwise asserted to be owed to Seabury in respect of the portion of Seabury’s completion fee allocable to the 1990 Bonds.

The 1990 Bond Trustee shall be granted one allowed general unsecured claim against American and one allowed general unsecured claim against AMR in respect of the reasonable prepetition and postpetition fees and expenses incurred or to be incurred by the 1990 Bond Trustee and its legal counsel and other advisors in connection with, or allocable to, the 1990 Bonds, less the amounts set forth above in the table in this Paragraph 7. The Debtors retain the right to review such 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 right of the 1990 Bond Trustee to assert a “substantial contribution” application for any such fees incurred prior to the Effective Date (whether or not previously asserted as part of the aforementioned claims) shall be waived.

1994 Bond Trustee Fees & Expenses

8. For purposes of settlement of claims by the 1994 Bond Trustee with respect to the Debtors’ alleged obligations under the 1994 Transaction Documents to pay the fees and expenses of the 1994 Bond Trustee incurred in connection with or allocable to the 1994

Bonds prior to the Effective Date, the Parties agree that the 1994 Bond Trustee shall receive payments in cash or shall be entitled to allowed general unsecured claims as follows:

	Description	Amount	Derivation of Amount	Timing	Source of Payment
(i)	Cash payment for a portion of the prepetition and postpetition fees and expenses of the 1994 Bond Trustee, its counsel and other advisors incurred through September 30, 2012.	\$219,185.41	Pro rata allocation, based on principal amount, between the 1990 Bonds and the 1994 Bonds of \$440,600.	Within thirty (30) days after receipt by the 2002/5 Bond Trustee of the 2002/5 Cure Payments (defined below) or as soon thereafter as practicable.	The 2002B Bondholder Contribution to the 1994 Fees (defined in Paragraph 34 below).
(ii)	Cash payment for a portion of the postpetition fees and expenses of the 1994 Bond Trustee and its counsel and other advisors incurred between October 1, 2012 and the Effective Date and invoiced to the Debtors on or prior to the fifteenth (15 th) day after the Effective Date.	\$24,873.51	Pro rata allocation, based on principal amount, between the 1990 Bonds and the 1994 Bonds of \$50,000.	Within thirty (30) days after the Effective Date or such later date as agreed to by the Debtors and the 1994 Bond Trustee.	Payment by the Debtors.
(iii)	One allowed general unsecured claim against American and one allowed general unsecured claim against AMR in respect of the portion of the completion fee of Seabury allocable to the 1994 Bonds.	\$83,085.00	Pro rata allocation, based on principal amount, between the 1990 Bonds and the 1994 Bonds of \$167,015, the aggregate amount of the completion fee of Seabury allocable to the 1994 Bonds.		

(The payment described in row (ii) of the foregoing table is hereinafter referred to as the “**1994 Fee Payment**.”) Other than as provided in row (iii) of the foregoing table, the Debtors shall have no further obligations to any party (including, but not limited to, the 1994 Bond Trustee and Seabury) in respect of the portion of the completion fee of Seabury allocable to the 1994 Bonds,

and shall not be responsible or liable for any asserted shortfall between the amount recovered by the 1994 Bond Trustee in respect of the claims described in row (iii) of the foregoing table and any amount otherwise asserted to be owed to Seabury in respect of the portion of Seabury's completion fee allocable to the 1994 Bonds.

The 1994 Bond Trustee shall be granted one allowed general unsecured claim against American and one allowed general unsecured claim against AMR in respect of the reasonable prepetition and postpetition fees and expenses incurred or to be incurred by the 1994 Bond Trustee and its legal counsel and other advisors in connection with, or allocable to, the 1994 Bonds, less the amounts set forth above in the table in this Paragraph 8. The Debtors retain the right to review such 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 right of the 1994 Bond Trustee to assert a "substantial contribution" application for any such fees incurred prior to the Effective Date (whether or not previously asserted as part of the aforementioned claims) shall be waived.

9. The treatment of the 1990 Bonds and 1994 Bonds provided for in this Stipulation, including the allowed general unsecured claims to be granted to the 1990 Bond Trustee and the 1994 Bond Trustee, shall, upon payment thereof, constitute full and final satisfaction of any claims against the Debtors on account of the 1990 Bonds and 1994 Bonds, and the Debtors shall be entitled to continue to use the 1990 Premises and 1994 Premises without having to make any continued or additional payments on account of the 1990 Bonds or 1994 Bonds.³

³ Nothing in this Stipulation is intended to grant or release any claim that the 1990 Bond Trustee or the 1994 Bond Trustee may have for Postpetition Interest to the extent provided for in the applicable 1990 Transaction Documents or 1994 Transaction Documents; *provided that*, the Debtors retain all rights and defenses to any claim for Postpetition Interest asserted by the 1990 Bond Trustee or the 1994 Bond Trustee.

2002/ 2005 Subleases

Assumption

10. Effective upon the Effective Date, the Debtors shall be deemed to have assumed the 2002/5 Company Sublease and the 2002/5 IDA Sublease.
11. To the extent their consent is necessary, each of the Parties consents to the foregoing assumption, subject to the terms of this Stipulation.
12. The Debtors have provided adequate assurance of future performance of the 2002/5 Company Sublease and 2002/5 IDA Sublease, and no further showing of adequate assurance is necessary.
13. As of the Effective Date, the Adequate Protection Motion shall be deemed withdrawn without prejudice solely with respect to the 1976 PA Lease, the 2002/5 Bonds, and any interest in collateral claimed by the 2002/5 Bond Trustee or the 2002/5 Bondholders in connection therewith.
14. The Parties agree for the purposes of settlement that (i) any default arising under the 2002/5 IDA Sublease or other 2002/5 Transaction Documents as a result of the Chapter 11 Filing shall be deemed cured upon the Effective Date and (ii) no acceleration or redemption obligations with respect to the 2002/5 Bonds resulted from the Chapter 11 Filing.
15. The Chapter 11 Filing has not, does not and shall not affect the validity or enforceability of the 2002/5 Guarantees or the 2002/5 Confirmations of Guarantees, which, to the extent such documents were valid and enforceable prior to the Chapter 11 Filing, shall remain valid and enforceable as if there had never been a Chapter 11 Filing. For the avoidance of doubt, all rights, positions, claims or defenses of any party in respect of the 2002/5 Guarantees or 2002/5 Confirmations of Guarantees that existed prior to the Chapter 11 Filing are reserved.

