

## CURE STIPULATION

THIS Cure Stipulation (“**Stipulation**”) is made and entered into as of this 5th day of June, 2013, by and between (i) the City and County of San Francisco, a municipal corporation, acting by and through its Airport Commission (the “**City**”); and (ii) American Airlines, Inc. (“**American**”) and US Airways, Inc. (“**US Airways**”) (together, the “**Parties**”).

## RECITALS

A. The City and American have entered into those certain leases, permits and agreements set forth on **Exhibit A** attached hereto, as such have been subsequently modified, (collectively, and as amended herein, the “**American Agreements**”) for use of premises at the San Francisco International Airport (the “**Airport**”).

B. On November 29, 2011 (the “Petition Date”), American and its affiliate debtors (collectively, the “**Debtors**”) filed in the United States Bankruptcy Court for the Southern District of New York (the “**Bankruptcy Court**”), voluntary petitions (collectively, the “**Chapter 11 Cases**”) under Chapter 11 of Title 11 of the United States Code (the “**Bankruptcy Code**”) and continue to operate their business as debtors-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

C. The City and US Airways have entered into that certain Lease and Use Agreement No. L11-0276 (as may be amended, modified, or supplemented from time to time (the “**US Airways Lease Agreement**”), for use of premises at the Airport.

D. On April 15, 2013, the Debtors filed the Debtors’ Joint Chapter 11 Plan, as may be amended, supplemented, or modified from time to time (ECF No. 7631) (the “**Plan**”).

E. The Plan contemplates a merger pursuant to the Agreement and Plan of Merger, dated February 13, 2013, by and among AMR Corporation, AMR Merger Sub, Inc., and US Airways Group, Inc. (the “**Merger Agreement**”).

F. On May 10, 2013, the Bankruptcy Court entered the Order Authorizing and Approving (I) Merger Agreement Among AMR Corporation, AMR Merger Sub, Inc., and US Airways Group Inc., (II) Debtors’ Execution and Performance Under Merger Agreement, (III) Certain Employee Compensation and Benefit Arrangements, (IV) Termination Fees, and (V) Related Relief (ECF No. 8096).

G. The City and American have negotiated an agreement as to the terms for American’s assumption of the American Agreements in the Chapter 11 Cases, including the cure of American’s prepetition defaults and the provision of adequate assurance of future performance required under Section 365(b)(1) of the Bankruptcy Code. Generally, the terms include, but are not limited to, the following: (i) the American Agreements shall not be modified to reduce the overall square footage of space leased by American; (ii) the Airport shall provide for application of certain rent credits under the Interim Relocation MOU (as defined below), to the cure amount owed by American; (iii) the City and American have entered into a postpetition Superbay Lease (as defined below); (iv) American shall assume the Environmental Obligations (as defined below); and (v) American and US Airways shall have the option to co-locate and eliminate

exclusive use space under the US Airways Lease Agreement on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereto agree to the following terms.

### **TERMS**

1. **Effective Date.** This Stipulation shall become effective on the Effective Date. As used herein, the term “**Effective Date**” means the first business day upon which all of the following conditions have been satisfied:

a. An order approving the assumption (which may include an order confirming a plan of reorganization providing for assumption) of the American Agreements, as modified hereby (the “**Approval Order**”) shall have been entered by the Bankruptcy Court in the Chapter 11 Cases which order shall not have been stayed; and

b. fourteen days (as computed in accordance with Bankruptcy Rule 9006) shall have passed from the date of entry of the Approval Order; and

c. The Approval Order shall not have been reversed or modified on appeal and, if any such appeal is pending, the Approval Order shall not have been stayed; and

d. This Stipulation shall have been approved by the City and County of San Francisco’s Airport Commission, its Board of Supervisors, and the Mayor; and

e. The City shall have received from American all amounts described in this Stipulation, including those amounts described on **Exhibit B**, in full and final satisfaction as cure of defaults under the assumed American Agreements as required by 11 U.S.C. § 363; and

f. In the event the Effective Date shall not have occurred on or before January 1, 2014 as such date may be extended by mutual written agreement of the parties, then this Stipulation shall be null and void.

