

OFFICIAL STATEMENT DATED DECEMBER 1, 2010

NEW ISSUE — BOOK-ENTRY ONLY

See “RATINGS” herein.

In connection with the delivery upon original issuance of the Series 8 Bonds by the Port Authority to the Underwriters, General Counsel of the Port Authority will render a legal opinion on such date of delivery, to the effect that interest on the Series 8 Bonds is not includible, for Federal income tax purposes, in the gross income of the recipients thereof under Section 103(a) of the Internal Revenue Code of 1986 (the “Code”); interest on the Series 8 Bonds will not be treated as a preference item in calculating the Federal alternative minimum tax; and the Series 8 Bonds and interest thereon will be exempt from any and all taxation (except estate, inheritance and gift taxes) imposed directly thereon by the States of New York and New Jersey or by any political subdivision thereof, to the extent and as set forth in the legal opinion of General Counsel of the Port Authority. (See “TAX EXEMPTION” and “FORM OF LEGAL OPINION OF GENERAL COUNSEL OF THE PORT AUTHORITY” in Appendix H.)

\$796,280,000

The Port Authority of New York and New Jersey
Special Project Bonds, Series 8
(JFK International Air Terminal LLC Project)
(Non-AMT/Private Activity)



Dated: Date of Delivery

Due: December 1, as shown on the inside cover

The Port Authority of New York and New Jersey Special Project Bonds, Series 8 (JFK International Air Terminal LLC Project) (the “Series 8 Bonds”) are being issued by The Port Authority of New York and New Jersey (the “Port Authority”) (i) to pay the estimated construction and other development costs associated with an expansion of the passenger terminal known as “Terminal 4” at John F. Kennedy International Airport (the “Airport”) in Queens, New York (the “2010 Expansion Project”), (ii) to make required deposits in the debt service reserve fund account securing the Series 8 Bonds, (iii) to pay capitalized interest on the Series 8 Bonds during the construction period of the 2010 Expansion Project, and (iv) to pay certain costs of issuance of the Series 8 Bonds.

The Series 8 Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). Purchasers of the Series 8 Bonds will not receive certificates representing their interests in the Series 8 Bonds purchased. DTC will act as securities depository for the Series 8 Bonds. Individual purchases of Series 8 Bonds will be made in denominations of \$5,000 and integral multiples thereof and will be in book-entry form only. See “BOOK-ENTRY-ONLY SYSTEM” in Appendix F. Interest on the Series 8 Bonds is payable, until maturity or prior redemption, semiannually on June 1 and December 1 of each year, commencing June 1, 2011. **The Series 8 Bonds are subject to redemption prior to maturity as described herein.**

JFK International Air Terminal LLC, a limited liability company formed under the laws of the State of New York (“JFK IAT”), leases and operates Terminal 4 pursuant to a lease with the Port Authority (the “Lease”). JFK IAT, in turn, subleases or otherwise makes available portions of Terminal 4 for use by airlines and others, in exchange for rentals, fees and other charges. Among various other airlines, Delta Air Lines, Inc. (“Delta”) currently uses certain aircraft gates and other space in Terminal 4. In connection with the 2010 Expansion Project, JFK IAT and Delta have agreed that Delta will become an anchor tenant and substantially increase the space available for its use in Terminal 4 in order to accommodate the relocation of a substantial portion of its existing flight operations at the Airport, including its operations at the passenger terminal known as “Terminal 3” at the Airport which will be demolished following completion of the 2010 Expansion Project.

JFK IAT will be absolutely and unconditionally obligated under the Lease to pay “Facility Rental,” from the revenues derived from its operation and management of Terminal 4, after payment of certain operation and maintenance expenses and certain ground rentals payable to the Port Authority as described herein, in an amount sufficient, together with other monies available therefor, to pay principal of and interest and redemption premium, if any, when due on the Series 8 Bonds. The Port Authority will pledge and assign its right to receive JFK IAT’s Facility Rental payments to The Bank of New York Mellon (as successor-in-interest to The Bank of New York), as trustee (the “Trustee”). JFK IAT will further absolutely and unconditionally guarantee to the Trustee and to the Port Authority payment of debt service on the Series 8 Bonds when due. *The obligation to pay Facility Rental and the guaranty of debt service will be obligations solely of JFK IAT and will not be obligations of Delta or any other tenant or any affiliate of JFK IAT.* Payment of debt service on the Series 8 Bonds will also be secured by, among other things, a leasehold mortgage (the “Leasehold Mortgage”) from JFK IAT in favor of the Trustee of JFK IAT’s leasehold interest in Terminal 4 under the Lease. See “SECURITY AND SOURCES OF PAYMENT” herein.

With respect to the pledge of Facility Rental, the Leasehold Mortgage and certain other security described herein, the Series 8 Bonds are being issued on a parity basis with \$761,590,000 outstanding aggregate principal amount, as of December 1, 2010, of The Port Authority of New York and New Jersey Special Project Bonds, Series 6 (JFK International Air Terminal LLC Project) (the “Series 6 Bonds”) issued by the Port Authority in 1997. Proceeds of the Series 6 Bonds, together with certain other available funds of JFK IAT and the Port Authority, were used for the original development and construction of the existing Terminal 4 facility. See “SECURITY AND SOURCES OF PAYMENT — Security for the Terminal 4 Bonds — Parity Obligations” herein.

The Series 8 Bonds will be special limited obligations of the Port Authority payable solely from, and secured solely by, a pledge and assignment of, Facility Rental derived by the Port Authority under the Lease with JFK IAT and certain related revenues, assets and other specified sources described herein (collectively, the “Trust Estate”). Neither the full faith and credit of the Port Authority nor any of its revenues, assets or reserve funds (other than the Trust Estate) will be pledged or shall be deemed to be pledged by the Port Authority in any manner whatsoever for the payment of debt service on the Series 8 Bonds or for the fulfillment of any obligation that the Port Authority has assumed or may hereafter assume to or for the benefit of the holders of the Series 8 Bonds. The Series 8 Bonds will not be obligations of either of the States of New York or New Jersey or of any municipality or subdivision of either of them and will not be guaranteed by such States or by any of their municipalities or subdivisions.

This cover page contains information for quick reference only; it is not a summary of all factors relating to an investment in the Series 8 Bonds. This Official Statement must be read in its entirety to obtain information essential to the making of an informed decision with respect to the Series 8 Bonds. This Official Statement is subject to change without notice after its date, and future use of this Official Statement shall not otherwise create any implication that there has been no change in the matters referred to herein since its date. Any references to documents in this Official Statement include any modifications, amendments or supplements thereto from time to time made in accordance with the provisions of such documents. Words and terms that are capitalized in this Official Statement, whether or not defined herein, are qualified by reference to the meanings assigned to them in the specific documents in which they appear.

An investment in the Series 8 Bonds involves certain risks. See “CERTAIN INVESTMENT CONSIDERATIONS AND RISK FACTORS” herein.

The Series 8 Bonds are offered, subject to prior sale, when, as and if issued by the Port Authority and received by the Underwriters, subject to the unqualified approving legal opinion of Darrell Buchbinder, Esq., General Counsel of the Port Authority, and certain other conditions. Certain legal matters will be passed upon for JFK IAT by its counsel, Debevoise & Plimpton LLP, New York, New York, and for the Underwriters by their counsel, O’Melveny & Myers LLP. It is expected that the Series 8 Bonds in definitive form will be available for delivery through the facilities of DTC in New York, New York on or about December 9, 2010.

Citi

Barclays Capital

J.P. Morgan

BofA Merrill Lynch

Goldman, Sachs & Co.

Morgan Stanley

M.R. Beal & Company

Rice Financial Products Company

December 1, 2010

RENDERING OF TERMINAL 4 AND SURROUNDING AREA AFTER COMPLETION OF THE 2010 EXPANSION PROJECT (highlighted in yellow) AND THE RELATED TERMINAL 2 AND TERMINAL 3 PROJECTS



\$796,280,000

**The Port Authority of New York and New Jersey
Special Project Bonds, Series 8
(JFK International Air Terminal LLC Project)
(Non-AMT/Private Activity)**

AMOUNTS, MATURITIES, INTEREST RATES AND YIELDS

\$46,005,000 5.00% Term Bond due December 1, 2020 - Yield 5.125%;
CUSIP[†]: 73358E ED2

\$170,220,000 6.50% Term Bond due December 1, 2028 - Yield 5.500%*;
CUSIP[†]: 73358E EF7

\$88,565,000 5.50% Term Bond due December 1, 2031 - Yield 5.800%;
CUSIP[†]: 73358E EH3

\$185,060,000 6.00% Term Bond due December 1, 2036 - Yield 6.070%;
CUSIP[†]: 73358E EG5

\$306,430,000 6.00% Term Bond due December 1, 2042 - Yield 6.150%
CUSIP[†]: 73358E EE0

[†] Copyright 2010, American Bankers Association. CUSIP data is provided by Standard and Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP data is provided for convenience of reference only. The Port Authority, JFK IAT, and the Underwriters do not assume any responsibility for the accuracy of such numbers.

* Priced to the December 1, 2015 par call date.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 8 BONDS AT LEVELS ABOVE THOSE THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

No broker, dealer, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement or incorporated by reference in this Official Statement in connection with the offering of the Series 8 Bonds and, if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any of the Series 8 Bonds, nor shall there be any sale of the Series 8 Bonds, by any person in any jurisdiction in which such offer, solicitation or sale is not authorized, or in which the person making such offer, solicitation or sale is not qualified to do so or to any person to whom it is unlawful to make such offer, solicitation or sale. Information in this Official Statement pertaining to DTC has been provided by DTC. The information and expressions of opinion contained in this Official Statement are subject to change without notice after the date of this Official Statement, and neither the delivery of this Official Statement nor any sales made hereunder shall, under any circumstances, create any implication that there has been no change in the matters referred to herein since the date of this Official Statement.

This Official Statement contains statements which, to the extent they are not recitations of historical facts, constitute “forward-looking statements.” In this respect, the words “estimate,” “project,” “anticipate,” “plan,” “expect,” “intend,” “believe,” and similar expressions are intended to identify forward-looking statements. All projections, forecasts, assumptions, expressions of opinions, estimates, and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement.

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

The Series 8 Bonds are special limited obligations of the Port Authority, secured on a parity basis with the Series 6 Bonds as described on the cover page and under the captions “Security and Sources of Payment” in the Introductory Statement and “SECURITY AND SOURCES OF PAYMENT – Security for the Terminal 4 Bonds” herein.

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OFFICIAL STATEMENT

\$796,280,000

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

Special Project Bonds, Series 8

(JFK International Air Terminal LLC Project)

(Non-AMT/Private Activity)

INTRODUCTORY STATEMENT

The purpose of this Official Statement (including the cover page, inside cover page and the Appendices hereto) is to provide information concerning \$796,280,000 The Port Authority of New York and New Jersey Special Project Bonds, Series 8 (JFK International Air Terminal LLC Project) (the “Series 8 Bonds”). This Official Statement must be read in its entirety to obtain information essential to the making of an informed decision with respect to the Series 8 Bonds.