16. As of the Effective Date, each of the Debtors shall be deemed to have irrevocably waived and released, on behalf of itself and its estate, any and all rights to recharacterize as financings any of the transactions entered into in connection with the 2002/5 Bonds pursuant to the 2002/5 Transaction Documents.

2002/5 Fees & Expenses

17. *IDA Fees & Expenses.* Within thirty (30) days after the Effective Date or such later date as may be agreed to by and between the Debtors and the IDA, the Debtors shall, for purposes of settlement, pay all reasonable prepetition and postpetition fees and expenses of the IDA and its counsel and other advisors incurred in connection with the 2002/5 Bonds on or prior to the Effective Date and invoiced to the Debtors on or prior to the fifteenth (15th) day after the Effective Date. After the Effective Date, the Debtors shall continue to pay all reasonable fees and expense of the IDA and its respective counsel and other advisors incurred in connection with the 2002/5 Bonds (including fees incurred prior to the Effective Date but not invoiced prior to the fifteenth (15th) day after the Effective Date) to the extent provided for (which shall include unpaid postpetition administrative fees of the IDA in an amount presently estimated to be \$500), and in accordance with, applicable documents, within 30 days after receipt of an invoice for such fees (or by such other later date as may be mutually agreed by the Debtors and the IDA); provided, however, that nothing herein shall be deemed to constitute a waiver of the Debtors' right to challenge any such claimed fees or expenses. Additionally, it is agreed that the Chapter 11 Filing has not, does not and shall not affect the validity or enforceability of the indemnity obligations (if any) of the Debtors to the IDA under the 2002/5 Transaction Documents, which to the extent valid and enforceable prior to the Chapter 11 Filing, shall remain valid and enforceable as if there had never been a Chapter 11 Filing.

2002/5 Bond Trustee Fees & Expenses

18. In full satisfaction of any alleged obligations the Debtors may have under the 2002/5 Transaction Documents in respect of the prepetition and postpetition fees and expenses of the 2002/5 Bond Trustee incurred through September 30, 2012 in connection with the 2002/5 Bonds (other than the portion of the completion fee of Seabury allocable to the 2002/5 Bonds) (the “**2002/5 Fees Through 9/30/2012**”), it is agreed, for purposes of settlement, that the 2002/5 Bond Trustee shall receive payments in cash as follows:

	Description	Amount	Derivation of Amount	Timing	Source of Payment
(i)	Cash payment for a portion of the 2002/5 Fees Through 9/30/2012.	\$1,500,000		At any time after the Effective Date (in the sole discretion of the 2002/5 Bond Trustee).	Withdrawal from the 2002B DSR Account in the amount of \$476,882.38 and from the 2005 DSR Account in the amount of \$1,023,117.62, (reflecting a pro rata allocation of the \$1,500,000 based on the respective DSR Account Balances).
(ii)	Cash payment for a portion of the 2002/5 Fees Through 9/30/2012.	\$706,546		Within thirty (30) days after the Effective Date or such later date as may be agreed to by the Debtors and the 2002/5 Bond Trustee.	Payment by the Debtors.

(iii)	Cash payment for any 2002/5 Fees Through 9/30/2012 whose payment is not provided for in rows (i) and (ii) of this table.	Estimated by the 2002/5 Bond Trustee as of the date of this Stipulation at approximately \$96,836		Within thirty (30) days after receipt by the 2002/5 Bond Trustee of the 2002/5 Cure Payments (defined below) or as soon thereafter as practicable	Moneys paid or to be paid by American to the 2002/5 Bond Trustee as rental payments under the 2002/5 IDA Sublease in respect of regularly scheduled interest payments on the 2002B Bonds ⁴
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(The payment described in row (i) of the foregoing table is hereinafter referred to as the “**DSR Fee Contribution**”; the payment described in row (ii) of the foregoing table, together with the payments made pursuant to Paragraph 19 are hereinafter referred to as the “**2002/5 Cure Payments**”; and the payment described in row (iii) of the foregoing table is hereinafter referred to as the “**2002B Bondholder Contribution to the 2002/5 Fees.**”) The payment described in row (ii) of the foregoing table shall first be allocated to the portion of the 2002/5 Fees Through 9/30/2012 that are annual trustee fees, distribution fees and any default group extra-ordinary fees, with remaining amounts being applied to any other 2002/5 Fees Through 9/30/2012.

19. *2002/5 Fees Incurred Between 10/1/2012 and the Effective Date.* Within thirty (30) days after the Effective Date or such later date as may be agreed to by the Debtors and the 2002/5 Bond Trustee, the Debtors shall pay all reasonable fees and expenses of the 2002/5 Bond Trustee and its counsel and other advisors (the 2002/5 Bond Trustee and each of its respective counsel and advisors being a “**2002/5 Payee**”) incurred in connection with or allocable to the 2002/5 Bonds between October 1, 2012 and the Effective Date, and invoiced (such invoices the “**2002/5 Invoices**”) to the Debtors prior to the fifteenth (15th) day after the

⁴ For the avoidance of doubt, it is understood by the Parties that nothing in row (iii) of this table shall require the Debtors to remit any moneys not previously contemplated to be paid under the 2002/5 IDA Sublease.

Effective Date; *provided* that, the Debtors shall not be required to reimburse any of the fees and expenses of Seabury incurred in connection with or allocable to the 2002/5 Bonds between October 1, 2012 and the Effective Date (other than such fees and expenses to the extent such fees and expenses were directly necessary to assist the 2002/5 Bond Trustee and the 2002/5 Bondholders in pursuing the settlement embodied herein). It is expected that any fees incurred by Seabury between October 1, 2012 and the Effective Date in connection with the 2002/5 Bonds will not exceed \$10,000. If such fees and expenses are expected to exceed \$10,000, Seabury shall be required to 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.

