

# **EXHIBIT Q**

**MASTER EQUIPMENT LEASE AGREEMENT**

**by and between**

**DALLAS-FORT WORTH INTERNATIONAL AIRPORT BOARD,  
as Lessor**

**and**

**AMERICAN AIRLINES, INC.,  
as Lessee**

**Dated: As of September 1, 1999**

10/8/99

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This Master Equipment Lease Agreement (this "Agreement") made and entered into as of September 1, 1999, by and between **Dallas-Fort Worth International Airport Board** ("Lessor"), being the duly and lawfully constituted and operating Board of Directors of the Dallas-Fort Worth International Airport, belonging jointly to the Cities of Dallas and Fort Worth, Texas, and **American Airlines, Inc.**, a corporation organized and existing under the laws of the State of Delaware, with its principal office in Fort Worth, Texas ("Lessee").

## ARTICLE 1. DEFINITIONS.

### 1.1 Definitions

"Affiliate" means (a) any person directly or indirectly owning, controlling or holding with power to vote 10% or more of the outstanding voting securities of the first person, (b) any person, 10% or more of whose outstanding voting securities are directly or indirectly owned, controlled or held with power to vote by the first person, (c) any person directly or indirectly controlling, controlled by or under common control with the first person. (d) if the first person is a partnership or a joint venture, any general partner or venturer of such partnership or joint venture, or (e) if the first person is an employee, officer, director or general partner, any person for which the first person acts in such capacity. As used in the definition of "Affiliate," the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through ownership of voting securities, by contract or otherwise.

"Authority" is defined in Section 2.1.

"Basic Rent" is defined in Section 3.2.

"Certificate of Economic Life of Equipment" is defined in Section 3.3.

"Code" is defined in Section 3.3.

"Debtor Relief Laws" means any and all applicable liquidation, conservatorship, bankruptcy, insolvency, rearrangement, moratorium, reorganization or similar debtor relief Laws affecting the Rights of creditors generally, from time to time in effect..

"Default" is defined in Section 11.1.

"Equipment" is defined in Section 2.1.

"Equipment Cost" means the price actually paid for such item of Equipment by Lessor, including, without limitation, the purchase price of such item (or any portion thereof, however designated), any sales Taxes paid with respect thereto, and any other costs reasonably incurred by

Lessor in connection with the purchase (including without limitation, transportation and other pre-delivery costs and expenses and installation, set-up, testing and other similar costs and expenses required to put the Equipment into its intended useful capacity). The Equipment Cost in respect of any item of Equipment will be reduced by the amount of any refunds received by Lessor from the seller thereof, if, as and when received by Lessor.

“Equipment Schedule” is defined in Section 2.1.

“Initial Facilities Agreement” and “Facilities Agreement” are defined in Section 2.1.

“Laws” means all present and future governmental laws, ordinances, rules, regulations, requirements, orders, and directions, and all present and future promulgated rules, regulations, requirements, orders and directions of the Lessor.

“Lien” means any lien, security interest, pledge, mortgage, chattel mortgage or other encumbrance of any name or nature whether arising by contract or under Law.

“Permitted Liens” means (a) any Lien for Taxes not yet due and payable, (b) mechanics’ and materialmen’s Liens for services or materials for which payment is not yet due, and (c) the following, if the validity or amount thereof is being contested in good faith and by appropriate and lawful proceedings and so long as levy and execution thereon have been stayed and continue to be stayed, and so long as no civil damages or criminal penalty would be incurred by Lessor and no lien or charge would be imposed upon or satisfied out of the Equipment by reason of such contest, and any appeal therefrom: claims and Liens for Taxes due and payable and claims and Liens of mechanics, materialmen, and other like Liens.

“Person” or “person” means any individual, corporation, business trust, unincorporated association, company, firm, partnership, joint venture, Tribunal, trust or other entity.

“Primary Term”, with respect to any item of Equipment, is defined in Section 3.1.

“Residual Interest Possession Date” is defined in Section 3.3.

“Rights” means rights, powers, remedies or privileges.

“Taxes” means any and all gross income, gross receipts, net income, franchise, sales, use, value added, excise, personal property, stamp, interest equalization and other taxes or fees imposed by Law or by any Tribunal, together with any penalties, fines, additions to tax or interest thereon.

“Termination Date” is defined in Section 8.1.

“Tribunal” means any local, state, federal, foreign or other court, legislature, or other governmental body, department, commission, board, bureau, agency or instrumentality.

## ARTICLE 2. EQUIPMENT LEASED.

2.1. **Property to be Leased.** In consideration of the covenant of Lessee to pay rent as provided herein, and the other covenants contained herein, and subject to and upon the terms, covenants and conditions herein, Lessor agrees to purchase and lease to Lessee, and Lessee agrees to lease from Lessor, the equipment and other personal property (the "Equipment") described in the one or more equipment schedules, in the form of Exhibit A (each an "Equipment Schedule"), to be executed by Lessor and Lessee within ten days after the whole of such item is accepted by Lessee, and each Equipment Schedule, will thereupon be attached to and made a part of this Agreement for all purposes; provided, however, that Lessor shall have no pecuniary obligation in respect of the purchase of the Equipment beyond the making available to Lessee for such purpose the proceeds of bonds designated for such purpose and issued pursuant to that certain Facilities Agreement dated as of September 1, 1999, by and between the Dallas-Fort Worth International Airport Facility Improvement Corporation (the "Authority") and Lessee (the "Initial Facilities Agreement"), together with any similar facilities agreements entered into by the Authority and Lessee relating to such Equipment (the Initial Facilities Agreement and any similar facilities agreements are herein referred to collectively as "Facilities Agreements" and singularly as a "Facilities Agreement").