Authorization for the Series 8 Bonds

The Series 8 Bonds have been authorized and will be issued by The Port Authority of New York and New Jersey (the “Port Authority”), a municipal corporate instrumentality and political subdivision of the States of New York and New Jersey, created and existing by virtue of the Compact of April 30, 1921, made by and between the two States, and thereafter consented to by the Congress of the United States. The Series 8 Bonds will be issued under, and be secured in the manner and to the extent provided by, a Special Project Bond Resolution, adopted by the Port Authority on June 9, 1983 (the “Special Project Bond Resolution”), authorizing the issuance by the Port Authority of “Special Project Bonds,” and a resolution establishing and authorizing the issuance of the Series 8 Bonds and The Port Authority of New York and New Jersey Special Project Bonds, Series 9 (JFK International Air Terminal LLC Project) (referred to herein, if and when issued as the “Series 9 Bonds”) in a total aggregate principal amount not to exceed \$1,200,000,000 at any one time outstanding, adopted by the Port Authority on August 5, 2010 (the “Series 8 and 9 Resolution”). As of the date of this Official Statement, the Port Authority has made no commitment to issue any Series 9 Bonds. See “THE PORT AUTHORITY” herein.

Overview of Purpose of Financing

The Series 8 Bonds are being issued to finance the construction and other development costs associated with an expansion of the passenger terminal known as “Terminal 4” at John F. Kennedy International Airport (the “Airport”) in Queens, New York (the “2010 Expansion Project”). Terminal 4 presently consists of a landside terminal building and two airside linear concourses with a total of 16 aircraft contact gates. The 2010 Expansion Project is planned to add an additional nine aircraft contact gates and related support space to Terminal 4. The Port Authority previously established and authorized The Port Authority of New York and New Jersey Special Project Bonds, Series 6 (JFK International Air Terminal LLC Project) (the “Series 6 Bonds”) pursuant to a resolution adopted on October 17, 1996 (the “Series 6 Resolution”). The Series 6 Bonds were issued in 1997 and were outstanding in the aggregate principal amount of \$761,590,000 as of December 1, 2010. Proceeds of the Series 6 Bonds, together with other funds described herein, were used to construct the existing Terminal 4.

The Port Authority oversees the development and operation of the Airport, and Terminal 4 is one of seven unit passenger terminals currently in operation at the Airport. The Port Authority has leased Terminal 4 to JFK International Air Terminal LLC, a limited liability company formed under the laws of the State of New York (“JFK IAT”), under an Agreement of Lease, dated as of May 13, 1997, known as Lease No. AYC-685, as amended and supplemented (the “Lease”). JFK IAT’s general business is the operation and management of Terminal 4. JFK IAT is owned and managed by an affiliate of Schiphol USA Inc., a company of Schiphol Group, operator of Amsterdam Airport Schiphol.

JFK IAT generates revenues from its operation and management of Terminal 4 by granting airlines, concession operators and others the right to use space in Terminal 4 from time to time, in exchange for rentals, fees and other charges. As of June 30, 2010, 38 airlines operated scheduled service out of Terminal 4 under a variety of agreements with JFK IAT, including Delta Air Lines, Inc. ("Delta") which currently uses three aircraft contact gates and other supporting facilities in Terminal 4. Delta was the Airport's second largest carrier in 2009 in terms of enplaned passengers, and it currently conducts the majority of its flight operations at the Airport from Terminal 2 and Terminal 3, both of which it leases directly from the Port Authority, in addition to its space in Terminal 4.

In connection with the 2010 Expansion Project, and concurrently with the issuance of the Series 8 Bonds, JFK IAT and Delta will enter into an anchor tenant agreement (the "Anchor Tenant Agreement"), under which JFK IAT will substantially increase the amount of space available for Delta's use in Terminal 4. Under the Anchor Tenant Agreement, upon completion of the 2010 Expansion Project, Delta will sublease and be entitled to use up to 16 of Terminal 4's 25 planned total aircraft contact gates on a "preferential" basis for its scheduled flight operations, as well as the scheduled flight operations of its affiliated Delta Connection carriers and certain of its SkyTeam alliance partners (collectively, "Delta Affiliate Carriers"), together with certain other support space. JFK IAT will retain responsibility for allocating use of Terminal 4's remaining aircraft gates for other airline tenants and it will likewise be entitled to schedule and allocate use of Delta's subleased gates for other Terminal 4 airline tenants during times when such gates are not reserved for scheduled use by Delta or a Delta Affiliate Carrier. Delta will serve as program director for construction of the 2010 Expansion Project, with responsibility for coordinating all design, construction and certain approvals with JFK IAT and the Port Authority, and it will also serve as the contracting party under all program management, design and construction agreements in connection with the 2010 Expansion Project. Upon completion of the 2010 Expansion Project, Delta intends to fully occupy the expanded space in Terminal 4 by relocating a substantial portion of its existing flight operations at the Airport to Terminal 4, and thereafter conducting its coordinated flight operations at the Airport in Terminal 2 and Terminal 4. Delta will also be obligated under its lease agreement with the Port Authority for Terminals 2 and 3 to demolish Terminal 3 and its 16 existing aircraft contact gates following completion of the 2010 Expansion Project. Delta's passenger terminal facilities in Terminal 2 and Terminal 3, however, are not part of the 2010 Expansion Project.

The 2010 Expansion Project and JFK IAT's arrangement with Delta under the Anchor Tenant Agreement will enable JFK IAT to make improvements to Terminal 4 and attract a growing portion of the significant Airport operations of Delta, which is a major carrier in the SkyTeam alliance, one of the world's leading global airline alliances through which member airlines coordinate a growing volume of their flight operations and services, while maintaining overall operational and management responsibility for all of Terminal 4. At the same time, the arrangement will allow Delta to address an important aspect of its current and anticipated future facility needs at the Airport, replacing its functionally obsolete leased space in Terminal 3 with more modern and efficient space in Terminal 4. Delta previously acquired a "Class B" non-controlling equity membership interest in the immediate parent of JFK IAT in anticipation of the 2010 Expansion Project.

See "THE 2010 EXPANSION PROJECT," "CERTAIN OPERATING AND FINANCIAL INFORMATION ABOUT TERMINAL 4" and "JFK IAT AND ITS BUSINESS ARRANGEMENTS" herein.

Details of the Series 8 Bonds

The Series 8 Bonds will be dated their date of delivery, and will mature on the dates and bear interest at rates as set forth on the inside cover of the Official Statement. Other terms and details concerning the Series 8 Bonds will be established pursuant to the Special Project Bond Resolution, the Series 8 and 9 Resolution, a Trust Indenture dated as of May 13, 1997, as amended and supplemented (the "Trust Indenture"), between the Port Authority and The Bank of New York Mellon (successor-in-interest to The Bank of New York), as trustee (the "Trustee"), and a Trust Administration Agreement dated as of May 13, 1997, as amended and supplemented (the "Trust Administration Agreement"), between JFK IAT and the Trustee. The Series 8 Bonds will be subject to redemption prior to maturity as described herein. See "DESCRIPTION OF THE SERIES 8 BONDS" herein.

Security and Sources of Payment

Under the Trust Administration Agreement, JFK IAT will be required to deposit all revenues from its operation and management of Terminal 4 (the “Revenues”) into a fund held by the Trustee and designated as the “Revenue Fund.” All Revenues will be thereafter generally applied, to the extent available, *first*, to pay operation and maintenance expenses for Terminal 4 that JFK IAT is permitted to pay with Revenues in accordance with the Lease (the “Permitted Operation and Maintenance Expenses”); *second*, to pay “Ground Rental” payable by JFK IAT to the Port Authority under the Lease; and *third*, to pay “Facility Rental” payable by JFK IAT to the Port Authority under the Lease. Such Facility Rental is generally required to be in an amount that is sufficient to pay the principal of, premium, if any, and interest when due on any series of “Special Project Bonds” issued by the Port Authority in connection with the construction, expansion or renovation of Terminal 4 (or refinancing of the same) under the Special Project Bond Resolution and secured by revenues from Terminal 4 pursuant to the Lease, including the Series 6 Bonds, the Series 8 Bonds and any future additional bonds that may be issued on a parity with the Series 6 Bonds and the Series 8 Bonds in accordance with the Series 6 Resolution and the Series 8 and 9 Resolution (collectively, the “Terminal 4 Bonds”). Thereafter, available Revenues will be required to be applied (if funds are available) to fund certain debt service reserves; operating reserves; major maintenance reserves; certain subordinated obligations; capital improvement reserves; and certain payments to JFK IAT and the Port Authority for various services or privileges. Any excess amounts after application of the foregoing are subject to retention by the Port Authority and JFK IAT. JFK IAT will covenant with the Trustee under the Trust Administration Agreement to collect Revenues that are sufficient, after paying all Permitted Operation and Maintenance Expenses and Ground Rental, to cover debt service on all outstanding Terminal 4 Bonds by a coverage ratio of 1.25x in each of its fiscal years.

Under the Trust Indenture, the Port Authority will irrevocably pledge and assign to the Trustee, as security for all Terminal 4 Bonds, including the Series 8 Bonds, each of the following (collectively, the “Trust Estate”):

- all of its right, title and interest to all Facility Rental payable by JFK IAT under the Lease;
- all of its right, title and interest to JFK IAT’s personal property at Terminal 4 pledged, assigned, transferred, conveyed and granted to the Port Authority under the Personal Property Security Interest, dated as of May 13, 1997, between JFK IAT and the Port Authority, as amended and supplemented, including JFK IAT’s rights and interests in certain construction and other contracts to be collaterally assigned to it by Delta in connection with the 2010 Expansion Project (the “Personal Property Security Interest”);
- all amounts on deposit from time to time in certain funds, and any accounts therein, established pursuant to the Series 6 Resolution and the Series 8 and 9 Resolution, including funds designated as the “Construction Fund” (to the extent not disbursed or otherwise disbursable as provided in the Lease), the “Bond Fund,” and the “Debt Service Reserve Fund” (collectively, the “Trust Estate Funds”); provided that monies in certain “Series 8 Accounts” within the Trust Estate Funds, including a Series 8 Account within the Debt Service Reserve Fund and certain Series 8 Accounts within the Construction Fund, will be allocable only for the benefit of the holders of the Series 8 Bonds, and monies in certain “Series 6 Accounts” within the Trust Estate Funds, including a Series 6 Account within the Debt Service Reserve Fund, will be allocable only for the benefit of the holders of the Series 6 Bonds, all as more fully described under “SECURITY AND SOURCES OF PAYMENT – Funds and Accounts – Trust Estate Funds” herein; and
- any other assets of JFK IAT in which the Port Authority may in the future be granted a security interest by JFK IAT.