20. With respect to fees and expenses incurred between October 15, 2012 and the earlier of (x) the effective date of the Debtors' chapter 11 plan and (y) a date on which the Debtors file a motion seeking to reject the 2002/5 IDA Sublease or take such further action that directly, adversely, and materially impacts the 2002/5 Bonds (such event a "**Material Event**"), the Debtors shall not be required to reimburse any amounts in excess of \$10,000 per month of the "general fees" that the 2002/5 Bond Trustee may incur in connection with the Debtors' bankruptcy cases ("**General Fees**") and that the 2002/5 Bond Trustee and/or its professionals allocate to the 2002/5 Bonds. Following the occurrence of the events described in (x) or (y) in this Paragraph 20, whichever comes earlier, the Debtors shall be obligated to reimburse only such reasonable fees and expenses as are required to be reimbursed under the applicable 2002/5 Transaction Documents and such obligations shall not be subject to any of the limitations provided for in this Stipulation; *provided, however*, that notwithstanding the foregoing, payment of the 2002/5 Completion Fee shall remain subject to the terms of this Stipulation.

21. The Debtors shall not be liable to reimburse any fees and expenses related to the 2002/5 Bonds incurred by Seabury between the Effective Date and the earlier of (x) the effective date of the Debtors' chapter 11 plan and (y) the occurrence of a Material Event. Following the occurrence of the events described in (x) or (y) in this Paragraph 21, whichever comes earlier, the Debtors shall be obligated to reimburse only such reasonable fees and expenses as are required to be reimbursed under the applicable 2002/5 Transaction Documents and such obligations shall not be subject to any of the limitations provided for in this Stipulation; *provided, however*, that notwithstanding the foregoing, payment of the 2002/5 Completion Fee shall remain subject to the terms of this Stipulation.

22. From and after the Effective Date, the 2002/5 Bond Trustee and its counsel and other advisors may continue to incur fees and expenses, and the Debtors will pay such reasonable fees to the extent provided for and in accordance with the applicable 2002/5 Transaction Documents within thirty (30) days after receipt of an invoice for such fees and expenses (or such other later date as may be mutually agreed to by the Debtors and the 2002/5 Bond Trustee) subject to the limitations contained in (i) Paragraphs 20 and 21 of this Stipulation regarding the allocation of General Fees and the incurrence of fees by Seabury and (ii) Paragraph 23, below; *provided* that nothing herein shall be construed to constitute a waiver of any defense to any such fees and expenses claimed.

23. If the 2002/5 Bond Trustee's legal counsel believes that fees and expenses incurred by the 2002/5 Bond Trustee and its counsel and other advisors after the Effective Date prior to the effective date of the Debtors' chapter 11 plan in connection with the 2002/5 Bonds (including fees and expenses incurred in connection with or allocable to the 2002/5 Guarantees, but not including the "General Fees") (the "**Post-Effective Date JFK 2002/5 Fees**") are likely to

exceed \$25,000 in any one month, the 2002/5 Bond Trustee's legal counsel shall use its best reasonable efforts to notify the Debtors and discuss with the Debtors the reasonableness of such fees. If the Debtors dispute the reasonableness of the Post-Effective Date JFK 2002/5 Fees, the 2002/5 Bond Trustee's legal counsel agrees that it will submit its Post-Effective Date JFK 2002/5 Fees to a fee examiner (mutually agreed to between the 2002/5 Bond Trustee and the Debtors) or the Bankruptcy Court for a review for their reasonableness. Each of the Parties shall be bound by any decision by a fee examiner or the Bankruptcy Court in connection with a review of the reasonableness of Post-Effective Date JFK 2002/5 Fees and the Debtors agree to pay any fees and expenses deemed reasonable by the Bankruptcy Court or fee examiner.

24. Within thirty (30) days after the effective date of the Debtors' chapter 11 plan, the Debtors shall make a cash payment of \$1,030,710 to the 2002/5 Bond Trustee in respect of the portion of the reduced completion fee of Seabury allocable to the 2002/5 Bonds (the "**2002/5 Completion Fee**"). Other than as provided in the immediately preceding sentence, the Debtors and the 2002/5 Bond Trustee shall have no further obligations in respect of the 2002/5 Completion Fee.

25. The Debtors, the IDA and the 2002/5 Bond Trustee each represent that, other than any alleged defaults prompting the 2002/5 Cure Payments, the payments to the IDA pursuant to Paragraph 17 hereof, and any alleged defaults that may have resulted from the Chapter 11 Filing (if any), they have no knowledge of any default existing (as of the date of this Stipulation) under the 2002/5 IDA Sublease. The Parties agree that the Debtors shall not be required to make any further payment in connection with existing defaults, if any, under the 2002/5 IDA Sublease in excess of the sum of the 2002/5 Cure Payments and the payments to the IDA pursuant to Paragraph 17 hereof.

26. For purposes of settlement, the Parties agree that as of the date of this Stipulation, with the exception of the aforementioned fees and expenses, there are no amounts outstanding under the 2002/5 IDA Sublease whose dates of payment have passed.

27. The provisions of the 2002/5 Transaction Documents which provide for (i) payment of fees and expenses of the 2002/5 Bond Trustee following a default or event of default, (ii) the priority of payment of the fees and expenses of the 2002/5 Bond Trustee, or (iii) the imposition of liens in respect of the fees and expenses of the 2002/5 Bond Trustee, shall apply to the activities of the 2002/5 Bond Trustee in respect of the Debtors' chapter 11 cases as if an event of default under the 2002/5 Indenture, 2002/5 IDA Sublease and other 2002/5 Transaction documents has occurred and is continuing whether or not that is the case; *provided, however*, that for all other purposes other than those expressly identified in this Paragraph 27, any default arising under the 2002/5 Indenture, 2002/5 IDA Sublease or other 2002/5 Transaction Documents as a result of the Chapter 11 Filing shall be deemed cured upon the Effective Date; *provided further*, that if pursuant to paragraph 23 of this Stipulation, a fee examiner or the Bankruptcy Court rules that any fees or expenses of the 2002/5 Bond Trustee are not reasonable or are not otherwise required to be reimbursed by the Debtors, the Debtors shall have no obligations to the 2002/5 Bond Trustee or the 2002/5 Bondholders with respect to such fees or expenses and the Debtors shall not be deemed to be in default under any of the 2002/5 Transaction Documents as a result of a failure by the Debtors to pay any such fees and expenses or as a result of any remedies taken by the 2002/5 Bond Trustee in connection with collection of such fees and expenses, including but not limited to, the imposition of liens or the assertion of priority of payments against the proceeds of the 2002/5 Bonds by the 2002/5 Bond Trustee; *provided further*, for the avoidance of doubt, notwithstanding the foregoing, any obligation by

the Debtors to reimburse the fees and expenses of the 2002/5 Bond Trustee incurred in connection with the Debtors' chapter 11 cases shall be subject to the limitations provided for in this Stipulation.