2.2. **Delivery.** Lessor hereby appoints Lessee as its agent for inspection and acceptance of the Equipment. Each Item of Equipment will be delivered to Lessee, and thereafter as provided in Section 2.3 hereof shall be used and located by the Lessee on the land comprising the Dallas-Fort Worth International Airport that is leased by the Lessor to Lessee or used by the Lessee pursuant to other agreements with the Lessor and more particularly described in the applicable Equipment Schedule related thereto. Upon such delivery, Lessee will cause an employee of Lessee to inspect the same, and if such Equipment is found to be acceptable in Lessee's judgment, to accept delivery of such Equipment on behalf of Lessor and Lessee. Acceptance by Lessee shall be deemed given unless written notice is given to Lessor within ten (10) days of delivery of each item of Equipment.

2.3. **Use.** Upon execution of an Equipment Schedule, as provided in Section 2.1 hereof, Lessee is granted and shall have the right during the Primary Term (as defined herein) in respect of any Equipment listed on that Equipment Schedule to possess and use such Equipment for any lawful purpose and in any lawful manner, subject to all Laws applicable to that Equipment, and further subject to Permitted Liens and to the terms of this Agreement.

2.4. **Compliance with Laws.**

(a) Lessee will, throughout the Term of this Agreement, and at no expense to Lessor, promptly comply or cause compliance with all Laws which may be applicable to the Equipment and the repair and alteration thereof. With regard to Lessor, acceptance by Lessee of any Equipment shall constitute acceptance of such Equipment in its condition on the date of such acceptance, and an assumption by Lessee of all risks, if any, resulting from any present or future, latent or patent defects therein or from the failure of the Equipment to comply with all legal requirements thereto, reserving however, any and all rights of Lessee with respect to parties other than Lessor.

(b) Lessee shall have the right, after written notice to Lessor, to contest by appropriate legal proceedings, diligently conducted in good faith, the validity or application of any Laws and, with the exception of any Laws of Lessor, to delay compliance therewith pending the prosecution of such proceedings, provided no civil damages or criminal penalty would be incurred by Lessor and no lien or charge would be imposed upon or satisfied out of the Equipment by reason of such delay, and the Lessee shall indemnify and hold Lessor harmless from any such damages, penalty, lien or charge. Such contest may be made by Lessee in the name of Lessor or Lessee, or both, as Lessee shall determine, and Lessor agrees that it will, at Lessee's expense, cooperate with Lessee in any such contest to such extent as Lessee may reasonably request. It is understood, however, that Lessor shall not be subject to any liability for the payment of any costs or expenses in connection with any such proceedings brought by Lessee, and Lessee covenants to pay, and to indemnify and save Lessor harmless from, any such costs or expenses.

(c) Lessee shall, at its sole cost and expense, keep and maintain the Equipment to the extent necessary to comply with any applicable Laws. Lessee covenants that it will not use or permit the use of the Equipment for any unlawful purpose.

2.5. Inspection by Lessor. The Lessee agrees that the Lessor and its duly authorized agents, upon not less than twenty-four (24) hours prior notice to Lessee, shall have the right at all reasonable times to enter upon and to examine and inspect the Equipment. The Lessor and its duly authorized agents shall also be permitted, at all reasonable times and upon not less than twenty-four (24) hours prior notice to Lessee, to examine the books and records of the Lessee with respect to the Equipment. The use of all such information shall be subject to applicable Law and the Lessor agrees to treat any such information so obtained in a confidential manner to the extent permitted by applicable Law. To the extent permissible, Lessee will prepare and file in a timely manner, or, where Lessor is required to file, Lessee will prepare and deliver to Lessor within a reasonable time prior to the date for filing, any reports with respect to the condition or operation of any Equipment during any period included in the term of the lease of such Equipment which are required to be filed with any federal, state or other governmental or regulatory authority.

### ARTICLE 3. TERM, RENT AND PAYMENTS.

3.1. Term. The obligations of Lessor and Lessee under this Agreement will commence upon the execution hereof by Lessor and Lessee and will end upon the later of (a) the termination of the Initial Facilities Agreement and (b) full performance and observance of each and every term, condition and covenant herein and in any renewals or extensions hereof. Subject to the provisions of Article 8, the "Primary Term" (herein so called) of this Agreement for Equipment will begin and end on the dates specified in the relevant Equipment Schedule; provided, that no Primary Term for any Equipment shall commence before execution of the Equipment Schedule wherein that Equipment is listed as provided in Section 2.1 hereof and, with respect to any Equipment financed under any Facilities Agreement, no Primary Term shall extend beyond the Residual Interest Possession Date established in the Certificate of Economic Life of Equipment with respect to such Equipment as described below.

3.2 Basic Rent. The aggregate base rental (the "Basic Rent") payable by Lessee to Lessor for the use of all Equipment during the Primary Term in respect thereof is One Hundred and No/100 Dollars (\$100.00). Lessor hereby acknowledges receipt in full of the entire amount of the Basic Rent.

3.3. Definition of Certificate of Economic Life of Equipment. Upon execution and delivery of this Agreement, Lessee shall deliver to Lessor a certificate (the "Certificate of Economic Life of Equipment") on which shall be described in general terms each item of Equipment expected to be financed in whole or in part with proceeds of the bonds to be issued in connection with the Initial Facilities Agreement. The Certificate of Economic Life of Equipment shall set forth (i) the reasonably expected economic life of such Equipment (determined in accordance with the provisions or section 142(b)(1)(B) (ii) of the Internal Revenue Code of 1986, as amended (the "Code")), (ii) the date on which the first such item of Equipment is expected to be placed in service, and (iii) the Residual Interest Possession Date applicable to each such item of Equipment (which date shall be that day on which a period commencing on the date set forth in clause (ii) of this Section and being of a duration equal to 80% or less of the period set forth in clause (i) of this Section would conclude). On or before the date on which any item of such Equipment is placed in service, the Certificate of Economic Life of Equipment shall be amended by Lessee to the extent necessary to reflect actual facts and revised expectations of Lessee with respect either to such in-service date or the reasonably expected economic life of such Equipment. Further, on or before the date on which any bonds are issued in connection with any subsequent Facilities Agreement, a similar Certificate of Economic Life of Equipment shall be delivered by Lessee to provide similar information with respect to the Equipment to be financed in whole or in part with proceeds of such bonds. A copy of any amendatory or supplementary Certificate of Economic Life of Equipment shall be promptly provided to Lessor.