2. **Reimbursement for Interim Move.** In accordance with the Memorandum of Understanding, dated March 15, 2010, between the City and American related to American’s interim relocation from Terminal 3 and Boarding Area E to Terminal 2 Boarding Area D (“**Interim Relocation MOU**”), the City has reviewed and verified the construction costs under Interim Relocation MOU, Section 7, and has determined that American is eligible for reimbursement costs in the amount of Three Million Seven Hundred Fifty Five Thousand Five Hundred Ninety Four Dollars and Twenty Two Cents (\$ 3,755,594.22) (the “**Reimbursement Amount**”).

3. **Cure Amount and Payment Terms.** Prior to the Petition Date, American has incurred rental charges and other charges pursuant to the American Agreements in the amount of

One Million Thirty Three Thousand Four Hundred Seventy Seven Dollars and Forty Nine Cents (\$1,033,477.49) and this amount is owed by American to the City (the "**Cure Amount**").

Subject to all of the terms, provisions and conditions set forth herein, including American's obligations to perform certain other actions described herein, in full and final satisfaction of American's obligation to cure all defaults under the American Agreements under Section 365(b)(1) of the Bankruptcy Code, the Parties agree to apply the Reimbursement Amount as a rent credit to the Cure Amount and to apply the remainder of the Reimbursement Amount, in the amount of Two Million Seven Hundred Twenty Two Thousand One Hundred Sixteen Dollars and Seventy Three Cents (\$2,722,116.73), to future rental charges and other charges incurred by American pursuant to the American Agreements. The City and American agree that the Interim Relocation MOU shall be deemed amended to reflect the terms set forth herein. The City and American further agree that no additional costs or Reimbursement Amounts, except for the Reimbursement Amount noted in Paragraph 2 above, shall be claimed by American under the Interim Relocation MOU.

4. **SuperBay Hangar Lease.** The City and American have executed a new SuperBay Hangar Lease [L13-0071] ("**SuperBay Lease**"), to replace the previous SuperBay Lease [L04-0221] in which American was -a "hold-over", month-to-month tenant. The SuperBay Lease has received approval by the Airport Commission; and the SuperBay Lease is subject to approval by the San Francisco Board of Supervisors which is expected to occur no later than September 30, 2013.

5. **Claims.** Upon the Effective Date, the proofs of claim numbered 7939 and 13047, filed by the City against American on July 12, 2012 and August 7, 2012, respectively, shall be deemed withdrawn to reflect the terms of this Stipulation.

6. **Adequate Assurance.** The requirement for adequate assurance of future performance under the American Agreements under Section 365(b)(1) of the Bankruptcy Code ("**Adequate Assurance**") shall be satisfied by the Debtors' continued promise to pay rent and other charges and perform all obligations under the American Agreements and this Stipulation.

7. **Deposit.** The City acknowledges that it currently holds a surety bond in the amount of five million eighty six thousand four hundred forty nine dollars (\$5,086,449) (the "**Original Surety Bond**") that serves as security under the American Agreements. American shall replace its current surety bond with the City with a surety bond to serve as the security deposit (the "**Deposit**") under the American Agreements which surety bond shall be in an amount no less than three million eight hundred and sixty-one thousand three hundred and eighty-seven dollars, (\$3,861,387.00) as required by the Lease and Use Agreement No. L10-0078. The Original Surety Bond shall be immediately returned to American upon the City's receipt of the Deposit, and in any event the Original Surety Bond will be deemed terminated upon the City's receipt of the Deposit.

8. **Effect on American Agreements.** The American Agreements, except as noted below, shall be deemed amended to reflect the terms herein, and as used herein the term the "American Agreements" shall mean the American Agreements as amended hereby. In the event of any inconsistency between an existing term of any of the American Agreements and a term of this Stipulation, the term of this Stipulation shall prevail. Except as provided herein, the American Agreements and all terms and conditions thereof are in full force and effect and no

party hereto is released from any of the continuing obligations thereunder as modified herein, including indemnification obligations and any agreements related thereto for any losses associated with any action or inaction occurring prior to the Effective Date. Any default by American under this Stipulation shall be deemed an American default under the American Agreements.