28. The 2002/5 Bond Trustee shall be permitted to retain (and apply in accordance with this Stipulation) all payments it has received from the Debtors, including payments made under the 2002/5 IDA Sublease following the Chapter 11 Filing. Such payments shall not be subject to any type of disgorgement, avoidance or other claim by the Debtors, the Debtors' estates or any other person.

Transfers and Payments in Respect of the 1990 Bonds and the 1994 Bonds

In respect of the 1990 Bonds.

29. The 1990 Bond Trustee shall be permitted to retain (and apply in accordance with this Stipulation) all payments it has received from the Debtors, including payments made under the 1990 IDA Sublease following the Chapter 11 Filing. Such payments shall not be subject to any type of disgorgement, avoidance or other claim by the Debtors, the Debtors' estates or any other person.

30. The following cash amounts shall be transferred to the 1990 Bond Trustee by the 2002/5 Bond Trustee or the paying agent under the 2002/5 Bonds, within thirty (30) days after receipt by the 2002/5 Bond Trustee of the 2002/5 Cure Payments or as soon thereafter as practicable—

	Amount	Derivation of Amount	Source of Payment
(i)	\$1,004,855.66	From a Bond Fund Contribution to the 1990/1994 Bonds (defined below) totaling \$2 million, allocated pro rata between the 1990 Bonds and 1994 Bonds based on their respective principal amounts outstanding plus prepetition accrued and unpaid interest.	The 2002/5 Bond Fund or 2002/5 Lease Payments Fund.
(ii)	\$4,019,422.65	From a payment totaling \$8 million, allocated pro rata between the 1990 Bonds and 1994 Bonds based on their respective principal amounts outstanding plus prepetition accrued and unpaid interest.	Moneys paid or to be paid by American to the 2002/5 Bond Trustee as rental payments under the 2002/5 IDA Sublease in respect of regularly scheduled interest payments on the 2002B Bonds. ⁵
(iii)	\$221,414.59	From a payment totaling \$440,600 (intended to be used for payment of a portion of the fees and expenses of the 1990 Bond Trustee and 1994 Bond Trustee), allocated pro rata between the 1990 Bonds and 1994 Bonds based on their respective principal amounts outstanding.	Same as in row (ii) above.

(The payment described in row (i) of the foregoing table is herein referred to as the “**Bond Fund Contribution to the 1990 Bonds**,” and together with the payment described in row (i) of the table in Paragraph 34 below, as the “**Bond Fund Contribution to the 1990/1994 Bonds**”; The payment described in row (ii) of the foregoing table is herein referred to as the “**2002B Bondholder Contribution to the 1990 Bonds**,” and together with the payment described in row (ii) of the table in Paragraph 34 below, as the “**2002B Bondholder Contribution to the 1990/1994 Bonds**.” The payment described in row (iii) of the foregoing table is herein referred to as the “**2002B Bondholder Contribution to the 1990 Fees**,” and together with the payment described in row (iii) of the table in Paragraph 34 below, as the “**2002B Bondholder Contribution to the 1990/1994 Fees**”; with the 2002B Bondholder Contribution to the 1990/1994 Bonds together with the 2002B Bondholder Contribution to the 1990/1994 Fees and the 2002B Bondholder Contribution to the 2002/5 Fees being collectively referred to as the “**2002B Bondholder Contribution**.”). The Bond Fund Contribution to the 1990 Bonds shall be transferred to the 1990 Bond Trustee as provided herein as partial consideration for the

⁵ For the avoidance of doubt, it is understood by the Parties that nothing in row (ii) of this table shall require the Debtors to remit any moneys not previously contemplated to be paid under the 2002/5 IDA Sublease.

settlement of any and all claims or rights, if any, which the 1990 Bond Trustee or 1990 Bondholders may have in connection with the 1990 Premises. An aggregate amount of \$2 million (which is calculated to be equal to the Bond Fund Contribution to the 1990/1994 Bonds) shall be transferred to the 2002/5 Lease Payments Fund or 2002/5 Bond Fund from the DSR Fund (\$635,843.18 from the 2002B DSR Account and \$1,364,156.82 from the 2005 DSR Account, a pro rata allocation based on their respective DSR Account balances) (the “**DSR Contribution to the 2002/5 Bond Fund**”, together with the DSR Fee Contribution the “**DSR Contribution**”). The funds transferred from the 2002B DSR Account to the 2002/5 Bond Fund or 2002/5 Lease Payments Fund shall be used for debt service payments in respect of the 2002B Bonds provided for in Paragraph 38 of this Stipulation and the funds transferred from the 2005 DSR Account to the 2002/5 Bond Fund or 2002/5 Lease Payments Fund shall be used for debt service payments in respect of the 2005 Bonds provided for in Paragraph 38 of this Stipulation.

31. The 2002B Bondholder Contribution shall be deemed to have been paid to the 2002B Bondholders as payment of interest on the 2002B Bonds, and (i) in the case of the 2002B Bondholder Contribution to the 1990 Bonds and the 2002B Bondholder Contribution the 1990 Fees, transferred by the 2002B Bondholders to the 1990 Bond Trustee as provided herein as partial consideration for the settlement of any and all claims or rights, if any, which the 1990 Bond Trustee or 1990 Bondholders may have in connection with the 1990 Premises, (ii) in the case of the 2002B Bondholder Contribution to the 2002/5 Fees, transferred by the 2002B Bondholders to the 2002/5 Bond Trustee and used for payment of the fees and expense of the 2002/5 Bond Trustee as provided herein.

32. The Bond Fund Contribution to the 1990 Bonds, the 2002B Bondholder Contribution to the 1990 Bonds, and the amounts retained by the 1990 Bond Trustee pursuant to Paragraph 29 of this Stipulation, shall be applied—

- (i) first, to the satisfaction of the accrued but unpaid fees and expenses of the 1990 Bond Trustee (to the extent not satisfied by the 2002B Bondholder Contribution to the 1990 Fees or the 1990 Fee Payment), unless the 1990 Bond Trustee determines in its sole discretion to delay payment of certain fees until receipt of additional recoveries; and
- (ii) second, as a payment to the 1990 Bondholders, pro rata, based on the aggregate principal amount of the 1990 Bonds held by each 1990 Bondholder, within thirty (30) days after the receipt by the 1990 Bond Trustee of all such amounts or as promptly as practicable thereafter.