3.4 Allocation of Attributed Facilities Payments. Lessor and Lessee recognize that pursuant to Section 2.3 of the Initial Facilities Agreement a portion of the Facilities Payments has been or upon placement thereof into service will be attributed to each item of Equipment and each other unit of property leased pursuant to an Agreement (as defined in the Facility Agreement) (each such item or unit being referred to herein as a "Item"). In addition, with respect to each Item additional fixed rental payments may be required under the Agreement pursuant to which the right to use such Item is conveyed to Lessee. Lessor and Lessee further recognize and intend that for federal income tax purposes the Initial Facilities Agreement and any Agreement, to the extent affecting or providing to Lessee the right to the use of any Item is and is to be treated as a "Section 467 rental agreement" (within the meaning of Section 467 of the Code), which Section 467 rental agreement provides a "lease term" that is coterminous with the duration of such right of use of such Item. Pursuant to Section 1.467-1(c)(2)(ii)(A)(2) of the Treasury Regulations, Lessor and Lessee hereby allocate the portion of the Facilities Payments so attributed, together with all additional, fixed, rental attributable to such Item under any other Agreement (such amounts to be determined in the reasonable judgment of Lessee), to each day within lease term in respect of such Item ratably, so that the aggregate amount of payments so allocated during the lease term in respect of each Item is equal to the aggregate of the Facilities Payments and additional fixed rental payments attributed to that Item and payable during the term of the Initial Facilities Agreement and applicable Agreement.

It is the understanding of Lessor and Lessee that pursuant to Section 467 of the Code, and the Treasury Regulations thereunder, the Facilities Payments and additional fixed rental (if any) attributed to an Item and allocated to a rental period in respect of that Item will be accounted for in accordance with the "proportional method", under which such amount will be treated as being in part rent (such portion being equal to the product of (i) aggregate Facilities Payment(s) and additional fixed rental attributed to such Item and allocated to such rental period, times (ii) the ratio of (A) the sum of the present values of the Facilities Payments and additional fixed rental payments attributed to such Item, divided by (B) the sum of the present values of the Facilities Payments and additional fixed rental payments allocated to each rental period in respect of such Item. For purposes of application of the "proportional method", Lessor and Lessee agree that the present values referred to in the preceding sentence shall be determined as of the effective date of the Initial Facilities Agreement and utilizing as the discount rate 110% of the "applicable federal rate" determined as of such effective date. Lessor and Lessee agree that for all purposes of federal income taxation each party shall report items of rental or interest income or expense in accordance with the method described above.

#### ARTICLE 4. OWNERSHIP OF THE EQUIPMENT.

##### 4.1. Ownership of the Equipment.

(a) Lessee covenants and agrees that, except for this Agreement, and for encumbrances to secure indebtedness as expressly permitted by this Agreement, but subject always to the provisions of Article 8 hereof, it shall not create or suffer to be created any lien, encumbrance or charge upon the Equipment, or any part thereof, and that it shall satisfy or cause to be discharged, or shall make adequate provision to satisfy and discharge, within sixty (60) days after the same shall occur, all claims and demands for labor, materials, supplies or other items which, if not satisfied, might by law become a lien upon the Equipment, or any part thereof; provided that Liens for labor and materials arising by operation of statutory law shall not be within the purview of this paragraph if, when such Liens shall be perfected, Lessee shall cause them to be promptly discharged, or if Lessee is diligently contesting the validity of such lien, Lessee may utilize the provisions of the next succeeding sentence. If any such lien shall be filed or asserted against Lessee or the Equipment by reason of work, labor, services or materials supplied or claimed to have been supplied on or to Lessee or the Equipment, at the request or with the permission of Lessee or of anyone claiming under it, Lessee shall, within sixty (60) days after it receives notice of the filing thereof or the assertion thereof against the Equipment cause the same to be discharged of record, or effectively prevent the enforcement or foreclosure thereof, by contest, payment, deposit, bond, order of court or otherwise. Nothing in this Article shall require Lessee to satisfy or discharge any such claim or demand so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings without cost or expense to Lessor and so long as levy and execution thereon have been stayed and continue to be stayed, no civil damages or criminal penalty would be incurred by Lessor and no lien or charge would be imposed upon or satisfied out of the Equipment by reason of such contest, and the Lessee shall hold Lessor harmless from any such damages, penalty, lien or charge.

(b) Each item of Equipment is and shall remain personal property and shall not be



deemed to be affixed to or a part of the real estate on which it may be situated, notwithstanding that such item or any part thereof may be or hereafter become in any manner physically affixed or attached to real estate or any building thereon. No Right, title or interest in any item of Equipment shall pass to, or be owned, held or claimed by Lessee, except the Right to maintain possession and use of such item during the term and subject to the provisions of this Agreement so long as no Default, or event which, with notice or lapse of time, or both, would become a Default, has occurred and is continuing hereunder, and except such Right, title and interest which may pass to Lessee by reason of the exercise of its right of substitution or its Right of First Refusal pursuant to Article 8 hereof.

(c) Upon Lessor's request. Lessee shall, at Lessor's expense, affix and keep affixed in or on any item of Equipment, labels, plates or other markings, acceptable in design, placement and content to Lessor, stating that Lessor is the "owner-lessor" of such item of Equipment; provided, however, that Lessee shall not be required to affix any such materials if in the reasonable judgment of Lessee such affixation would interfere with the use of such Equipment for its intended application.