9. **Environmental Obligations.**

a. As used in this Stipulation, “**Environmental Obligations**” shall mean American’s obligations to investigate, respond to, remediate, or otherwise address environmental contamination at the Airport.

b. **Settlement and Release Agreement.** American shall assume the Settlement and Release Agreement (one of the Agreements in Exhibit A), and pursuant thereto shall pay the City Seven Hundred Seventy Eight Dollars and Seventy Eight Cents (\$778.78), which amount is included in the Cure Amount. The Settlement and Release Agreement is attached hereto as **Exhibit C**, entered into by American and the City in the case captioned *City and County of San Francisco v. ARCO et al.*, Case No. C-97-2965 MMC (N.D. Cal.) (the “**Action**”).

c. American shall continue to comply with Regional Water Quality Control Board (“**RWQCB**”) requirements for addressing contamination at San Francisco International Airport, including the operation of any existing remediation systems required by the RWQCB. American retains all of its pre-existing rights to challenge in good faith laws, regulations, or orders of the RWQCB or other governmental entities.

d. **Outside Scope.** The City and American agree that the following areas are outside the scope of this Stipulation regarding American’s Environmental Obligations and all claims which were raised or could have been raised by the City in the Action. As to these areas, the parties will preserve and retain all of their respective rights.

- i. San Francisco Bay
- ii. West Side Basin
- iii. San Mateo Basin.

10. **The Option.** Subject to and conditioned upon Bankruptcy Court approval of this Stipulation, American and US Airways shall have the option to co-locate in Terminal 2 and to eliminate the Exclusive Use and Joint Use Space leased by US Airways in Terminal 1 and Boarding Area B under the US Airways Lease Agreement (the “**Option**”). Unless exercised, the Option granted to American and/or US Airways herein shall expire eighteen (18) months from the date of this Stipulation. In order for American and/or US Airways to exercise the Option, American and/or US Airways shall provide written notice to the Airport of their intent to exercise the Option, which notice shall state: (i) the requested date for American and US Airways co-location; and (ii) the requested amount and category of space to be eliminated from the US Airways Lease Agreement. Such notice must be provided to the Commission at least eight (8) months before the date on which the identified space is to be eliminated from the US Airways Lease Agreement, while the parties recognize gates will be assigned in accordance with Section 3 of the American and US Airways Lease Agreements. If the Option is exercised, US

Airways shall comply with the requirements under the US Airways Lease Agreement as to any vacated space.

11. **Miscellaneous.**

a. **Costs.** Each party shall bear such party's own costs and attorney's fees.

b. **Amendments, Waiver.** This Stipulation, together with the Exhibits attached hereto and delivered in connection herewith, constitutes the entire agreement between the parties and supersedes all prior agreements, representations, warranties and understandings of the parties. No supplement, modification or amendment of this Stipulation shall be binding unless executed in writing by all parties affected thereby. No waiver of any of the provisions of this Stipulation shall be deemed or constitute a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

c. **Binding on Heirs and Assigns.** This Stipulation shall be binding upon, and shall inure to the benefit of, the parties and their legal representatives, successors and assigns, whether by operation of law or otherwise, including any successor including any subsequent bankruptcy trustee.

d. **Further Acts.** Each party shall execute any and all documents and to do and perform any and all reasonable acts and things as are necessary and proper to effectuate the terms and provisions of this Stipulation. Without limiting the generality of the foregoing, (a) immediately following its execution of this Stipulation, American shall take appropriate steps to assume the American Agreements and seek the Approval Order, and (b) immediately following its receipt of this Stipulation executed by American, the City shall take appropriate steps to seek approval of the Airport Commission and the Board of Supervisors.

e. **No Representations or Warranties.** Except as expressly set forth in this Stipulation, neither of the parties hereto makes any representation or warranty, written or oral, express or implied.

f. **Specific Performance.** Except as may otherwise be provided in the Approval Order, nothing herein shall prevent a performing party from bringing an action against the non-performing party in any forum of competent jurisdiction for specific performance of this Stipulation, it being acknowledged by the parties hereto that such performing party will not have an adequate remedy at law for the other party's wrongful failure to perform as provided herein.

g. **Governing Law.** This Stipulation shall be governed by, construed in and enforced in accordance with the laws of the State of California including the laws regarding choice of law.