33. The 1990 Bond Trustee shall be entitled in its sole discretion, and in accordance with its obligation under Section 9.01 of the 1990 Indenture, to establish one or more record dates for the 1990 Bondholders, for the purpose of the payments provided for in this Stipulation.

In respect of the 1994 Bonds.

34. The following cash amounts shall be transferred to the 1994 Bond Trustee by the 2002/5 Bond Trustee or the paying agent under the 2002/5 Bonds, within thirty (30) days after receipt by the 2002/5 Bond Trustee of the 2002/5 Cure Payments or as soon thereafter as practicable—

	Amount	Derivation of Amount	Source of Payment
(i)	\$995,144.34	From a Bond Fund Contribution to the 1990/1994 Bonds totaling \$2 million, allocated pro rata between the 1990 Bonds and 1994 Bonds based on their respective principal amounts outstanding plus prepetition accrued and unpaid interest.	The 2002/5 Bond Fund or 2002/5 Lease Payments Fund
(ii)	\$3,980,577.35	From a payment totaling \$8 million, allocated pro rata between the 1990 Bonds and 1994 Bonds based on their respective principal amounts outstanding plus prepetition accrued and unpaid interest.	Moneys paid or to be paid by American to the 2002/5 Bond Trustee as rental payments under the 2002/5 IDA Sublease in respect of regularly scheduled interest payments on the 2002B Bonds. ⁶
(iii)	\$219,185.41	From a payment totaling \$440,600 (intended to be used for payment of a portion of the fees and expenses of the 1990 Bond Trustee and 1994 Bond Trustee), allocated pro rata between the 1990 Bonds and 1994 Bonds based on their respective principal amounts outstanding.	Same as in row (ii) above.

(The payment described in row (i) of the foregoing table is herein referred to as the “**Bond Fund Contribution to the 1994 Bonds.**” The payment described in row (ii) of the foregoing table is herein referred to as the “**2002B Bondholder Contribution to the 1994 Bonds.**” The payment described in row (iii) of the foregoing table is herein referred to as the “**2002B Bondholder Contribution to the 1994 Fees.**”) The Bond Fund Contribution to the 1994 Bonds shall be transferred to the 1994 Bond Trustee as provided herein as partial consideration for the settlement of any and all claims or rights, if any, which the 1994 Bond Trustee or 1994 Bondholders may have in connection with the 1994 Premises.

35. The 2002B Bondholder Contribution to the 1994 Bonds and the 2002B Bondholder Contribution the 1994 Fees shall be deemed to have been paid to the 2002B Bondholders as payment of interest on 2002B Bonds, and transferred by the 2002B Bondholders to 1994 Bond Trustee as provided herein as partial consideration for the settlement of any and all

⁶ For the avoidance of doubt, it is understood by the Parties that nothing in row (ii) of this table shall require the Debtors to remit any moneys not previously contemplated to be paid under the 2002/5 IDA Sublease.

claims or rights, if any, which the 1994 Bond Trustee or the 1994 Bondholders may have in connection with the 1994 Premises.

36. The Bond Fund Contribution to the 1994 Bonds and the 2002B Bondholder Contribution to the 1994 Bonds, shall be applied—

(i) first, to the satisfaction of the accrued but unpaid fees and expenses of the 1994 Bond Trustee (to the extent not satisfied from the 2002B Bondholder Contribution to the 1994 Fees or from the 1994 Fee Payment), unless the 1994 Bond Trustee determines in its sole discretion to delay payment of certain fees until receipt of additional recoveries; and

(ii) second, as a payment to the 1994 Bondholders, pro rata, based on the aggregate principal amount of the 1994 Bonds held by each 1994 Bondholder, within thirty (30) days of receipt thereof by the 1994 Bond Trustee, or as promptly thereafter as practicable.

37. The 1994 Bond Trustee shall be entitled in its sole discretion, and in accordance with its obligation under Section 9.01 of the 1994 Indenture, to establish one or more record dates for the 1994 Bondholders, for the purpose of the payments provided for in this Stipulation.

Payments in Respect of the 2002/5 Bonds.

38. Within sixty (60) days of the Effective Date, or as promptly as practicable thereafter, the 2002/5 Bond Trustee shall, (subject, if the 2002/5 Cure Payments have not been received, to any amounts withheld on account thereof):

(i) distribute to the 2002A Bondholders from the funds and accounts established under the 2002/5 Indenture, \$120 million, being the amount of principal of

the 2002A Bonds which became due on August 1, 2012 under the terms of the 2002/5 Indenture;

(ii) distribute to the 2002/5 Bondholders, an amount equal to the sum of all accrued but unpaid interest under the terms of the 2002/5 Indenture due and payable on regularly scheduled interest payment dates occurring on or after December 1, 2011 and prior to the date of the distribution provided for in this Paragraph 38 (without any interest on overdue interest and without giving effect to any alleged defaults resulting from the Chapter 11 Filing), less, in the case of the distribution to the 2002B Bondholders, the amount of the 2002B Bondholder Contribution;

and no 2002/5 Bondholder shall be entitled to any interest on overdue interest or principal or any acceleration of payment of principal of the 2002/5 Bonds in connection with, or as a result of, the foregoing.

39. Immediately following the distributions to the 2002A Bondholders provided for in Paragraph 38 of this Stipulation, the 2002A Bonds shall be deemed paid in full and no longer outstanding, and there shall be no further obligations by the Debtors, the IDA or the 2002/5 Bond Trustee in respect of the 2002A Bonds, whether for interest on overdue payments that may have been deemed to accrue since November 29, 2011, or for any rent payable by American under the 2002/5 IDA Sublease calculated based upon the debt service requirements of such 2002A Bonds.

40. For the avoidance of doubt, neither the 2002/5 Bond Trustee nor the 2002/5 Bondholders shall assert a claim against the Debtors for reimbursement on account of the 2002B Bondholder Contribution.

Other Provisions in Respect of the Bonds and Transaction Documents

41. The Debtors shall not be responsible for the internal allocation of fees and expenses by the 1990 Bond Trustee, 1994 Bond Trustee or 2002/5 Bond Trustee of moneys received by the 1990 Bond Trustee, 1994 Bond Trustee or 2002/5 Bond Trustee pursuant to this Stipulation.