(d) Lessor (to the extent such matters are within its control) covenants to refrain from any action that adversely affects, and to take such action as is necessary to assure, the treatment of the Dallas-Fort Worth International Airport Facilities Improvement Corporation American Airlines, Inc. Revenue Bonds, Series 1999 (the "Bonds") (regardless of whether those Bonds were used to purchase Equipment) as obligations described in Section 103 of the Code, and applicable regulations thereunder. It is the understanding of Lessor that the covenants contained in this subsection (d) are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Bonds, Lessor will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of Bond Counsel (as defined in the Initial Facilities Agreement), will not adversely affect the exemption from federal income taxation of interest on the Bonds under Section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Bonds, Lessor agrees to comply with the additional requirements to the extent necessary, in the opinion of Bond Counsel, to preserve the exemption from federal income taxation of interest on the Bonds under Section 103 of the Code.

#### ARTICLE 5. TAX ELECTION AND INDEMNITY.

5.1. Assumption. This Agreement is being entered into on the assumption that for Federal income tax purposes, Lessor will be treated as the owner and lessor of the Equipment.

5.2. Reporting Requirements. The parties hereto hereby agree that neither Lessor, Lessee, nor any Person controlled by, in control of, or under common control with Lessor or Lessee, directly or indirectly, will at any time take any action or file any return or other document which is inconsistent with the assumption described in Section 5.1.

**5.3 Taxes and Other Charges.** Lessee shall pay, in addition to the payment of the Basic Rent, prior to the delinquency thereof, each and every lawful cost, expense and obligation of every kind and nature, foreseen or unforeseen, for the payment of which Lessee is or shall become liable by reason of its estate or interest in the Equipment, or any portion thereof or by reason of or in any manner connected with or arising out of the possession, operation, maintenance, alteration, repair, rebuilding, use or occupancy of the Equipment, or any part thereof. Lessee shall pay and discharge, prior to the delinquency thereof, all lawful ad valorem taxes, sales or use taxes, business and occupation taxes, occupation license taxes, water charges, or sewage disposal charges, imposed on the Equipment, and all other governmental taxes, impositions, and charges of every kind and nature, ordinary or extraordinary, general or special, foreseen or unforeseen, whether similar or dissimilar to any of the foregoing, and all applicable interest and penalties, if any, which at any time during the Primary Term in respect of any Equipment shall be or become due and payable by Lessee or Lessor because of their respective Rights or obligations under this Agreement and which shall be lawfully levied, assessed or imposed in respect of such Equipment under or by virtue of any present or future law, statute, ordinance, regulation or other requirement of any governmental authority, whether federal, state, county, city, municipal, school or otherwise, provided, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, Lessee shall be obligated to pay only such installments as are required to be paid during such Primary Term. Lessee, upon written notice thereof to Lessor, may contest in good faith any such tax, imposition, charge or assessment levied by any governmental authority, and in such event may permit such tax, imposition, charge or assessment to remain unsatisfied during the period of such contest and any appeal therefrom and so long as no civil damages or criminal penalty would be incurred by Lessor and no lien or charge would be imposed upon or satisfied out of the Equipment by reason of such contest, and any appeal therefrom, and the Lessee shall indemnify and hold Lessor harmless from any such damages, penalty, lien or charge. Lessee also agrees to pay or cause to be paid all lawful charges for utilities and services used, rendered or supplied to, upon or in connection with, the Equipment. Lessee shall furnish to Lessor promptly upon request proof of the payment of any such tax, assessment or other governmental or similar charge, or any utility charge which is payable by Lessee as set forth above.

#### ARTICLE 6. WARRANTIES BY LESSOR OR VENDOR; MAINTENANCE.

6.1. **No Warranty.** LESSOR HAS NOT MADE, AND DOES NOT HEREBY MAKE, ANY REPRESENTATION, WARRANTY OR COVENANT, EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION, QUALITY, DURABILITY, TITLE, DESIGN, OPERATION, FITNESS FOR USE OR SUITABILITY OF THE EQUIPMENT OR ANY COMPONENT THEREOF IN ANY RESPECT WHATSOEVER OR IN CONNECTION WITH OR FOR THE PURPOSES AND USES OF LESSEE, OR ANY OTHER REPRESENTATION, WARRANTY OR COVENANT OF ANY KIND AND CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT THERETO, AND LESSEE IS LEASING THE EQUIPMENT "AS IS, AND WITH ALL FAULTS," AND LESSOR SHALL NOT BE LIABLE FOR ANY ACTUAL, INCIDENTAL, CONSEQUENTIAL OR OTHER DAMAGES OF OR TO ANY PERSON WHATSOEVER WITH RESPECT THERETO.

6.2 Assignment of Factory Warranties. Lessor hereby assigns to Lessee, for and during the term of this Agreement, and thereafter in the event that Lessee shall acquire any item of Equipment as provided herein, applicable factory, installer, supplier or other vendor warranties, if any, express or implied, issued with respect to any of the Equipment, and hereby authorizes Lessee, during the Primary Term, to obtain the customary service furnished in connection therewith by the seller, manufacturer, installer, supplier or other vendor thereof, at Lessee's sole expense; provided, however, that in the event any such warranties are not assignable, Lessor will, at Lessee's sole cost and expense, co-operate with Lessee to the end that Lessee shall have the benefit of such warranties.

6.3. Maintenance and Operation. Lessee, at its expense, shall maintain, service and repair the Equipment to the same extent that Lessee would, in the prudent management of its properties, maintain, service and repair similar equipment owned by Lessee and in any event, in accordance with prudent industry standards, including without limitation, the frequency and scope of such maintenance, service and repair, and in accordance with all requirements of applicable Law, with the terms of all applicable insurance policies, and with all warranties relating to the components thereof.

#### ARTICLE 7. RISK OF LOSS; INSURANCE.

7.1. Risk of Loss. Lessor shall not be liable to Lessee for any risk of loss of or damage to any item of Equipment or for the use, operation, maintenance, repair and storage thereof.