In addition, payment of debt service on the Series 8 Bonds will be guaranteed by JFK IAT pursuant to an amended and restated guaranty to pay debt service on the Series 8 Bonds and the Series 6 Bonds, by JFK IAT in favor of the Port Authority and the Trustee (the “Guaranty”). As security for the performance of its obligations under the Guaranty, JFK IAT will also grant to the Trustee:

- a Leasehold Mortgage, dated as of May 13, 1997, from JFK IAT in favor of the Trustee, in all of JFK IAT’s rights under the Lease, as amended and supplemented (the “Leasehold Mortgage”), entitling the Trustee to seek to foreclose upon JFK IAT’s interest under the Lease upon certain trigger events described under “SECURITY AND SOURCES OF PAYMENT – Trigger Events” herein and sell such interest to a qualifying terminal operator meeting certain requirements (a “QTO”);
- a Lease Assignment, dated as of May 13, 1997, granted by JFK IAT in favor of the Trustee, as amended and supplemented (the “Lease Assignment”), entitling the Trustee to cause JFK IAT’s interest in the Lease to be transferred to the Trustee or a QTO, in lieu of seeking foreclosure, upon certain trigger events described under “SECURITY AND SOURCES OF PAYMENT – Trigger Events” herein;
- an Assignment of Tenant Leases and Rents, dated as of May 13, 1997, in JFK IAT’s right to receive all revenues collected by JFK IAT under each lease JFK IAT enters into with airlines, concessionaires and other tenants at Terminal 4 (including revenues collected by JFK IAT under the Anchor Tenant Agreement with Delta), from JFK IAT to the Trustee, as amended and supplemented (the “Assignment of Tenant Leases and Rents”); and
- a security interest in the Revenue Fund and various operations and reserve funds administered for JFK IAT’s benefit by the Trustee under the Trust Administration Agreement (the “Lessee Funds”), as further described under “SECURITY AND SOURCES OF PAYMENT – Funds and Accounts – Lessee Funds” herein.

Additionally, in certain circumstances involving a termination of the Lease (which would extinguish the Trustee’s security and remedies under the Leasehold Mortgage and the Lease Assignment) while any Terminal 4 Bonds remain outstanding, the Port Authority will agree to enter into a new lease for Terminal 4 with a QTO identified by the Trustee to enable the Trustee to recover proceeds from such QTO for application towards repayment of unpaid principal and interest on outstanding Terminal 4 Bonds, all as more fully described under “SECURITY AND SOURCES OF PAYMENT – Trustee Remedies in Connection with the Lease and the Leasehold Mortgage” herein.

Neither the full faith and credit of the Port Authority nor any of its revenues, assets or reserve funds (other than the Trust Estate) are pledged or shall be deemed to be pledged by the Port Authority in any manner whatsoever for the payment of debt service or for the fulfillment of any obligation that the Port Authority has assumed or may hereafter assume to or for the benefit of the holders of the Terminal 4 Bonds, including the Series 8 Bonds. The Terminal 4 Bonds, including the Series 8 Bonds, are not obligations of either of the States of New York or New Jersey or of any municipality or subdivision of either of them and are not guaranteed by such States or by any of their municipalities or subdivisions.

JFK IAT’s obligations under the Lease, the Guaranty and the Trust Administration Agreement are obligations solely of JFK IAT and are not obligations of Delta or any other tenant or any affiliate of JFK IAT. JFK IAT is a single purpose entity with no assets other than its interest in Terminal 4 and other assets and contracts generally related to Terminal 4.

For a further description of all security and sources of payment for the Series 8 Bonds, see “SECURITY AND SOURCES OF PAYMENT” herein.

Parity Obligations and Additional Terminal 4 Bonds; Rights of Parity Bondholders

Pursuant to the Series 6 Resolution, the Port Authority has previously issued \$934,100,000 aggregate principal amount of the Series 6 Bonds, of which \$761,590,000 aggregate principal amount remained outstanding as of December 1, 2010. Proceeds of the Series 6 Bonds were used to construct the existing Terminal 4. The Series 6 Bonds also constitute “Special Project Bonds” under the Special Project Bond Resolution. The Series 8 Bonds will be secured on a parity basis with the Series 6 Bonds by, among other security interests, the pledge, in favor of the Trustee, of Facility Rental payments made by JFK IAT pursuant to the Lease, and by the Leasehold Mortgage, the Personal Property Security Interest and the Guaranty. Payment of debt service when due on the Series 6 Bonds is also secured by a financial guaranty insurance policy (the “Series 6 Bond Insurance Policy”) that was provided by MBIA Insurance Corporation and subsequently ceded to National Public Finance Guarantee Corporation (the “Series 6 Bond Insurer”). Payment of the Series 8 Bonds will not be secured by the Series 6 Bond Insurance Policy or otherwise supported by the Series 6 Bond Insurer.

Additional Terminal 4 Bonds may be issued by the Port Authority in connection with the further expansion or renovation of Terminal 4 (or refinancing of the same) as special limited obligations and secured on a parity basis with the Series 6 Bonds and the Series 8 Bonds as further described herein. Although the Port Authority has authorized the issuance of up to \$1.2 billion in aggregate principal amount of Series 8 Bonds and Series 9 Bonds to be outstanding at any one time, as of the date of issuance of the Series 8 Bonds, the Port Authority will not be obligated to issue any additional Terminal 4 Bonds, including any Series 9 Bonds. The issuance of any such additional Terminal 4 Bonds, including any Series 9 Bonds, would have to satisfy certain pre-conditions for issuance, including satisfaction of a projected debt service coverage ratio. See “SECURITY AND SOURCES OF PAYMENT – Security for the Terminal 4 Bonds – Certain JFK IAT Covenants” herein.

As more fully described herein, the Series 6 Bond Insurer (for so long as the Series 6 Bond Insurance Policy remains in effect and the Series 6 Bond Insurer is not in default thereunder), will, under certain circumstances, have certain rights to provide a direction to the Trustee requiring the Trustee to take, or to consent to the Trustee taking, certain potential future actions under the Lease and other Terminal 4 Bond financing documents, including approving certain amendments to the Lease or such financing documents and exercising certain rights and remedies with respect to the Series 8 Bonds. The Series 6 Bond Insurer (for so long as the Series 6 Bond Insurance Policy remains in effect and the Series 6 Bond Insurer is not in default thereunder) will also have the right to block a direction given to the Trustee by holders of the Terminal 4 Bonds in certain circumstances. See “SECURITY AND SOURCES OF PAYMENT – Port Authority Financing Consent and Agreement” and “CERTAIN INVESTMENT CONSIDERATIONS AND RISK FACTORS – Bondholder Voting Rights and Potential Direction by the Series 6 Bond Insurer and a Minority of Bondholder Interests” herein.

Risk Factors

An investment in the Series 8 Bonds involves certain risks, including risks associated with the completion of the 2010 Expansion Project, the nature of JFK IAT’s business, JFK IAT’s airline tenants, and other factors associated with the security for the Series 8 Bonds. See “CERTAIN INVESTMENT CONSIDERATIONS AND RISK FACTORS” herein.

Continuing Disclosure

For purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the “Rule”), JFK IAT will undertake in a written agreement with the Trustee for the benefit of the holders of the Series 8 Bonds to provide (i) certain financial information and operating data relating to JFK IAT by no later than 120 days after the end of each fiscal year, commencing with the fiscal year ending December 31, 2010 and (ii) notice of the occurrence of certain enumerated events. See “CONTINUING DISCLOSURE” herein.

THE PORT AUTHORITY

General

The Port Authority is a municipal corporate instrumentality and political subdivision of the States of New York and New Jersey, created and existing by virtue of the Compact of April 30, 1921, made by and between the two States, and thereafter consented to by the Congress of the United States. The Compact has been amended and supplemented from time to time by legislation enacted by the two States.

In general, the purpose of the States of New York and New Jersey in establishing the Port Authority was to provide transportation, terminal and other facilities of commerce within the Port of New York District (the “Port District”), an area comprised of about 1,500 square miles in both States, centering around New York Harbor and including the Cities of New York and Yonkers in the State of New York, the Cities of Newark, Jersey City, Bayonne, Hoboken and Elizabeth in the State of New Jersey and over 200 other municipalities including all or a part of seventeen counties in both States. For such purpose the States have from time to time authorized specific transportation and terminal facilities and facilities of commerce and economic development, and have given the Port Authority power to borrow money through the issuance of bonds and other obligations, to establish charges for the use of such facilities and, in connection with specific facilities, to acquire real and personal property by condemnation or the exercise of the right of eminent domain or otherwise.

In furtherance of its purpose, the Port Authority leases the Airport from the City of New York and oversees development and operation of the Airport. See “THE AIRPORT – The City Lease.” It also operates three other commercial service airports serving the New York City metropolitan area including LaGuardia Airport in New York, Newark Liberty International Airport in New Jersey and Stewart International Airport in Newburgh, New York. Among other facilities, the Port Authority owns or operates Teterboro Airport (a general aviation facility in New Jersey), six tunnels and bridges between New York and New Jersey, marine terminals and port facilities throughout the New York Harbor region, the Port Authority Trans-Hudson Corporation (PATH) rail transit system, the Port Authority Bus Terminal in Manhattan, and the World Trade Center.

The Port Authority is governed by a Board of Commissioners consisting of twelve Commissioners, six from each of the states of New York and New Jersey, appointed by the respective governor thereof with the advice and consent of the respective state senate. Meetings of the Commissioners of the Port Authority are open to the public in accordance with policies adopted by the Commissioners; the actions the Commissioners take at Port Authority meetings are subject to gubernatorial review for a period of ten days (Saturdays, Sundays and public holidays excepted), and may be vetoed by the governor of their respective state during such period.

Authorization for the Series 8 Bonds

The Series 8 Bonds have been authorized and will be issued by the Port Authority under the Special Project Bond Resolution and the Series 8 and 9 Resolution.

The Special Project Bond Resolution authorizes and establishes an issue of special limited obligations of the Port Authority known as “Special Project Bonds,” which may be issued in one or more series, provided that the Special Project Bonds of each particular series may be issued only for the purpose of financing a single project for a lessee or for the purpose of refunding all or any part of a prior series of Special Project Bonds, or a combination of such purposes. Each series of Special Project Bonds is to be issued under a separate resolution. See “SUMMARY OF CERTAIN PROVISIONS OF THE SPECIAL PROJECT BOND RESOLUTION” in Appendix C-1. As of the date of issuance of the Series 8 Bonds, the Series 6 Bonds and the Series 8 Bonds will constitute the only series of “Special Project Bonds” to have been issued for the construction, expansion or renovation of Terminal 4, although the Port Authority has previously issued (and may in the future issue) other series of “Special Project Bonds” for other projects involving other lessees. As described herein under “SECURITY AND SOURCES OF PAYMENT – Security for the Terminal 4 Bonds,” additional Terminal 4 Bonds constituting additional series of “Special Project Bonds” may also be issued for the further expansion or renovation of Terminal 4 (or refinancing of the same) in the future, subject to certain conditions.