42. Upon the Effective Date, the Transaction Documents shall be deemed amended or modified, solely to the extent necessary to effectuate the terms and conditions of this Stipulation.

1990 Bonds and 1994 Bonds

43. All present and future 1990 Bondholders, the 1990 Bond Trustee, all present and future 1994 Bondholders and the 1994 Bond Trustee, and each of their respective successors and assigns, are enjoined and forever barred from—

(i) asserting a security interest in any of the Debtors' assets in respect of the 1990 Bonds or 1994 Bonds, including, without limitation, any leasehold interests of the Debtors and any of the assets securing the 2002/5 Bonds,

(ii) disputing the characterization as unsecured financings of transactions entered into in connection with the 1990 Bonds or the 1994 Bonds, as the case may be (including, without limitation, the 1990 Company Sublease, the 1990 IDA Sublease, the 1994 Company Sublease or the 1994 IDA Sublease),

(iii) asserting any claims or causes of action (other than for claims alleging breach in the performance of the terms of this Stipulation) against the Debtors, the 1990 Bond Trustee, the 1994 Bond Trustee, the 2002/5 Bond Trustee, the IDA, the Directing Bondholders or any other holders of Bonds, in connection with, or arising out of the transactions related to or underlying, the 1990 Bonds, 1990 Transaction Documents, the

1994 Bonds, the 1994 Transaction Documents, the 2002/5 Bonds or the 2002/5
Transaction Documents;

provided, however, that nothing herein shall impair the rights of the 1990 Bond Trustee as
against the 1990 Bondholders or the 1994 Bond Trustee as against the 1994 Bondholders, under
the Transaction Documents or otherwise.

2002/5 Bonds

44. The 2002/5 Bonds shall be reinstated such that the 2002/5 Transaction
Documents shall pass through the Debtors' bankruptcies unaltered, subject only to (i)
amendments necessary to effectuate this Stipulation, including, without limitation, the DSR
Reduction (defined below), the No Call Extension (defined below) and any other amendments
necessary to clarify that that the Debtors shall not be required to replenish the Debt Service
Reserve Fund as a result of transfer of moneys from the Debt Service Reserve Fund pursuant to
the DSR Contribution, and (ii) such amendments as shall be necessary to effectuate the
reinstatement as provided in this Stipulation.

45. Effective upon the Effective Date, Section 2.06(a)(iii)(a) of the 2002/5
Second Supplemental Indenture (and the corresponding portion of the form of Series 2002B
Bond) shall be deemed amended and restated in accordance with Annex I hereto (such
amendment, the "**No Call Extension**") such that (i) the date prior to which the 2002B Bonds are
not subject to optional redemption shall be changed from August 1, 2012 to August 1, 2015, and
(ii) the 2002B Bonds shall be redeemable from August 1, 2015 through July 31, 2016 at a
redemption price equal to 100.5% of the principal amount thereof plus accrued and unpaid
interest to the date of redemption, and from and after August 1, 2016 at a redemption price equal
to 100% of the principal amount thereof plus accrued and unpaid interest to the date of
redemption.

46. Effective upon the transfer of moneys pursuant to the DSR Contribution, Appendix A to the 2002/5 Second Supplemental Indenture shall be deemed amended in accordance with Annex II hereto (such amendment, "**2002B DSR Reduction**") in order to clarify that the Debtors shall not be required to replenish the 2002B DSR Account as a result of the transfer of moneys from the 2002B DSR Account pursuant to the DSR Contribution.

47. Effective upon the transfer of moneys pursuant to the DSR Contribution, Appendix A to the 2002/5 Third Supplemental Indenture shall be amended in accordance with Annex III hereto (such amendment, the "**2005 DSR Reduction**" and together with the 2002B DSR Reduction, the "**DSR Reduction**") in order to clarify that the Debtors will not need to replenish the 2005 DSR Account as a result of the transfer of moneys from the 2005 DSR Account pursuant to the DSR Contribution.

Approval Motion and Settlement Order

48. On or prior to March 13, 2013, or such other later date as the Debtors, the 1990 Bond Trustee, the 1994 Bond Trustee, the 2002/5 Bond Trustee and the IDA may agree, the Debtors shall file a motion with the Bankruptcy Court, in form and substance acceptable to the 1990 Bond Trustee, the 1994 Bond Trustee, the 2002/5 Bond Trustee and the IDA, seeking approval of this Stipulation pursuant to Bankruptcy Rule 9019 (the "**Approval Motion**").

49. The Approval Motion shall propose a Settlement Order that is binding upon the Parties and upon the 1990 Bondholders, the 1994 Bondholders, and the 2002/5 Bondholders, that recites the finding of the Bankruptcy Court to the effect that the terms and conditions of the Stipulation are fair and reasonable and in the interests of all 1990 Bondholders, 1994 Bondholders and 2002/5 Bondholders, that provides for the assumption of the 2002/5 Company Sublease and 2002/5 IDA Sublease and that includes language substantially to the

following effect, unless otherwise agreed to by the 1990 Bond Trustee, the 1994 Bond Trustee, the 2002/5 Bond Trustee and the IDA:

ORDERED that, effective on the Effective Date, each of the terms and conditions of the Stipulation are hereby approved, and the Stipulation shall be binding on the Parties and all 1990 Bondholders, 1994 Bondholders and 2002/5 Bondholders; and it is further

ORDERED that, effective on the Effective Date, the Transaction Documents shall be deemed amended or modified, and compliance with the provisions thereof shall be deemed waived, to the extent necessary to effectuate the terms and conditions of the Stipulation; and it is further

ORDERED that, effective on the Effective Date, all 1990 Bondholders, 1994 Bondholders and 2002/5 Bondholders are deemed to have irrevocably consented to each of the terms and conditions of the Stipulation, including, without limitation, any deemed amendments and modifications of the Transaction Documents, or deemed waiver of compliance with the provisions of the Transaction Documents, in each case as applicable and to the extent necessary to effectuate the terms and conditions of the Stipulation; and it is further