7.2. Insurance. Lessee shall, at Lessee's expense, obtain and maintain at all times during the term of this Agreement, or cause to be obtained and maintained, or provide through a self insurance program, fire and extended coverage, public liability and property damage insurance for both Lessor's and Lessee's respective interests with respect to the Equipment in such amounts, and covering such risks, as are customarily insured against in connection with the ownership or operation of equipment of comparable type and size. Subject to the right of Lessee to self insure by such method and in such manner as is reasonably acceptable to Lessee, each insurance policy will name Lessee as an insured, and Lessor as an additional insured as its interests may appear, and will contain a clause requiring the insurer to give Lessor at least 30 days prior written notice of any alteration in the terms of such policy or the cancellation thereof, and shall provide that losses shall be adjusted with and paid to Lessee and shall be applied as provided in Section 7.3.

7.3. Loss, Damage, and Destruction. In case any damage to or destruction of any part of the Equipment occurs, the settlement and compromise of any insurance claims shall be negotiated solely by Lessee and so long as Lessee either repairs and restores such Equipment to its fully operational condition just prior to such casualty or replaces such Equipment with equipment of a like kind, character, quality and condition as the Equipment just prior to such casualty, all insurance proceeds shall be paid to and shall be the property of Lessee. In the event any item of Equipment, or any portion thereof, is taken by eminent domain, the total amount of any condemnation awards paid or payable to Lessor or Lessee shall be apportioned between Lessor and Lessee in a reasonable manner according to the damage suffered by each as a result of such taking, taking into consideration the remaining duration of the Primary Term in respect of such Equipment

and Lessor's residual interest therein. Notwithstanding any provision in this Agreement to the contrary, no settlement of any insurance claim or condemnation award with respect to the Equipment shall be made by Lessor or Lessee without the prior written approval of the other party to this Agreement. Lessee may, in its sole discretion, use such insurance or condemnation proceeds received by Lessee for the repair or restoration of the Equipment, but in the event Lessee fails to repair or replace said Equipment, the total amount of such insurance proceeds paid or payable to Lessor or Lessee shall be apportioned between Lessor and Lessee in a reasonable manner according to the damage suffered by each as a result of such casualty, taking into consideration the remaining duration of the Primary Term in respect of such Equipment and Lessor's residual interest therein (taking into consideration the remaining duration of the Primary Term in respect of such Equipment).

ARTICLE 8. LESSEE'S OPTION TO TERMINATE;  
SUBSTITUTION OR SALE OF EQUIPMENT.

8.1. Equipment Obsolete or Surplus. [INTENTIONALLY OMITTED]

8.2. Substitution of Equipment. Lessee may, provided Lessee is not in default of this Lease, remove any Equipment, whether obsolete or not; provided, however, that Lessee shall promptly replace any such Equipment so removed with equipment of the same or a different kind but which is capable of performing the same function as efficiently as the Equipment so removed, and the replacement equipment shall be deemed Equipment covered by this Agreement. Prior to any such replacement by Lessee, Lessee shall deliver to Lessor a certificate by an authorized representative of Lessee setting forth a complete description, including make, model and serial numbers, if any, of the Equipment to be replaced and the Equipment to be substituted, and the cost of each. All Equipment removed by Lessee pursuant to this Section shall become the absolute property of Lessee and may be sold or otherwise disposed of by Lessee without accounting to the Trustee or Lessor with respect thereto.

8.3. Sale of Equipment. Lessee shall have the right, provided Lessee is not in default of this Lease, to compel the sale of any Equipment for any reason (whether during the term of this Lease or at the expiration thereof). Lessee shall give notice of its election to have such Equipment sold by delivering to Lessor a certificate signed by a representative of Lessee (i) stating Lessee's desire to have the Equipment sold, (ii) containing a complete description, including the make, model and serial number, if any, of any Equipment to be sold and (iii) setting forth the original cost of such Equipment.

8.4. Lessee's Right of First Refusal. Provided Lessee is not in default of this Lease, Lessee shall have the right (the "Right of First Refusal") to purchase any Equipment to be sold, subject to the procedures set forth below. The Right of First Refusal must be exercised by written notice to Lessor. If the Right of First Refusal is exercised, then, subject to the provisions set forth in this Article 8, Lessor shall convey to Lessee, and Lessee shall purchase from Lessor, Lessor's interest in the Equipment.

8.5. Sale Procedure and Proceeds. Any sale of Equipment shall be by competitive bid process substantially similar to those procedures required by Texas state law (presently Chapter 252 of the Local Government Code) for the purchase of equipment by governmental entities, including without limitation public notice requirements. The equipment shall be sold to the highest bidder, subject to Lessee's Right of First Refusal. Upon completion of the competitive bidding process, Lessor shall provide Lessee with evidence of the highest qualified bid and Lessee shall have the absolute right, as set forth above, to purchase the Equipment at an amount equal to the highest bid. Upon sale of the Equipment pursuant to such competitive bid processes, or pursuant to the Lessee's exercise of the Right of First Refusal, (i) Lessor shall convey the Equipment without representation or warranty, other than that such Equipment is free and clear of all liens, by a duly executed and acknowledged bill of sale of the Equipment, (ii) upon the date fixed for any purchase of Lessor's interest in the Equipment hereunder, the purchaser shall pay to the Trustee of the Indenture relating to the Bonds, the proceeds of which were used to finance the purchase of such Equipment (the "Trustee"), the purchase amount by wire transfer of immediately available funds, (iii) Lessor will execute and deliver to the purchaser, at the purchaser's expense, such other documents as the purchaser may request in order to effect such conveyances as are customary in similar transfers, and (iv) Lessor shall cause the Trustee to apply the proceeds of the sale to the payment of outstanding bond indebtedness attributable to the Equipment sold, and pay any remainder to Lessor. In the event the Internal Revenue Code of 1986, as amended, and regulations thereunder do not permit the application of such proceeds of the sale to the payment of outstanding indebtedness attributable to the Equipment sold as set forth in subsection (iv) above, Lessee shall have the option to cause the sale of the Equipment (regardless of its exercise of the Right of First Refusal) and to exercise its right of First Refusal without having the proceeds of the sale applied to the payment of outstanding indebtedness attributable to the Equipment sold. Upon the sale of the Equipment, Lessee shall no longer have any obligation with regard to such Equipment under this Agreement except as set forth in Section 8.6.