Under the Series 8 and 9 Resolution, the Port Authority has authorized the issuance of up to \$1.2 billion in aggregate principal amount of Series 8 Bonds and Series 9 Bonds to be outstanding at any one time, and any Series 9 Bonds, if and when issued, would also be additional Terminal 4 Bonds and “Special Project Bonds” issued for the construction or expansion of Terminal 4 under the Special Project Bond Resolution. However, the Port Authority is not obligated to issue any Series 9 Bonds or any other additional Terminal 4 Bonds.

THE AIRPORT

General

The Airport opened as Idlewild Airport in July 1948 and is located on Jamaica Bay in the Borough of Queens, New York, in the southwestern portion of Long Island. It is the principal international airport in the New York metropolitan region, providing domestic and international passenger and air cargo service. Spanning approximately 4,960 acres, the Airport’s principal facilities include:

- two pairs of parallel runways ranging in length from approximately 8,400 feet to 14,510 feet;
- a central terminal area consisting of eight “unit passenger terminal” complexes, seven of which are currently in use and five of which contain Federal Inspection Services (“FIS”) (customs and immigration) facilities for processing arriving international passengers;
- 123 total aircraft contact gates and more than 50 remote aircraft parking positions (as currently configured) that are not located at aircraft contact gates, all in the Airport’s central terminal area;
- a light-rail transit system linking the unit passenger terminals with each other and with certain existing public transit lines; and
- other ancillary and support facilities, including numerous hangars and cargo buildings, public parking facilities and a cogeneration facility.

The City Lease

The Port Authority operates the Airport under a lease agreement, entered into in 1947 and amended and supplemented from time to time thereafter, with the City of New York (the “City Lease”). The City Lease was most recently amended and restated in 2004, at which time its term was extended through December 31, 2050. The City Lease provides the Port Authority with rights for the use, occupancy and control of both the Airport and LaGuardia Airport, in exchange for annual rents payable to the City of New York based on the Port Authority’s annual gross revenue from both facilities, subject to a minimum guaranteed amount each year.

Subject to certain procedural requirements, including notice to the Port Authority, the City of New York is entitled to seek a termination of the City Lease prior to its stated expiration, resulting in the loss of the Port Authority’s rights with respect to the Airport, if the Port Authority fails to meet its payment or other various obligations under the City Lease. An early termination of the City Lease for any reason while the Lease remains in effect would also result in termination of the Lease. In such event, any previously issued Terminal 4 Bonds which are then outstanding, including any such Series 8 Bonds, would become subject to extraordinary mandatory redemption, but neither JFK IAT nor the Trustee would have any further interest in Terminal 4 through which to seek repayment of such Terminal 4 Bonds. See “DESCRIPTION OF THE SERIES 8 BONDS – Extraordinary Mandatory Redemption” and “CERTAIN INVESTMENT CONSIDERATIONS AND RISK FACTORS – Certain Risks with Respect to the City Lease” herein.

A copy of the City Lease in effect as of the date of this Official Statement is on file at the principal office of the Trustee and is available for review upon request.

Neither the Port Authority nor JFK IAT makes any representations or warranties concerning the status of the City Lease. Further, no assurance can be provided that the City Lease will remain in effect during the full terms of the Lease or the Series 8 Bonds.

Air Trade Area; Passenger and Air Traffic

The Airport draws the majority of its origin and destination passenger traffic (*i.e.*, passengers who either begin or end their trips at the Airport, as opposed to connecting through the Airport to reach another destination) from a geographical area comprised of the New York-Newark-Bridgeport Combined Statistical Area (the “Air Trade Area”). The Air Trade Area encompasses 30 counties over a four-state area, including portions of Connecticut, New Jersey, New York and Pennsylvania. While the Airport draws passengers from the entire Air Trade Area (particularly for international service), the primary market from which it derives demand for domestic service consists of a smaller core air trade area -- reflecting competition provided by both nearby LaGuardia Airport and Newark Liberty International Airport -- comprised of a 13-county area in the eastern half of the Air Trade Area.

In 2009, 45,915,069 total passengers enplaned or deplaned at the Airport, ranking it the 6th busiest airport in the United States and the 12th busiest in the world according to data from Airports Council International – North America. In 2009, the Airport also ranked as the nation’s largest international gateway, serving approximately 21,899,689 enplaning and deplaning international passengers. Additionally, the Airport is the largest airport in the Air Trade Area in terms of total passengers, accounting in 2009 for an estimated 43.4% of the Air Trade Area’s total enplaned passengers and 65.3% of all international enplaned passengers using one of the three airports that primarily serve New York City (*i.e.*, the Airport, LaGuardia Airport and Newark Liberty International Airport).

Based on the significant demand for airline service from within the Air Trade Area, as well as the practical limitations affecting the region’s air traffic space and the runway capacity at each of the Airport, LaGuardia Airport and Newark Liberty International Airport, the Federal Aviation Administration (“FAA”) has established limits on the number of flight operations that airlines may schedule during peak operating periods each day at each such airport. These limitations are intended to reduce flight delays and facilitate more orderly aircraft flows into and out of the air traffic space surrounding New York City. Under the FAA’s current Order on Operating Limitations for the Airport (the “O/A Order”), scheduled flight take-offs and landings (each an “Operating Authorization”) at the Airport are sought to be limited to 81 per hour between the hours of 6:00 a.m. and 10:59 p.m. each day. While the FAA has not restricted Operating Authorizations to an absolute limit of 81 operations per hour at the Airport, it has stated that it will evaluate and approve proposed schedule changes based on such limitation, which is currently nearly met for substantial portions of the restricted period.

Operating Authorizations were allocated to the airlines operating at the Airport by the FAA according to the airlines’ flight activity at the time the current O/A Order was issued in October 2008. This O/A Order remains in effect through October 2011, following which the FAA may extend the existing flight limitations, or impose revised limitations, for an additional multi-year or other period in its discretion. Under the current O/A Order, an airline’s use of each of its allocated Operating Authorizations is subject to certain minimum usage requirements. Operating Authorizations that have not been operated by an airline consistently with the minimum use requirements could be withdrawn by the FAA and reallocated to another airline. In general, airlines with Operating Authorizations may also lease or trade Operating Authorizations with other airlines, following FAA approval, so long as the arrangement does not extend beyond the current expiration date of the O/A Order. Accordingly, for so long as the FAA’s current O/A Order or similar flight limitations for the Airport remain in effect, an airline’s ability to initiate or increase scheduled service to and from the Airport will necessarily depend upon that airline having or obtaining from the FAA unused or reallocated Operating Authorizations, or being able to obtain leased or traded Operating Authorizations from other airlines, at its desired operating times.

For additional information concerning the Air Trade Area, as well as historical passenger activity and air traffic restrictions concerning the Airport and other area airports, see “REPORT OF THE AIRPORT CONSULTANT” in Appendix B.

Airline Service and Operation of Unit Passenger Terminals

As of August 2010, the Airport was served by approximately 78 airlines providing passenger service, including twelve U.S. carriers and 66 foreign-flag carriers.

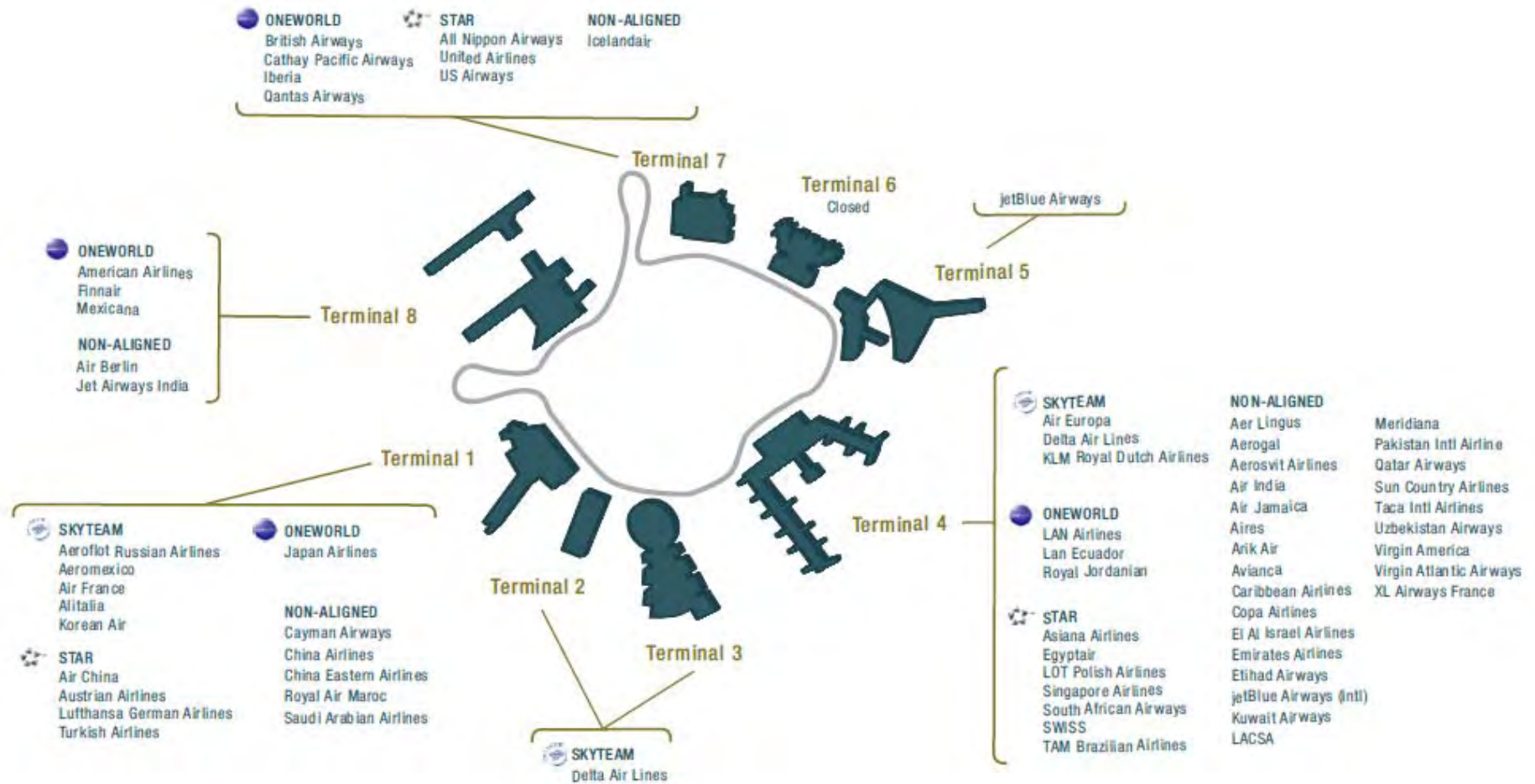
Airline service at the Airport is accommodated by the Airport's seven currently-operating unit passenger terminals. In contrast to most airports in the United States, where terminals are generally constructed and operated by the airport's sponsor, each of the Airport's passenger terminals was privately developed and is leased by the Port Authority to third parties. Other than Terminal 4, which is independently managed and operated by JFK IAT, each unit passenger terminal is presently leased to and operated by a single airline or group of airlines. Each terminal operator, like JFK IAT with respect to Terminal 4, is responsible for its terminal's overall management and operation. The Airport's various unit terminal leases extend for differing periods.