ORDERED that, effective on the Effective Date, the Bankruptcy Court having found that the Debtors, the IDA, the 1990 Bond Trustee, the 1994 Bond Trustee and the 2002/5 Bond Trustee, the Directing Bondholders, and their respective legal counsel and/or other advisors, have used the same degree of care and skill in the exercise of their respective rights and powers a prudent person would exercise and use under the circumstances, there is no bona fide basis for any claims or actions against the Debtors, the IDA, the 1990 Bond Trustee, the 1994 Bond Trustee or the 2002/5 Bond Trustee (each as indenture trustee or in any other fiduciary capacity with respect to the respective Bonds or in its individual capacity), any Directing Bondholder, or any of their respective legal counsel and/or other advisors, in any way related to the matters that are the subject of the Approval Motion, the Stipulation or this Settlement Order; *provided, however,* that, other than to the extent the respective obligations of the IDA, the 1990 Bond Trustee, the 1994 Bond Trustee and/or the 2002/5 Bond Trustee have been altered by the Stipulation and this Settlement Order, (i) nothing in this Settlement Order shall relieve the IDA or the Debtors from each of their obligations to perform under the 2002/5 Transaction Documents (each as amended or modified to the extent necessary to effectuate the Stipulation and this Settlement Order), if any, or restrict the ability of the 2002/5 Bondholders, or the 2002/5 Bond Trustee to enforce such obligations against the IDA or the Debtors; and (ii) nothing in this Settlement Order shall relieve the 1990 Bond Trustee,

1994 Bond Trustee or 2002/5 Bond Trustee from their respective obligations to perform under the 1990 Indenture, 1994 Indenture or 2002/5 Transaction Documents, as applicable, (each as amended or modified to the extent necessary to effectuate the Stipulation and this Settlement Order) or restrict the ability of the 1990 Bondholders, 1994 Bondholders or 2002/5 Bondholders to enforce such obligations against the 1990 Bond Trustee, 1994 Bond Trustee or 2002/5 Bond Trustee, as applicable; *provided further*, that nothing herein shall impair the rights of the 1990 Bond Trustee as against the 1990 Bondholders, the 1994 Bond Trustee as against the 1994 Bondholders or the 2002/5 Bond Trustee as against the 2002/5 Bondholders, under the Transaction Documents or otherwise; and it is further

ORDERED that, effective on the Effective Date, the Debtors, the IDA and each Directing Bondholder, and the 1990 Bond Trustee, the 1994 Bond Trustee and the 2002/5 Bond Trustee (each as indenture trustee or in any other fiduciary capacity with respect to the respective Bonds or in its individual capacity), and each of their respective legal counsel and/or other advisors, shall have no liability for any claims, demands, suits, actions or causes of action in any way related to the matters that are the subject of the Approval Motion, the Stipulation and this Settlement Order; *provided, however*, that nothing in this Settlement Order shall relieve any party from its respective obligations, or deprive any party of its rights, under the Stipulation; *provided further*, that nothing herein shall impair the rights of the 1990 Bond Trustee as against the 1990 Bondholders, the 1994 Bond Trustee as against the 1994 Bondholders or the 2002/5 Bond Trustee as against the 2002/5 Bondholders, under the Transaction Documents or otherwise; and it is further

ORDERED that, effective on the Effective Date, any present or future 1990 Bondholder, the 1990 Bond Trustee, any present or future 1994 Bondholder, the 1994 Bond Trustee, and each of their respective successors and assigns, shall be forever barred, estopped and permanently enjoined from asserting, prosecuting or otherwise pursuing any claims against the Debtors, the 1990 Bond Trustee, the 1994 Bond Trustee, the 2002/5 Bond Trustee, the IDA, the Directing Bondholders or any other holders of Bonds, in connection with or arising out of or in any way related to the transactions related to or underlying the 1990 Bonds, the 1990 Transactions Documents, the 1994 Bonds, the 1994 Transaction Documents, the 2002/5 Bonds or the 2002/5 Transaction Documents; *provided, however*, that nothing herein shall impair the rights of the 1990 Bond Trustee as against the 1990 Bondholders or the 1994 Bond Trustee as against the 1994 Bondholders, under the Transaction Documents or otherwise; *provided, further*, that nothing in this Settlement Order shall relieve any party from its respective obligations, or deprive any party of its rights, under the Stipulation; and it is further

ORDERED that, effective on the Effective Date, each present or future 1990 Bondholder, 1994 Bondholder or 2002/5 Bondholder shall be forever barred, estopped and permanently enjoined from asserting, prosecuting or otherwise pursuing any claims against the Debtors, the IDA, the 1990 Bond Trustee, the 1994 Bond Trustee or the 2002/5 Bond Trustee (each as indenture trustee or in any other fiduciary capacity with respect to the respective Bonds or in its individual capacity), or any Directing Bondholder, that are in any way related to the matters that are the subject of the Motion, the Stipulation or this Settlement Order; *provided, however*, that nothing in this Settlement Order shall relieve any party from its respective obligations, or deprive any party of its rights, under the Stipulation.

General

50. Each of the Parties covenants that it will faithfully cooperate and perform at all times all of its covenants, undertakings, stipulations and provisions contained in this Stipulation.

51. Each of the Parties agrees to make any amendments or modifications to the Transaction Documents, to enter into any other documents or take any other actions that may be necessary or reasonably desirable to implement the terms and provisions or purposes of this Stipulation. Without limiting the foregoing, each of the Parties agrees to cooperate in the preparation and execution of a supplemental indenture documenting the DSR Reduction and No Call Extension.

52. The Debtors hereby commit to pursue confirmation of a chapter 11 plan consistent with the terms and conditions of this Stipulation and the Settlement Order, provided, however, from and after the Effective Date, this Stipulation and the Settlement Order shall be enforceable, binding and effective regardless of whether a chapter 11 plan is subsequently submitted or confirmed. Each of the Parties hereto shall, upon the Effective Date, be authorized to take such actions as may be necessary and appropriate to implement the Stipulation, and no

Party hereto shall incur any liability for having proceeded to act in accordance with the Stipulation and Settlement Order in advance of confirmation of a chapter 11 plan and regardless of whether a chapter 11 plan is subsequently confirmed.

53. Following the execution of this Stipulation by each of the Parties and the entry of a final and non-appealable order approving this Stipulation pursuant to Bankruptcy Rule 9019, this Stipulation shall be binding upon the Parties and upon the 1990 Bondholders, 1994 Bondholders and 2002/5 Bondholders and all necessary approvals for entry into this Stipulation shall be deemed satisfied.

54. In the event that the Settlement Order is not entered by the Bankruptcy Court as a final non-appealable order within sixty (60) days after the date of this Stipulation, this Stipulation, shall be terminated and shall become null and void and of no force and effect, unless otherwise agreed to in writing by the Parties.