h. **Counterparts.** This Stipulation may be executed in counterparts and all counterparts shall be considered part of one Stipulation binding on all parties hereto.

i. **Interpretation.** Each party has been provided the opportunity to revise this Stipulation and accordingly, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Stipulation. Instead, the language of all parts of this Stipulation shall be construed as a whole, and according to its fair meaning, and not strictly for or against either party.

j. Authority. The signatories to this Stipulation represent and warrant that, subject to the grant of all requisite approvals and authorizations specified in this Stipulation, each has the right and authority to execute this Stipulation in their individual or representative capacity, as applicable.

k. Facsimiles. This Stipulation may be executed by facsimile signatures, provided that original signatures are delivered by the Effective Date.

l. No Third-Party Beneficiaries. There are no third-party beneficiaries to this Stipulation.

m. SUBMISSION TO JURISDICTION. EACH PARTY HERETO HEREBY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF NEW YORK FOR PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS STIPULATION OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY HERETO IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have entered into this Stipulation as of the Effective Date.

**CITY:**

CITY AND COUNTY OF SAN FRANCISCO,  
A MUNICIPAL CORPORATION,  
ACTING BY AND THROUGH ITS AIRPORT  
COMMISSION

By: \_\_\_\_\_  
Name: John L. Martin  
Title: Airport Director

Authorized by Airport Commission  
Resolution No. \_\_\_\_\_  
Adopted: \_\_\_\_\_  
Attest: \_\_\_\_\_  
Jean Caramatti  
Secretary, Airport Commission

Approved as to form:

Dennis J. Herrera  
City Attorney

By: \_\_\_\_\_  
Deputy City Attorney

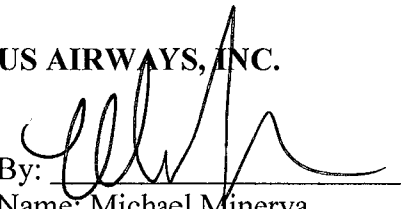
**AMERICAN:**

**AMERICAN AIRLINES, INC.**

By:   
Name: Kevin Cox  
Title: Vice President, Corporate Real Estate

**US AIRWAYS:**

**US AIRWAYS, INC.**

By:   
Name: Michael Minerva  
Title: Vice President, Corporate Real Estate

**List of Exhibits**

- A** List of Agreements
- B** Calculation of Cure Amount
- C** Settlement and Release Agreement

All such exhibits are incorporated into this Stipulation and made a part hereof.



**Exhibit A**  
**LIST OF AMERICAN AGREEMENTS**

**AMERICAN AIRLINES, INC.**<sup>1</sup>

<b>Agreement</b> (including all amendments to each agreement)	<b>Description</b>	<b>Effective Date</b>	<b>Expiration Date</b>	<b>Area (s.f. or ac.)</b>
Lease L10-0078	Airport Use and Lease Agreement	7/1/11		Exclusive: 47,509 s.f. Joint: 78,648 s.f.
Settlement Agreement (CCSF v. ARCO (N.D. Cal. No. C-97-2965 MMC)	Settlement and Release Agreement	Approximately 10/14/2004	n/a	n/a
Permit 3549	Airport Trash Compactor Use Agreement	8/01/01	30 days	n/a
Permit 3575	Triturator Use Agreement	7/01/01	30 days	n/a
AIR 65056	ITT Services - Admiral's Club	4/04/11	30 days	
AIR 65062	ITT Services - T2	2/01/05	30 days	
AIR T0141	ITT Services - Credit Union	01/01/08	30 days	
	Interim Relocation Memorandum of Understanding	3/15/10		

<sup>1</sup> The Parties have entered into the new postpetition SuperBay Hangar Lease, (L13-0071) pending final City approval, that will replace the previous SuperBay Lease in which American was a "hold-over" month-to-month tenant.

**Exhibit B**  
**CURE AMOUNT**

Cure Amount due from American Airlines, Inc. \$ (1,033,477.49)

Outstanding amount due from City for interim relocation to be applied as rent credit. \$ 3,755,594.22

Net amount, to be applied as rent credit: \$ 2,722,116.73

**Exhibit C**  
**SETTLEMENT AND RELEASE AGREEMENT**  
**""(TGFCEVGF +'**