Airlines that operate at the Airport are free to seek accommodation at any one of the Airport's unit passenger terminals from the terminal's operator, subject to Port Authority consent. Each airline that is itself a lessee/operator of one of the Airport's passenger terminals typically accommodates its own flight operations, and may (depending on the terms of its lease or other agreement with the Port Authority) seek to accommodate flight operations of other airlines, at its respective terminal facilities. Other airlines typically seek to locate their flight operations at a passenger terminal within the Airport based on such factors as availability, quality and flexibility of space, support services, airline alliances or other business relationships, and costs, among other possible considerations. Airline demand for desirable terminal space at the Airport and its individual unit passenger terminals is also influenced by such factors as peak operating periods, when fewer aircraft contact gates are available for use.

The map on the following page, taken from the Report of the Airport Consultant in Appendix B, shows the current layout of the Airport's unit passenger terminals, accompanied by a list of the airlines currently operating at each terminal and indicating (where applicable) individual airline membership in each of the world's three current major airline alliances: the SkyTeam alliance, the oneworld alliance and the Star alliance.

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Carrier Distribution at JFK Terminals



Source: The Port Authority of New York and New Jersey, reflects carrier activity as of June 2010.
Prepared by: Ricondo & Associates, Inc., September 2010.

The table below shows, for each of the Airport's unit passenger terminals, the terminal's current lessee/operator, its current number of aircraft contact gates, whether the unit terminal houses a FIS facility and the approximate year of expiration of the current lease agreement between the Port Authority and the terminal's current operator.

<u>Terminal</u>	<u>Lessee/Operator</u>	<u>Contact Gates¹</u>	<u>FIS?</u>	<u>Approx. Year of Current Lease Expiration²</u>
Terminal 1	TOGA ³	10	Yes	2023
Terminal 2	Delta	7	No	2017 ⁴
Terminal 3	Delta	16 ⁵	Yes	2017
Terminal 4	JFK IAT	16	Yes	2026 ⁶
Terminal 5	JetBlue Airways	26	No	2039
Terminal 6	closed ⁷ ; not applicable (N/A)	N/A	N/A	N/A
Terminal 7	British Airways	12	Yes	2015
Terminal 8	American Airlines	36	Yes	2036

New or existing terminal operators, including the Port Authority, could assume operational responsibility for any of the Airport's unit passenger terminals in the future, including following the expiration or earlier termination of any of the current terminal leases. Under the terms of the Lease, however, until May 13, 2026, the Port Authority will be obligated, for so long as JFK IAT is operating a 24-hour FIS facility at Terminal 4, not to itself construct or operate, or permit another non-airline operator to construct or operate, a FIS facility at the Airport, unless the additional FIS facility is necessary to comply with federal requirements or unless the number of passengers using Terminal 4's FIS facility exceeds its agreed-upon design capacity under the Lease; provided that such obligation may be modified or eliminated earlier than May 13, 2026 under certain circumstances in connection with the retirement of the Series 6 Bonds on or before their final scheduled maturity on December 1, 2025. See "JFK IAT AND ITS BUSINESS ARRANGEMENTS – Restrictive Covenant of the Port Authority Regarding FIS Facilities" herein.

For additional information concerning historical airline service activity and terminal facility demand at the Airport and its various unit passenger terminals, see "REPORT OF THE AIRPORT CONSULTANT" in Appendix B. Additional specific information concerning Terminal 4, the manner in which it is operated by JFK IAT and its contemplated expansion to be financed by the Series 8 Bonds is also described herein under "CERTAIN OPERATING AND FINANCIAL INFORMATION ABOUT TERMINAL 4," "JFK IAT AND ITS BUSINESS ARRANGEMENTS" and "THE 2010 EXPANSION PROJECT."

¹ Each unit terminal includes aircraft contact gates that are capable of accommodating a combination of both wide-body and narrow-body aircraft, except for Terminal 5 whose gates are presently configured for narrow-body operations only.

² Excluding possible renewals.

³ Terminal One Group Association L.P., an airline consortium comprised of Air France, Lufthansa German Airlines, Japan Airlines and Korean Air Lines.

⁴ As described herein, the lease between Delta and the Port Authority for Terminals 2 and 3 and their respective sites will be extended as to Terminal 2 to December 31, 2020. See "The 2010 EXPANSION PROJECT – Related Terminal 2 and Terminal 3 Projects" herein.

⁵ As described herein, the lease between Delta and the Port Authority for Terminals 2 and 3 and their respective sites will require Delta to demolish Terminal 3 and its 16 aircraft contact gates following completion of the 2010 Expansion Project. See "THE 2010 EXPANSION PROJECT – Related Terminal 2 and Terminal 3 Projects" herein.

⁶ As described herein, in connection with the issuance of the Series 8 Bonds, the Lease will be extended such that it will expire on the earlier of (i) December 31, 2043 and (ii) the 30th anniversary of the date of beneficial occupancy of the 2010 Expansion Project (expected around May 2013). During such extended time period, the 2010 Expansion Project will expand Terminal 4 to include an anticipated 25 aircraft contact gates. See "THE 2010 EXPANSION PROJECT" and "JFK IAT AND ITS BUSINESS ARRANGEMENTS" herein.

⁷ Terminal 6 is closed, and the Port Authority and JetBlue are planning to enter into a supplement to JetBlue's lease for Terminal 5 pursuant to which JetBlue would be required to undertake the demolition of Terminal 6 and re-pave the Terminal 6 site. The supplement is expected to have a five-year term and to provide that JetBlue may undertake planning for a future expansion on the site that would require Port Authority approval. JetBlue Airways has not announced any plans to undertake such an expansion project to date, and the Terminal 6 site is expected to be used by it and possibly other airlines serving the Airport for aircraft parking in the interim.

Terminal Development at the Airport

The 2010 Expansion Project is currently the only terminal development project approved by the Port Authority at the Airport. It is probable that additional terminal expansion, or even new terminal development, will take place at the Airport during the term of the Series 8 Bonds, although site constraints and cost considerations may inhibit the development of significant amounts of additional terminal capacity. See “THE REPORT OF THE AIRPORT CONSULTANT” in Appendix B for a more complete discussion of potential future terminal development at the Airport.

CERTAIN OPERATING AND FINANCIAL INFORMATION ABOUT TERMINAL 4

History and Development of Terminal 4

Terminal 4 was developed by JFK IAT using proceeds of the Series 6 Bonds, which were issued in 1997 in the aggregate principal amount \$934,100,000, of which \$761,590,000 aggregate principal amount remained outstanding as of December 1, 2010. The Port Authority also made an additional subordinated investment of \$173,300,000 to finance completion of Terminal 4’s original construction (the “Subordinated Port Authority Investment”), approximately \$134,793,000 of which remained outstanding as of December 1, 2010. The Subordinated Port Authority Investment is subject to scheduled repayment by JFK IAT, to the extent of revenues available therefor, on a subordinated basis with respect to all Terminal 4 Bonds. See “JFK AND ITS BUSINESS ARRANGEMENTS - Overview of JFK IAT’s Business Operations” herein. In addition, JFK IAT contributed certain equity funds that were used for the original development and construction of Terminal 4. Terminal 4 opened in May 2001, replacing the International Arrivals Building that had occupied the Terminal 4 site since 1957.

Existing Terminal 4 Facilities

Terminal 4 presently consists of a multi-level passenger terminal building of approximately 1.5 million square feet, including two airside-facing linear concourses and a landside-facing “headhouse.” Terminal 4 is capable of accommodating a diverse array of airline operations. The concourses presently provide access to 16 aircraft contact gates with the ability to handle both international and domestic flight operations, including six on Concourse A and ten on Concourse B. All but one of Terminal 4’s aircraft contact gates are capable of accommodating aircraft as large as Boeing’s 747-400 series, without restricting use of adjacent gates, and four are capable of accommodating new large aircraft presently being introduced into commercial service such as the Airbus A380 and Boeing 747-800, while restricting usage of only one adjacent gate. The adjoining headhouse provides approximately 830,000 square feet of space for processing passengers, including an expansive ticketing lobby, baggage claim facilities and a meeter-greeter hall, as well as airline club rooms, offices and other support facilities. A FIS (customs and immigration) facility located in the headhouse is capable of processing approximately 3,200 passengers per hour, which JFK IAT believes provides ample capacity for its airline tenants’ needs. Terminal 4’s FIS facility is also the only FIS facility at the Airport that U.S. Customs and Border Protection, at its election, currently operates 24-hours a day, seven days a week. The terminal building and surrounding aircraft apron occupy approximately 165 acres, making Terminal 4 the largest terminal site at the Airport. The Terminal 4 site also includes an underground jet fueling system with hydrant access at each of the terminal building’s aircraft contact gates; and 19 existing remote aircraft parking positions (six of which have hydrant access to Terminal 4’s underground fueling system). The headhouse and two concourses also include approximately 105,000 square feet of space dedicated to food and retail concessions.

Historical Airline Activity at Terminal 4

Historically, use of Terminal 4 (and its predecessor, the International Arrivals Building) has been characterized by a large number and diverse mix of airlines. As of June 30, 2010, 38 airlines operated scheduled service at Terminal 4, more than any other passenger terminal at the Airport.

The vast majority of Terminal 4’s airline tenants are, and have been, foreign-flag carriers providing scheduled service between the Airport and airports in their home jurisdictions, representing a variety of tourist and business destinations across Europe, the Americas, the Middle East, the Caribbean and Asia, including

many jurisdictions with significant cultural ties to the United States and the New York region. Most of these carriers operate only a limited number of flights per day. For the 6-month period ended June 30, 2010, 27 of the top 30 airlines operating at Terminal 4 in terms of total passengers were foreign-flag carriers. The ongoing significant presence of foreign-flag carriers at Terminal 4 continues Terminal 4's historical role of accommodating more international airlines and passengers than any other passenger terminal at the Airport and more than most airports in the United States.

Terminal 4 has also historically tended to attract most new airline entrants upon their initiation of service at the Airport. While most new airline entrants have been foreign-flag carriers, they include domestic carriers as well. Since 2007, for example, Virgin America has chosen Terminal 4 as its operating base at the Airport since its initiation of transcontinental service from New York in that same year, and Virgin America has emerged in recent years as Terminal 4's largest airline tenant in terms of passengers served. Terminal 4's readily-available FIS facilities have also enabled it to attract international operations from some carriers whose domestic operations are based in other passenger terminals at the Airport. Since 2004, JetBlue Airways, which bases its operations at the Airport at neighboring Terminal 5, has used Terminal 4 and its FIS facilities for the airline's international arriving flights, as Terminal 5 lacks a FIS facility. Similarly, in 2009, Delta began using three aircraft contact gates in Terminal 4 to supplement its existing terminal facilities in Terminals 2 and 3 at the Airport in order to service a portion of its international flight operations. In recent years, Virgin America, Delta and JetBlue Airways have become Terminal 4's three largest airline users in terms of total passengers, although, historically, no single carrier has accounted for more than 10% of Terminal 4's total passenger traffic.