55. In the event that, notwithstanding this Stipulation, the Debtors are entitled to, and do, reject the 2002/5 Company Sublease and/or the 2002/5 IDA Sublease, following the Effective Date, the IDA, the 2002/5 Bond Trustee (as well as each of the 2002/5 Bondholders) shall each retain the right to assert all claims against the Debtors which such persons or entities would have been entitled to assert had the Parties not entered into this Stipulation, and the Debtors shall retain any defenses thereto.

56. It is expressly understood and agreed that neither this Stipulation (including the terms thereof) nor any act or omission in connection herewith is intended or shall be deemed or argued to be evidence or to constitute an admission by any Party as to the validity or invalidity of any claim, defense or other issue raised or that might be raised by any party in connection with the 1990 Bonds, the 1994 Bonds, the 2002/5 Bonds or the Chapter 11 Filing.

57. For the avoidance of doubt, this Stipulation shall be binding on any purchaser(s) of the Debtors, or any of their assets relating to the Premises, and on any assignees of the 1990 Company Sublease, the 1990 IDA Sublease, the 1994 Company Sublease, the 1994 IDA Sublease, the 2002/5 Company Sublease or the 2002/5 IDA Sublease.

58. For the avoidance of doubt, (i) any consent, waiver or release and or deemed consent, waiver or release provided for in this Stipulation by the 1990 Bond Trustee, the 1994 Bond Trustee or the 2002/5 Bond Trustee shall be understood to be on behalf of and to bind the applicable Bondholders, (ii) any consent, waiver or release or deemed consent, waiver or release by Bondholders provided for in this Stipulation shall be deemed to have been given by and to bind all present and future Bondholders and (iii) any consent waiver or release or deemed consent waiver or release by the Debtors provided for in this Stipulation shall be deemed to have been given on behalf of and to bind the Debtors' estates.

59. Each person who executes this Stipulation by or on behalf of a Party represents and warrants that he or she has been duly authorized and empowered to execute and deliver this Stipulation on behalf of such Party.

60. This Stipulation may only be amended or otherwise modified by a signed writing executed by the Parties.

61. This Stipulation may be executed in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument, and it shall constitute sufficient proof of this Stipulation to present any copy, copies, electronic copies, or facsimiles signed by the Parties.

62. This Stipulation shall be governed by, construed, and enforced in accordance with the laws of the State of New York without giving effect to the provisions, policies, or principles thereof relating to choice of law or conflict of laws.

63. Any disputes or controversies arising from this Stipulation shall be within the exclusive jurisdiction of the Bankruptcy Court.

[Signature page follows]

Dated: March 13, 2013
New York, New York

/s/ Amy Caton

Amy Caton
Steven Segal

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Dated: March 13, 2013
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Annex I

No Call Extension

Effective upon the Effective Date, Section 2.06(a)(iii)(a) of the 2002/5 Second Supplemental Indenture (and the corresponding portion of the form of Series 2002B Bond found on pages 9-10 of the 2002/5 Second Supplemental Indenture under the heading “Optional Redemption During Initial Long-Term Interest Rate Period”) shall, in accordance with Paragraph 45 of the Stipulation, be deemed amended and restated substantially to the following effect:

The Series 2002B Bonds shall be subject to redemption in whole or in part on any date prior to maturity on or after August 1, 2015 at the option of the Agency, at the direction of the Lessee (which shall be delivered to the Trustee in writing or by facsimile confirmed in writing by notice delivered by first class mail and, if in part, the maturities to be redeemed to be selected by the Lessee or, if no such selection is made, in inverse order of maturities), from advance rental payments, upon payment in each case of the applicable redemption price (expressed as a percentage of principal amount of such Series 2002B Bonds to be redeemed), as set forth in the schedule below, together with accrued interest, if any, to the date of redemption, in the manner and subject to the provisions of the Indenture:

<u>Redemption Period</u>	<u>Redemption Prices</u>
August 1, 2015 through July 31, 2016	100.5%
August 1, 2016 and thereafter	100.0%

Annex II

2002B DSR Reduction

Effective upon the transfer of moneys pursuant to the DSR Contribution, Appendix A to the 2002/5 Second Supplemental Indenture shall, in accordance with Paragraph 46 of the Stipulation, be deemed amended substantially to the following effect:

(i) There shall be added a new defined term “Original Series 2002B Debt Service Reserve Account Requirement” which shall have a definition that is identical to the definition of “Series 2002B Debt Service Reserve Account Requirement” as in effect prior to the effectiveness of the amendments contemplated hereby.

(ii) The definition of “Series 2002B Debt Service Reserve Account Requirement” shall be amended and restated as follows: “Series 2002B Debt Service Reserve Account Requirement shall mean the greater of (x) \$0 and (y) the Original Series 2002B Debt Service Reserve Account Requirement minus \$1,112,725.56.”

Annex III

2005 DSR Reduction

Effective upon the transfer of moneys pursuant to the DSR Contribution, Appendix A to the 2002/5 Third Supplemental Indenture shall, in accordance with Paragraph 47 of the Stipulation, be deemed amended substantially to the following effect:

(i) There shall be added a new defined term “Original Series 2005 Debt Service Reserve Account Requirement” which shall have a definition that is identical to the definition of “Series 2005 Debt Service Reserve Account Requirement” as in effect prior to the effectiveness of the amendments contemplated hereby.

(ii) The definition of “Series 2005 Debt Service Reserve Account Requirement” shall be amended and restated as follows: “Series 2005 Debt Service Reserve Account Requirement shall mean the greater of (x) \$0 and (y) the amount of the Original Series 2005 Debt Service Reserve Account Requirement minus \$2,387,274.44.”

**Exhibit “2” to the Proposed Order
Subleases**

Name of Contracts or Leases	Code	Contract Type	Counterparties to the Agreements to be Assumed	Debtor Parties to the Agreements to be Assumed	Date of Contracts or Leases	Location of Real Property that is the subject of the Leases to be Assumed	Cure Amount
Amended and Restated Company Sublease Agreement	JFK	Terminal Lease	New York City Industrial Development Agency	American Airlines, Inc.	11/1/2005	John F. Kennedy International Airport	The Debtors will pay certain fees and expenses as described in the Stipulation.
Amended and Restated IDA Lease Agreement							