8.6. Maintaining Tax-Exempt Treatment of Bonds. Notwithstanding any other provision of this Article 8, Lessee and, to the extent within its control, Lessor shall take any and all actions necessary to cause the interest on all outstanding bond indebtedness attributable to Equipment that is removed, sold, or purchased pursuant to sections 8.2, 8.3, or 8.4, respectively, to continue to be excludable from gross income under section 103 of the Code, including, without limitation, the remedial actions set forth in section 1.142-2 of the Treasury Regulations promulgated under section 142 of the Code. For purposes of this Article 8, the portion of outstanding bond indebtedness attributable to Equipment that is so removed, sold or purchased shall be determined in accordance with such section 1.142-2.

#### ARTICLE 9. REDELIVERY.

9.1. Redelivery. Upon the expiration of the Primary Term in respect of each item of Equipment or any prior termination of this Agreement for any reason, Lessee shall return such item of Equipment to Lessor free and clear of all liens, encumbrances, taxes, impositions and charges of

every kind and nature, ordinary or extraordinary, general or special, foreseen or unforeseen (except Permitted Liens, Rights of Lessor and Lessor's Liens), provided, however, that any Taxes or other liabilities which have accrued, but which are not yet payable, at the expiration of the Primary Term, shall be paid or discharged by the Lessee as provided herein. In addition, subject to the Lessee's rights to determine that the Equipment has become obsolete or surplus, or that repair or use thereof has become uneconomical to Lessee as provided in Section 8.1, such Equipment shall be returned to Lessor in such condition as the Lessee shall have deemed appropriate for its own uses. Any item of Equipment not delivered in accordance with this Section shall continue to be subject to all of the Rights and duties of the parties set forth in this Agreement.

#### ARTICLE 10. LEASING; ASSIGNMENTS.

10.1. Leases and Operating Contracts. Lessee may sublease any part of the Equipment or contract for the performance by others of operations or services of or in connection with the Equipment or any part thereof, for any lawful purpose, provided that (a) each such sublease or contract shall not be inconsistent with the provisions of this Agreement, and (b) Lessee shall remain fully obligated and responsible under the provisions of this Agreement to the same extent as if such sublease or contract had not been executed.

10.2. Assignment. Lessee shall not assign its interest in this Agreement, or any part thereof, or any of its rights or obligations hereunder except as specifically provided in this Agreement. Lessee may assign all or any part of its interest in this Agreement to another party, including without limitation an Affiliate (as hereinabove defined) of Lessee, provided that Lessee, under the terms of any such assignment, shall remain and be primarily responsible and liable for all of its obligations hereunder, including particularly the making of all payments required hereunder when due. Lessee may assign all or any part of its interest in this Agreement to another party in connection with a merger or consolidation of Lessee, or in connection with the transfer of all or substantially all of its assets. If Lessee should transfer all or substantially all of its assets, the transferee of such assets shall succeed to and be substituted for Lessee under this Agreement with the same effect as if such transferee had been named as a party herein. However, no such assignment or transfer shall be effective unless the surviving corporation, successor corporation or transferee of such assets shall have irrevocably and unconditionally assumed, in an instrument delivered to Lessor, the due and prompt performance of the obligations of the assignor or transferor under this Agreement. Lessee shall notify Lessor in writing within thirty (30) days after any such assignment or transfer of this Agreement is consummated.

#### ARTICLE 11. DEFAULT AND REMEDIES.

11.1. Default. The term "Default" means the occurrence of either of the following events:

(a) Lessee fails to make any payment of Basic Rent within 30 days of the date on which Lessor notifies Lessee that such Basic Rent has not been paid as and when the same became due and payable.

(b) Lessee fails to perform or observe any other covenant, condition, or agreement to be performed or observed by Lessee under this Agreement and such breach shall not have been cured within 60 days of delivery of notice of such breach to Lessee by Lessor, unless such breach, by its nature, cannot be cured within such 60 day period, in which case so long as Lessee is diligently proceeding to cure such breach in accordance with the terms of this Agreement, it shall not be deemed a Default.

11.2. Remedies. Upon the occurrence of a Default, Lessor may exercise either or both of the following remedies, unless otherwise limited by a written agreement executed by Lessor:

(a) Terminate this Agreement, in which event Lessee shall immediately surrender the Equipment to Lessor as provided in Section 9.1 hereof; or

(b) Pursue any other remedy now or hereafter available to Lessor under the Laws.

Each Right of Lessor provided for in this Agreement shall be exercised only upon a Default and shall be cumulative and concurrent and shall be in addition to every other right, power or remedy provided for in this Agreement or now or hereafter existing at law or in equity or by statute or otherwise, in any jurisdiction where such rights, powers and remedies are sought to be enforced, and the exercise or beginning of the exercise by Lessor of any one or more of the Rights provided for in this Agreement as now or hereafter existing at law or in equity or by statute, or otherwise shall not preclude the simultaneous or later exercise by Lessor of any or all such other Rights.