In general, JFK IAT has had a successful record of retaining airlines which have chosen Terminal 4 as their operating base at the Airport. Still, Terminal 4's airline tenant pool and passenger enplanement levels have shifted from time to time as certain airline tenants have discontinued service at the Airport, ceased operating altogether, or, occasionally, relocated their flight operations to other passenger terminals at the Airport. Passenger enplanement levels at Terminal 4 also shift from time to time as airline tenants reduce or add flight operations or change the types of aircraft they use on routes to and from the Airport.

The growth of global airline alliances is one factor that has had and may continue to have an impact on airline activity at Terminal 4. The purpose of these alliances is to link the route networks of member airlines to increase connecting traffic opportunities while also enhancing customer service benefits through coordinated airport services (including ticketing and baggage operations), as well as reciprocal frequent flyer programs, lounge access and other services. There are presently three major global alliances: SkyTeam, oneworld and the Star Alliance. In recent years, a small number of foreign-flag carriers have relocated their flight operations at the Airport from Terminal 4 to other passenger terminals operated or occupied by their alliance partners, including Mexicana Airlines (which moved its flight operations from Terminal 4 to Terminal 8 in 2008, but subsequently suspended operations in August 2010), Swiss International Airlines (which moved its flight operations from Terminal 4 to Terminal 1 in early 2007 before deciding to relocate back to Terminal 4 in late 2007), and Malev Hungarian Airlines (which moved its flight operations from Terminal 4 to Terminal 3 in 2004 before eventually discontinuing service at the Airport in 2008). Despite the growing importance of global airline alliances, Terminal 4 has served, and continues to serve, numerous carriers in each of the industry's major global alliances which have chosen Terminal 4 as their operating base notwithstanding their alliance or other partnering relationships with carriers operating at other passenger terminals at the Airport. Terminal 4 has also served, and continues to serve, most of the non-aligned carriers operating at the Airport.

In addition to the changes expected to be brought about by the 2010 Expansion Project and further described under "— Business Plan in Connection with the 2010 Expansion Project" below, JFK IAT believes that Terminal 4 is and will remain an attractive base location for many carriers serving the Airport based on the quality and operational flexibility of Terminal 4's facilities (especially during peak hour operating periods) and JFK IAT's focus on serving the individual needs of each of its airline tenants, irrespective of alliance affiliations and other considerations. Nevertheless, in JFK IAT's experience, by virtue of the large number and diversity of Terminal 4's airline tenants and changes in the airline industry generally, changes in the make-up of Terminal 4's airline tenants can, and should, be expected to occur over time in the normal course of operations and in connection with the 2010 Expansion Project, and such changes could result in an airline tenant composition that is materially different from that which exists presently or may be currently foreseeable in connection with the 2010 Expansion Project or otherwise.

The table on the following page presents an historical overview of the top 30 airline users of Terminal 4 in terms of total enplaned and deplaned passengers for the calendar years 2006 to 2009 (listed and ranked based on total passengers in 2009), as well as for the first six months of 2010.

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Airline Users of Terminal 4

		6 months ended June 30 2010 [†]		2009		2008		2007		2006	
Airline		Passengers [#]	Percent	Passengers [#]	Percent	Passengers [#]	Percent	Passengers [#]	Percent	Passengers [#]	Percent
1. Virgin America		431,220	9.5%	906,709	9.7%	703,227	7.8%	151,577	1.8%		0.0%
2. Delta		416,319	9.2%	827,843	8.8%	7,298	0.1%	4,957	0.1%	1,375	0.0%
3. JetBlue		389,627	8.6%	595,905	6.4%	506,804	5.7%	486,890	5.7%	3,280	0.0%
4. Virgin Atlantic		275,449	6.1%	553,694	5.9%	645,126	7.2%	697,646	8.2%	605,344	8.6%
5. Northwest		-	0.0%	506,813	5.4%	442,105	4.9%	420,032	4.9%	357,934	5.1%
6. Aer Lingus		182,315	4.0%	422,121	4.5%	463,608	5.2%	508,814	6.0%	528,966	7.5%
7. El Al		201,828	4.4%	404,280	4.3%	428,948	4.8%	470,615	5.5%	482,415	6.9%
8. Emirates		226,513	5.0%	390,413	4.2%	426,769	4.8%	517,519	6.1%	324,046	4.6%
9. KLM		188,465	4.2%	383,629	4.1%	413,633	4.6%	375,511	4.4%	383,950	5.5%
10. Air Jamaica		142,150	3.1%	376,182	4.0%	449,883	5.0%	429,888	5.0%	368,967	5.3%
11. SWISS		193,123	4.3%	362,866	3.9%	350,891	3.9%	47,628	0.6%	305,247	4.4%
12. Caribbean Air		150,907	3.3%	315,327	3.4%	241,152	2.7%	127,399	1.5%		0.0%
13. TAM		161,779	3.6%	290,283	3.1%	263,364	2.9%	226,286	2.7%	101,940	1.5%
14. Avianca		131,901	2.9%	273,873	2.9%	254,796	2.8%	258,587	3.0%	229,039	3.3%
15. Air India		140,426	3.1%	255,032	2.7%	298,478	3.3%	210,880	2.5%	179,602	2.6%
16. LAN		128,717	2.8%	239,576	2.6%	157,185	1.8%	127,410	1.5%	126,679	1.8%
17. Singapore		99,701	2.2%	199,147	2.1%	190,588	2.1%	182,268	2.1%	188,588	2.7%
18. TACA		93,927	2.1%	186,207	2.0%	190,969	2.1%	207,782	2.4%	193,251	2.8%
19. Egypt Air		102,507	2.3%	181,262	1.9%	199,754	2.2%	171,965	2.0%	148,800	2.1%
20. Qatar		89,626	2.0%	159,766	1.7%	24,528	0.3%		0.0%		0.0%
21. Asiana		99,904	2.2%	148,764	1.6%	121,385	1.4%	123,825	1.5%	124,734	1.8%
22. Eithad		79,905	1.8%	134,090	1.4%	134,732	1.5%	104,253	1.2%	7,424	0.1%
23. LAN Ecuador		76,070	1.7%	131,824	1.4%	127,085	1.4%	131,902	1.5%	123,227	1.8%
24. Kuwait		66,789	1.5%	119,337	1.3%	120,106	1.3%	117,870	1.4%	112,359	1.6%
25. LOT		52,803	1.2%	119,211	1.3%	140,192	1.6%	148,894	1.7%	139,819	2.0%
26. South African		59,915	1.3%	110,131	1.2%	138,200	1.5%	140,641	1.7%	123,075	1.8%
27. Copa		46,274	1.0%	99,661	1.1%	88,995	1.0%	80,623	0.9%	74,676	1.1%
28. Air Europa		59,185	1.3%	86,670	0.9%		0.0%		0.0%		0.0%
29. Aerosvit		39,230	0.9%	85,518	0.9%	90,150	1.0%	85,416	1.0%	75,250	1.1%
30. Czech		-	0.0%	76,129	0.8%	104,961	1.2%	109,792	1.3%	75,687	1.1%
Other		209,538	4.6%	440,979	4.7%	1,235,305	13.8%	1,851,566	21.7%	1,628,818	23.2%
Total		4,536,113	100%	9,383,242	100%	8,960,217	100%	8,518,436	100%	7,014,492	100%

[†] Figures as of June 30 may not represent 50% of annual figures due to seasonal variations in flight activity.
Source: JFK IAT

[#] Enplaned and deplaned

JFK IAT's Historical Cash Flow and Debt Service Coverage

The table below, taken from the Report of the Airport Consultant included in [Appendix B](#), and extracted from information contained in JFK IAT's audited financial statements for the periods indicated, provides an overview of JFK IAT's historical operating results for the years ended December 31, 2006, 2007, 2008 and 2009. It also shows calculations for the same periods regarding the extent to which JFK IAT's net revenues (*i.e.*, its gross revenues less operations and maintenance expenses and "Ground Rental" payable to the Port Authority under the Lease) have exceeded its Facility Rental payment obligations in respect of debt service on the outstanding Series 6 Bonds.

		Actual			
		FY 2006	FY 2007	FY 2008	FY 2009
Revenue					
Delta Air Lines Payment		\$ -	\$ -	\$ -	\$ 22,546,028
Passenger Terminal Charges		123,616,343	145,520,726	152,374,712	145,060,971
Exclusive Airline Space Rentals		10,648,561	10,301,223	10,958,103	10,823,671
Other Airline Revenue		6,556,368	7,361,009	10,009,545	8,028,359
Non-Airline Revenue		26,840,360	32,936,214	34,670,156	31,395,185
Total Revenue	[A]	\$ 167,661,632	\$ 196,119,172	\$ 208,012,516	\$ 217,854,214
Less:					
Operating & Maintenance Expenses ¹	[B]	\$ 41,859,428	\$ 45,686,301	\$ 48,139,673	\$ 47,692,797
Ground Rental	[C]	15,077,805	15,734,719	16,369,194	17,023,962
Net Revenue	[D]=[A]-[B]-[C]	<u>\$ 110,724,399</u>	<u>\$ 134,698,152</u>	<u>\$ 143,503,649</u>	<u>\$ 153,137,455</u>
Facility Rental ²					
Series 6 Bonds Gross Debt Service		\$ 77,565,898	\$ 77,641,098	\$ 77,560,098	\$ 77,559,160
Less:					
Debt Service Reserve Fund Interest		6,239,788	6,239,788	6,239,788	6,239,788
Major Maintenance & Renewal Fund Interest		-	-	29,195	15
Capital Improvement Reserve Fund Interest		-	192,546	100,790	45
Total Facility Rental	[E]	<u>\$ 71,326,110</u>	<u>\$ 71,208,764</u>	<u>\$ 71,190,325</u>	<u>\$ 71,319,312</u>
Debt Service Coverage Calculation					
Net Revenue	[D]	\$ 110,724,399	\$ 134,698,152	\$ 143,503,649	\$ 153,137,455
Facility Rental	[E]	71,326,110	71,208,764	71,190,325	71,319,312
Debt Service Coverage Ratio	[F]=[D]/[E]	1.55	1.89	2.02	2.15

Note:

1 Operating & Maintenance Expenses do not include taxes, depreciation, and bad debt expense.

2 Facility Rental reflects the amount due in the bond year ending December 1

Source: JFK IAT and Ricondo & Associates, Inc. (June 2010)

Prepared by: Ricondo & Associates, Inc. (June 2010)

Based on its audited financial statements for the years ended December 31, 2008 and 2009, JFK IAT's total revenues increased from approximately \$208.0 million in 2008 to \$217.8 million in 2009, an increase of 4.7% or approximately \$9.8 million. The growth reflects the commencement of Delta's use of three aircraft contact gates and associated space in Terminal 4, which commenced as of April 1, 2009, and which resulted in approximately \$22.5 million in new airline revenue. The increased revenues from Delta were offset, in part, by a reduction of 5% in passenger terminal charges and a reduction in space rentals from Terminal 4's other airline tenants, as the impact of the global recession which began in 2007 contributed to eight airlines ceasing operations at Terminal 4 during 2008. These included one foreign-flag carrier that relocated to Terminal 8, one domestic-flag carrier that consolidated its service to the New York area at Newark Liberty International Airport, three foreign-flag carriers that ceased service to the United States altogether, and three foreign-flag carriers that declared insolvency or permanently ceased operating. Other categories of airline revenue also decreased, although aircraft parking fees paid by Delta in 2008, which were part of "Other Airline Revenue" in 2008, were recognized by JFK IAT as part of

the “Delta Airlines Payment” in 2009. While total passenger enplanements for Terminal 4 increased by 2% in 2009 in comparison to 2008, excluding Delta, Terminal 4 experienced a 7% reduction in total passenger enplanements. Despite the overall increase in passenger enplanements, JFK IAT’s non-airline revenue still decreased in 2009 in comparison to 2008 as the lingering global recession and the volatility in the value of the U.S. dollar during this period adversely impacted concessions spending, particularly for Terminal 4’s international passengers. Sales per enplaned passenger decreased by approximately 12%.

JFK IAT’s operating and maintenance expenses fell to approximately \$47.7 million in 2009 from approximately \$48.1 million in 2008, a decrease of 1% or approximately \$450,000. The decrease reflects reductions in bussing costs (due to the ability to reduce the number of vehicles maintained on the Terminal 4 site resulting from the loss of eight carriers in 2008 as described above) and snow removal costs (due to a more moderate snow season), as well as a reduction in general administrative expenses as a result of an unanticipated reimbursement of previously deducted professional fees. “Ground Rental” increased slightly in 2009 as a result of the annual rental escalator (based on an index) applied in accordance with the Lease.

Reflecting JFK IAT’s overall increased revenues in 2009, while operations and maintenance expenses and “Ground Rental,” together, remained generally flat, debt service coverage on the Series 6 Bonds increased by 7% to 2.15x in 2009 from 2.02x in 2008.

A full copy of JFK IAT’s audited financial statements for the periods ended December 31, 2009 and 2008 are included in Appendix A. The data presented in the table on the previous page with respect to debt service coverage are calculated on an adjusted accrual basis (adjustments as noted in footnote 1 of the table) and differ slightly from the debt service coverage calculation presented in a footnote to JFK IAT’s audited financial statements, which is calculated as required under the Trust Administration Agreement. The Port Authority did not assist in the preparation of JFK IAT’s financial statements and the Port Authority is not responsible in any respect for any inaccuracies contained therein.

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Annual Operating Budget

JFK IAT establishes and operates on the basis of an annual operating plan and budget (the “Annual Operating Budget”) for each annual period from December 1 through November 30 of the ensuing year. The Annual Operating Budget is an essential component of JFK IAT’s overall planning process.

Under the Trust Administration Agreement, JFK IAT has covenanted with the Trustee that, not less than 60 days prior to the commencement of each fiscal year, JFK IAT will submit to the Trustee the Annual Operating Budget for the coming annual period, detailed by month and specifying for each month the estimated Revenues (identified by source), the estimated billing rates associated with each source (to the extent applicable) and estimated Permitted Operation and Maintenance Expenses, among other things. JFK IAT has further covenanted with the Trustee that it will operate and maintain Terminal 4 substantially in accordance with the Annual Operating Budget then in effect, other than deviations resulting from operations and maintenance requirements or as required or permitted by the Lease. See “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT – Lessee Covenants, Events of Default and Remedies” in Appendix C-4 and “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE AND THE LEASE SUPPLEMENTS” in Appendix D.

The planning and budgeting process with respect to the various elements of JFK IAT’s Annual Operating Budget is as follows:

Passenger Terminal Charges. JFK IAT’s Chief Commercial Officer (“CCO”) reviews the expiration dates of each existing airline agreement to determine the probability of renewal during the upcoming year. Consideration is also given to airlines anticipated to commence operations at Terminal 4 during the upcoming year. The CCO, with the assistance of an operations business analyst, contacts the existing Terminal 4 airlines, as well as airlines who are anticipated to commence operations at Terminal 4 in the upcoming year, to review with them their plans for flight activity for the upcoming year. The conversation also includes discussion of change in equipment as well as times of operation. Based upon this discussion, the CCO’s department analyzes the historical activity for each flight of each airline for the previous five years. Using this data, the department makes a determination regarding expected aircraft configuration, load factors, and flight times. Based upon the results of such discussion, each flight for every day of the budget period is populated and flight and passenger (enplaned and deplaned) data is then summarized for Terminal 4. The results are reviewed and approved by JFK IAT’s President and Chief Financial Officer. Based upon contract review, airline rates are applied and revenues are budgeted.

Exclusive Airline Space Rentals and Other Airline Revenue. Based upon results of the airline determinations as described above, contracts are reviewed, occupied space is budgeted and contract rates are applied to obtain budgeted revenues.

Non-Airline Revenue. The CCO discusses plans for the upcoming budget year with each retail operator. In addition, consideration is given by the CCO to any expansion or construction plans. The CCO’s department reviews historical spending by retailer in order to ascertain the average amount of retail purchases made per enplaning passenger, or the spend per enplanement (“SPE”), for each retailer and each retail location. The SPE results are then combined with the enplanement data described in the second preceding paragraph above to produce retail sales by retailer. Based upon review of the contracts, concession rates are applied and non-airline concession revenues are budgeted. In addition, the retail contracts are reviewed to determine all additional space rents, common area maintenance charges, marketing fees, utility recoveries and other charges. JFK IAT’s President and Chief Financial Officer approve all budgeted revenues.

Operating and Maintenance Expenses. Each department head within JFK IAT which is responsible for any cost center must use the passenger data circulated from the CCO, and the contracts for which they are responsible, as well as any estimated variable expenses, capital charges or non-anticipated expenses, for purposes of estimating budgeted expenses. Using this data, each department head prepares a line item detailed budget for his or her respective department. JFK IAT’s Controller, President and Chief Financial Officer review, question and approve each department budget.

Ground Rental and Facility Rental. These are budgeted based on the requirements set forth in the Lease.

Summary. Once all information noted above is approved, the data is accumulated into one consolidated budget. JFK IAT's President and Chief Financial Officer review and approve the Annual Operating Budget for distribution to the Trustee and the Port Authority by November 1st preceding the budget year.

JFK IAT expects that its 2010-2011 Annual Operating Budget will be similar to its 2009-2010 Annual Operating Budget.

Certain Operating and Reserve Fund Balances

At all times, JFK IAT maintains several reserve funds that are available to support its business operations. These include an Operations and Maintenance Reserve Fund, a Major Maintenance and Renewal Fund and a Capital Improvements Reserve Fund. To the extent set forth in the Trust Administration Agreement, each is required to be maintained at a specified level for various contingencies and replenished, if drawn upon, in each case to the extent of availability of future available Revenues.

The Operations and Maintenance Reserve Fund is available for operations and maintenance expenses in excess of Permitted Operations and Maintenance Expenses under the then-applicable Annual Operating Budget. It is required to be maintained at a level equal to 6% of Permitted Operations and Maintenance Expenses under the Annual Operating Budget then in effect. As of December 1, 2010, its balance was \$3,033,545.

The Major Maintenance and Renewal Fund is available to pay costs of repairing or replacing any portion of Terminal 4 to the extent not otherwise paid from Permitted Operations and Maintenance Expenses under the then-applicable Annual Operating Budget. It is required to be maintained at a level equal to 5% of JFK IAT's maintenance expenses under the Annual Operating Budget then in effect plus 5% of its actual maintenance expenses for each of its past four operating years. As of December 1, 2010, its balance was \$2,501,895.

The Capital Improvements Reserve Fund is likewise available to pay costs of repairing or replacing any portion of Terminal 4 to the extent not otherwise paid from Permitted Operations and Maintenance Expenses under the then-applicable Annual Operating Budget. It is required to be maintained at a level equal to 15% of JFK IAT's maintenance expenses under the Annual Operating Budget then in effect plus 15% of its actual maintenance expenses for each of its past four operating years. As of December 1, 2010, its balance was \$7,505,684.

The requisite balance in each of these reserve funds is expected to increase in future years with the anticipated growth of operations and maintenance expenses for Terminal 4 due to the 2010 Expansion Project. Each such fund is also pledged as security for all Terminal 4 Bonds, including the Series 8 Bonds. The Series 8 Bonds are additionally secured by a separate debt service reserve account in the Debt Service Reserve Fund. For additional information concerning the security for the Series 8 Bonds and these and other funds and accounts maintained by JFK IAT, see "SECURITY AND SOURCES OF PAYMENT" herein.

Business Plan in Connection with the 2010 Expansion Project

The 2010 Expansion Project includes a planned nine-gate expansion of Terminal 4 that, when completed, is planned to result in Terminal 4 having a total of 25 aircraft contact gates. The 2010 Expansion Project also includes modifications to Terminal 4's headhouse as well as certain other improvements to accommodate the planned use of Terminal 4 as a result of the added gates. See "THE 2010 EXPANSION PROJECT" herein for a more complete description of specific elements of the 2010 Expansion Project and related matters.

In connection with the 2010 Expansion Project, and concurrently with the issuance of the Series 8 Bonds, JFK IAT and Delta will enter into the Anchor Tenant Agreement under which Delta will sublease on a "preferential" basis at least twelve, and up to 16, of Terminal 4's 25 total planned aircraft contact gates. Delta will also sublease certain support space under the Anchor Tenant Agreement, including up to five remote aircraft parking positions on the Terminal 4 site, and ticket counters, baggage handling areas and office, storage and maintenance space in Terminal 4. The Anchor Tenant Agreement will remain in effect until the date that is one day prior to the

earlier of (i) the 30th anniversary of the date of beneficial occupancy of the 2010 Expansion Project (expected to be around May 2013), and (ii) December 31, 2043.

Delta currently bases the majority of its flight operations at the Airport in Terminal 2 and Terminal 3, both of which are currently leased by Delta under a separate lease agreement between it and the Port Authority (the “T2/T3 Lease”). Upon completion of the 2010 Expansion Project, Delta intends to relocate a substantial portion of its existing flight operations at the Airport to Terminal 4, and thereafter conduct its coordinated flight operations at the Airport in Terminal 2 and Terminal 4. Consequently, the new capacity at Terminal 4 is expected to be fully occupied upon completion of the 2010 Expansion Project. Delta will also be obligated under a supplement to the T2/T3 Lease to become effective prior to the issuance of the Series 8 Bonds to demolish Terminal 3 and its 16 existing aircraft contact gates following completion of the 2010 Expansion Project. Taking into account the required demolition of Terminal 3, the 2010 Expansion Project will not result in a net increase in the total number of aircraft contact gates at the Airport. However, the 2010 Expansion Project will result in improved facilities, with certain aircraft contact gates capable of handling larger aircraft.