#### ARTICLE 12. [INTENTIONALLY OMITTED]

#### ARTICLE 13. MISCELLANEOUS.

13.1. Notices. Whenever any notice, approval, consent or demand is required or permitted hereunder, it must be in writing, and shall be deemed to be delivered if sent by United States certified or registered mail, postage prepaid, (a) if to Lessee, addressed to American Airlines, Inc., P.O. Box 619616, D/FW Airport Texas 75261-9616, Attention: Vice President - Corporate Real Estate MD 5317, with copies to: American Airlines, Inc., P. O. Box 619616, D/FW Airport, TX 75261-9616, Attention: Corporate Secretary MD 5675 or at such other address as Lessee as from time to time may have designated by written notice to Lessor, or such other counsel's address as Lessee may from time to time designate in writing to Lessor, and (b) if to Lessor, addressed to Lessor at 3300 East Airfield Drive. P.O. Drawer DEW, Dallas-Fort Worth Airport, Texas 75261, Attention Executive Director, or at such address as Lessor may have designated, from time to time, by written notice to Lessee. Any notice, certificate, demand, request, consent, approval or other

similar instrument shall be effective when actually received in writing without regard to the method of delivery.

13.2. Consents. The consent or approval by either party to or of any act by the other party requiring such consent or approval shall not be deemed to waive or render unnecessary consent to or approval of any subsequent similar act. No custom or practice of the parties shall constitute a waiver of any party's Right to insist upon strict compliance with the terms of this Agreement.

13.3. Invalid Provisions. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future Laws, such provision shall be fully severable; this Agreement shall be construed and enforced as if such provision had never comprised a part thereof; and the remaining portions of this Agreement shall remain in full force and effect and shall not be affected by such provision or by its severance. Furthermore, in lieu of each such provision there shall be added automatically to this Agreement a provision as similar in terms as may be possible and be legal, valid and enforceable.

13.4. Successors and Assigns. The terms and conditions contained in this Agreement shall apply to, inure to the benefit of, and be binding upon the parties hereto and their respective successors and assigns.

13.5. Multiple Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original for all purposes, and all of which shall constitute, collectively, one agreement.

13.6. Governing Law. THE SUBSTANTIVE LAWS OF THE STATE OF TEXAS SHALL GOVERN THE VALIDITY, CONSTRUCTION, ENFORCEMENT AND INTERPRETATION OF THIS AGREEMENT, THE RIGHTS OF THE PARTIES HEREUNDER, AND THE OWNERSHIP RIGHTS IN AND TO THE EQUIPMENT.

13.7. Venue. Venue on any suit brought hereunder shall lie exclusively in Dallas or Tarrant County, Texas.

13.8. Separate Leases. Each item of Equipment shall be deemed for all purposes to be the subject of a separate lease from each other item, each such separate lease to be identical to this Agreement, insofar as Lessee relates to that item to the end that any invalidity or termination of this Agreement shall affect only such item, and this Agreement will remain valid with respect to all other Equipment.

13.9. Entirety and Amendments. THIS AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY

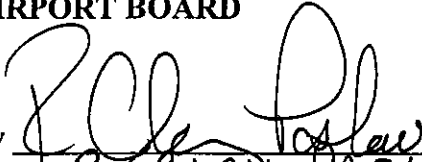


**EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS  
BY THE PARTIES.**


THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES PERTAINING TO THE SUBJECT MATTER HEREOF. This Agreement embodies the entire written agreement between the parties pertaining to the subject matter hereof, supersedes all prior written agreements and understandings, if any, relating to the subject matter hereof, and may be amended only by an instrument executed jointly by authorized officers of lessor and lessee and supplemented only by documents delivered in accordance with the express terms hereof.

IN WITNESS WHEREOF, Lessor and Lessee have caused this Agreement to be executed by their duly authorized representatives as of the day and year first above written.

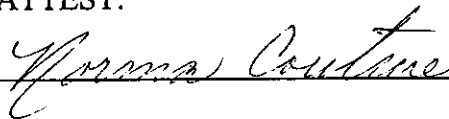
**DALLAS-FORT WORTH INTERNATIONAL  
AIRPORT BOARD**

By   
Name: R. CLAY PASLAY  
Title: DEPUTY EXECUTIVE DIRECTOR

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Legal Counsel to the Board

ATTEST:

  
\_\_\_\_\_

**AMERICAN AIRLINES, INC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Corporate Secretary

IN WITNESS WHEREOF, Lessor and Lessee have caused this Agreement to be executed  
by their duly authorized representatives as of the day and year first above written.

**DALLAS-FORT WORTH INTERNATIONAL  
AIRPORT BOARD**

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_  
Legal Counsel to the Board

ATTEST:  
\_\_\_\_\_

**AMERICAN AIRLINES, INC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**JEFFREY C. CAMPBELL**  
**VICE PRESIDENT CORPORATE**  
**DEVELOPMENT AND TREASURER**

ATTEST:  
\_\_\_\_\_  
Corporate Secretary

Exhibit A

EQUIPMENT SCHEDULE NO. 1

EQUIPMENT SCHEDULE dated as of September 1, 1999 between Dallas-Fort Worth International Airport Board, as "Lessor", and American Airlines, Inc., as "Lessee."

Lessor and Lessee have heretofore entered into that certain Master Equipment Lease Agreement dated as of September 1, 1999 (the "Lease"). The Lease provides for the execution and delivery of Equipment Schedules substantially in the form hereof for the purpose of delivering Equipment under and pursuant to, and subjecting Equipment to, the terms of the Lease. All defined terms used herein shall have the same respective meanings as given such terms in the Lease, unless otherwise indicated herein.

NOW, THEREFORE, in consideration of the premises and other good and sufficient consideration, Lessor and Lessee hereby agree as follows:

1. Lessor hereby delivers and leases to Lessee under and pursuant to the Lease, and Lessee hereby accepts and leases from Lessor under and pursuant to the Lease, the Equipment described in Annex I hereto.
2. Lessee confirms each of the representations and warranties set forth in Article 4 of the Lease.
3. This Equipment Schedule shall be deemed a supplement to, and shall be made a part of, the Lease for all purposes.
4. This Equipment Schedule may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, Lessor and Lessee have caused this Equipment Schedule to be executed by their duly authorized representatives as of the date and year first above written.

**DALLAS-FORT WORTH INTERNATIONAL  
AIRPORT BOARD**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**AMERICAN AIRLINES, INC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



EQUIPMENT SCHEDULE NO. 1

EQUIPMENT SCHEDULE dated as of September 1, 1999 between Dallas-Fort Worth International Airport Board, as "Lessor", and American Airlines, Inc., as "Lessee."

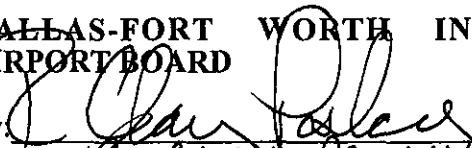
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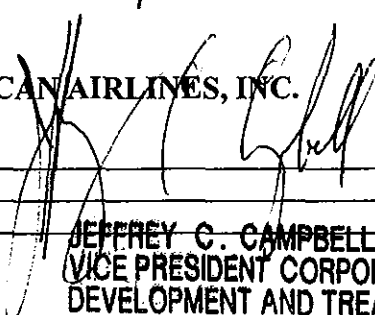
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2. Lessee confirms each of the representations and warranties set forth in Article 4 of the Lease.
3. This Equipment Schedule shall be deemed a supplement to, and shall be made a part of, the Lease for all purposes.
4. This Equipment Schedule may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, Lessor and Lessee have caused this Equipment Schedule to be executed by their duly authorized representatives as of the date and year first above written.

DALLAS-FORT WORTH INTERNATIONAL  
AIRPORT BOARD

By:   
Name: R. CLAY PASLAY  
Title: DEPUTY EXECUTIVE DIRECTOR

AMERICAN AIRLINES, INC.

By:   
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**JEFFREY C. CAMPBELL**  
VICE PRESIDENT CORPORATE  
DEVELOPMENT AND TREASURER

Annex 1 to  
Equipment Schedule 1

<u>Description of the Equipment</u>	<u>Equipment Cost</u>
B777-1 Simulator	\$ 17,516,832
B777-2 Simulator	\$ 13,490,450
B777-3 Simulator	\$ 14,016,106
B737-1 Simulator	\$ 16,861,300
B737-2 Simulator	\$ 13,049,829
B737-3 Simulator	\$ 12,168,012
EMB 145-1 Simulator	\$ 12,124,410
EMB 145-2 Simulator	\$ 12,007,821
B767-3 Simulator	\$ 13,559,084

Initial Location:  
American Airlines Flight Academy  
4601 Highway 360  
Fort Worth, Tx

Acceptance Date: October 13, 1999

Termination Date: October 13, 2024



Annex 1 to  
Equipment Schedule 1

Description of the Equipment

Equipment Cost

Jetbridge Rehabilitations (HVAC):

\$ 1,800,000

Initial Location:

Dallas-Fort Worth International Airport

P.O. Drawer DFW Airport

DFW Airport, Texas

Acceptance Date: October 13, 1999

Termination Date: October 13, 2008

Annex 1 to  
Equipment Schedule 1

Description of the Equipment  
Terminal C Baggage System

Equipment Cost  
\$ 24,400,000

Initial Location:  
Dallas-Fort Worth International Airport  
P.O. Drawer DFW Airport  
DFW Airport, Texas

Acceptance Date: October 13, 1999

Termination Date: October 13, 2008

Annex 1 to  
Equipment Schedule 1

Description of the Equipment

Equipment Cost

Hub pool (misc)

\$ 2,500,000

Initial Location:

Dallas-Fort Worth International Airport

P.O. Drawer DFW Airport

DFW Airport, Texas

Acceptance Date: October 13, 1999

Termination Date: October 13, 2008

Annex 1 to  
Equipment Schedule 1

Description of the Equipment

CTX 5000 bag integration

Equipment Cost

\$ 600,000

Initial Location:

Dallas-Fort Worth International Airport

P.O. Drawer DFW Airport

DFW Airport, Texas

Acceptance Date: October 13, 1999

Termination Date: October 13, 2008

Annex 1 to  
Equipment Schedule 1

Description of the Equipment

Ramp Information Display

Equipment Cost

\$ 1,500,000

Initial Location:

Dallas-Fort Worth International Airport

P.O. Drawer DFW Airport

DFW Airport, Texas

Acceptance Date: October 13, 1999

Termination Date: October 13, 2008

Annex 1 to  
Equipment Schedule 1

<u>Description of the Equipment</u>	<u>Equipment Cost</u>
Terminal A Admirals Club Furniture/Artwork	\$ 888,264

Initial Location:  
Dallas-Fort Worth International Airport  
P.O. Drawer DFW Airport  
DFW Airport, Texas

Acceptance Date: October 13, 1999

Termination Date: October 13, 2006

Annex 1 to  
Equipment Schedule 1

<u>Description of the Equipment</u>	<u>Equipment Cost</u>
Terminal A Flagship Lounge Furniture/Artwork	\$ 104,125

Initial Location:  
Dallas-Fort Worth International Airport  
P.O. Drawer DFW Airport  
DFW Airport, Texas

Acceptance Date: October 13, 1999

Termination Date: October 13, 2006

Annex 1 to  
Equipment Schedule 1

<u>Description of the Equipment</u>	<u>Equipment Cost</u>
Terminal A Arrivals Lounge Furniture/Artwork	\$ 95,040

Initial Location:  
Dallas-Fort Worth International Airport  
P.O. Drawer DFW Airport  
DFW Airport, Texas

Acceptance Date: October 13, 1999

Termination Date: October 13, 2006



Annex 1 to  
Equipment Schedule 1

Description of the Equipment

Deicing pad facilities

Equipment Cost

\$ 500,000

Initial Location:

Dallas-Fort Worth International Airport

P.O. Drawer DFW Airport

DFW Airport, Texas

Acceptance Date: October 13, 1999

Termination Date: October 13, 2014