Delta’s “preferential” rights with respect to its subleased gates and aircraft parking positions at Terminal 4 will entitle it to first priority scheduling and use of such facilities to accommodate its scheduled flight operations, as well as the scheduled flight operations of Delta Affiliate Carriers. Such priority will be determined semi-annually on the basis of Delta’s and the Delta Affiliate Carriers’ actual summer and winter flight schedules established in accordance with the International Air Transport Association’s scheduling season (the “Delta Schedule”). Based on the Delta Schedule for each semi-annual period, Delta will submit to JFK IAT for such semi-annual period a proposed schedule for Delta’s planned use of its subleased gates and aircraft parking positions at Terminal 4. With the goal of ensuring maximum and efficient use of all of Terminal 4, JFK IAT will then be responsible for developing a comprehensive usage schedule for all airlines operating at Terminal 4 that is consistent with the Delta Schedule and that covers the entire facility for the applicable scheduling season, including reasonable detail of time, length of usage period and period of availability to accommodate Delta’s and the Delta Affiliate Carriers’ scheduled flight activity at Delta’s subleased gates and aircraft parking positions. JFK IAT will also be entitled to schedule and allocate use of Delta’s subleased gates and aircraft parking positions for other Terminal 4 airline tenants during times when such facilities are not reserved for scheduled use by Delta or a Delta Affiliate Carrier, including times when Delta or a Delta Affiliate Carrier is temporarily unable to use a Delta subleased gate or aircraft parking position at Terminal 4 that may have been previously scheduled for one of them.

Upon completion of the 2010 Expansion Project (also referred to as the “Date of Beneficial Occupancy” or “DBO,” and which is expected to occur around May 2013), JFK IAT’s costs associated with Series 8 Bond debt service will be allocated to the areas of Terminal 4 improved by the 2010 Expansion Project for purposes of calculating the rentals payable by Delta under the Anchor Tenant Agreement. Upon and after DBO, Delta will be obligated under the Anchor Tenant Agreement to pay monthly rentals to JFK IAT that are generally calculated to enable JFK IAT to recover from Delta an amount equal to the sum of (i) the allocable Series 8 Bond debt service, certain capital charges and certain other costs associated with Delta’s preferential and exclusive subleased space and (ii) Delta’s share of JFK IAT’s costs allocated to certain common/shared areas of Terminal 4 based on use. Delta will also be obligated to pay interim rental equal to JFK IAT’s costs associated with debt service on the Series 8 Bonds and certain other charges if DBO has not occurred before the end of the capitalized interest period for the Series 8 Bonds (i.e., June 1, 2013) until DBO. For each use of a Delta subleased gate or aircraft parking position by a carrier other than Delta or a Delta Affiliate Carrier, such carrier will pay JFK IAT rentals or other fees as determined by JFK IAT, and Delta will receive a credit against its rentals payable to JFK IAT under the Anchor Tenant Agreement in an amount established pursuant to a cost-recovery-based formula set forth in the Anchor Tenant Agreement. The revenues received by JFK IAT for use of a Delta subleased gate or aircraft parking position by such other carrier may (or may not) exceed the amount of the related credit provided to Delta; any excess revenues would accrue directly to JFK IAT. For a further description of the rental provisions and other terms of the Anchor Tenant Agreement, see “JFK IAT AND ITS BUSINESS ARRANGEMENTS – Airline Users – The Anchor Tenant Agreement and Anticipated Delta Operations” herein.

Following completion of the 2010 Expansion Project and Delta’s occupancy of its subleased gates and related support space under the Anchor Tenant Agreement, in addition to the management of the Terminal 4 gates subleased to Delta, as described above, JFK IAT will continue to manage and operate the rest of Terminal 4’s aircraft contact gates and other facilities. JFK IAT intends to continue subleasing or otherwise making available

these gates and other Terminal 4 facilities for its other existing airline tenants besides Delta and the Delta Affiliate Carriers, as well as other airlines who may wish to operate at Terminal 4 in the future. Upon completion of the 2010 Expansion Project, JFK IAT expects that it will be able to accommodate all of its current non-Delta and non-Delta Affiliate Carrier airline tenants in such Terminal 4 space. As airline requirements or tenancy patterns change over time, and as Delta may gain access to all 16 aircraft contact gates in Terminal 4 that it is entitled to sublease under the Anchor Tenant Agreement, it is possible that some non-Delta airline tenants in Terminal 4 will relocate into other passenger terminals at the Airport in order to meet their ongoing operational needs. If additional aircraft contact gates in Terminal 4 should become available in the future based on declining use by other airline tenants, JFK IAT could also allow Delta (if desired by it and if approved by the Port Authority) to sublease additional aircraft contact gates beyond the 16 gates now contemplated by the Anchor Tenant Agreement, in which case Delta's rental obligations to JFK IAT would increase to cover the new subleased space based on the formulas provided under the Anchor Tenant Agreement. It is also possible that Delta could reduce its flight operations at the Airport over time, allowing JFK IAT to reallocate usage of Delta's subleased gates or aircraft parking positions to other airline tenants. Regardless of any such reallocation or decreased activity by Delta, however, Delta would remain liable for making sublease rental payments with respect to Delta's preferential and exclusive subleased space based on JFK IAT's allocable costs for all such space (though the portion of its sublease rentals based on usage of common/shared areas would likely decline), subject to application of the credits described above.

Delta's expanded commitment to Terminal 4, evidenced by the Anchor Tenant Agreement, provides Terminal 4 with a major U.S. airline tenant in one of the world's leading global airline alliances. JFK IAT believes that the arrangement will help to position Terminal 4 in the evolving airline industry environment as a potentially desirable operating base for even more airlines serving the Airport, particularly other SkyTeam alliance members, while at the same time enabling Terminal 4 to benefit from a significant and predictable stream of airline revenue providing more stability for its overall operations. Additional or modified concessions space in connection with the 2010 Expansion Project is also expected to enhance JFK IAT's non-airline revenues. JFK IAT further believes that, while the loss of any airline tenant, including Delta, for any reason might result in at least a short-term reduction in its revenues (the length and depth of which reduction would depend upon the nature of the particular loss), given the nature of the Air Trade Area, the demand for airline gates and passenger terminal facilities at the Airport is and will remain such that airline usage of Terminal 4 would recover significantly over time. Future unfavorable events affecting one or more airline tenants or the industry more broadly, nevertheless, could adversely impact JFK IAT's revenues from the operation and management of Terminal 4 and, consequently, its ability to make ongoing payments of Facility Rental supporting the Series 8 Bonds. See "CERTAIN INVESTMENT CONSIDERATIONS AND RISK FACTORS – Factors that May Adversely Affect Terminal 4's Airline Users," "– Factors Affecting Airline Demand for Terminal 4" and "– Certain Risks with Respect to Airline Concentration and the Anchor Tenant Agreement with Delta" herein.

JFK IAT AND ITS BUSINESS ARRANGEMENTS

General Information Concerning JFK IAT

JFK IAT is a New York limited liability company that was formed on November 5, 1996. JFK IAT's general business is the operation and management of Terminal 4, and its leasehold interest in Terminal 4 under the Lease with the Port Authority constitutes its principal asset. JFK IAT's rights to Terminal 4 are in all respects governed by, and subject to, the Lease.

The term of the Lease commenced on May 13, 1997. In connection with the issuance of the Series 8 Bonds, the Lease will be amended to provide that, unless sooner terminated as described therein, the Lease will expire on the earlier of (i) the 30th anniversary of the date of beneficial occupancy of the 2010 Expansion Project (expected to be around May 2013) and (ii) December 31, 2043. For a more complete summary of the full terms of the Lease, including the obligations and responsibilities of JFK IAT and the default and termination provisions, see "SUMMARY OF CERTAIN PROVISIONS OF THE LEASE AND THE LEASE SUPPLEMENTS" in Appendix D.

JFK IAT's Ownership Structure and Governance

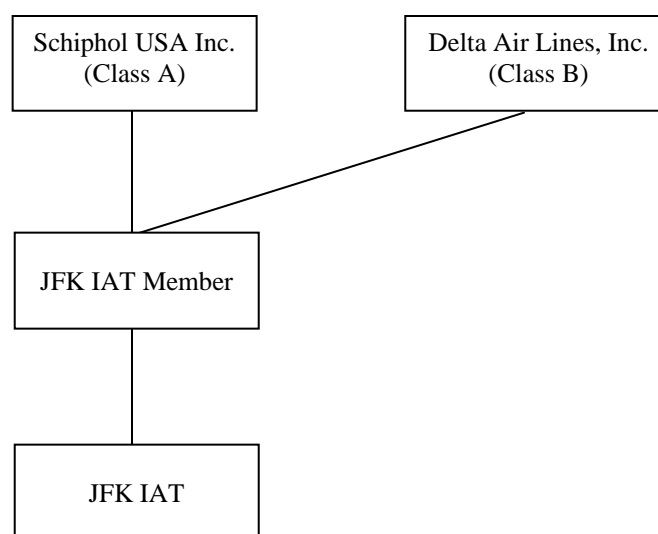
JFK IAT Member LLC, a Delaware limited liability company, and formerly named Schiphol USA LLC ("JFK IAT Member"), is JFK IAT's sole member. Schiphol USA Inc., a New York corporation ("Schiphol USA Inc."), is the Class A managing member of JFK IAT Member. Delta has a Class B, non-controlling equity membership interest in JFK IAT Member. JFK IAT Member has no other members.

The original members of JFK IAT were JFK IAT Member (formerly, Schiphol USA LLC), with a 40% membership interest, LCOR JFK Airport, L.L.C., a New York limited liability company ("LCOR JFK"), with a 40% membership interest, and Lehman JFK LLC, a Delaware limited liability company ("LB-JFK"), with a 20% membership interest. In April 2010, LCOR JFK and LB-JFK sold their collective 60% membership interests in JFK IAT to JFK IAT Member (formerly, Schiphol USA LLC). Delta acquired its Class B membership interest in JFK IAT Member (formerly, Schiphol USA LLC) in connection with the LCOR JFK and LB-JFK buy-out and in anticipation of the 2010 Expansion Project.

Schiphol USA Inc. is an indirect subsidiary of N.V. Luchthaven Schiphol, a Netherlands company ("Schiphol"). Schiphol operates Amsterdam Airport Schiphol, and Schiphol and its affiliates comprising Schiphol Group have many years of experience in developing, managing and operating international airports.

Delta is a Delaware corporation and is among the world's largest airlines.

The chart below illustrates the direct ownership structure of JFK IAT and JFK IAT Member:



As a limited liability company, governance and management of JFK IAT are governed by the terms of an operating agreement. Similarly, governance and management of JFK IAT Member is governed by the terms of the operating agreement of JFK IAT Member under which Schiphol USA Inc. is the Class A member and Delta is the Class B member. The operating agreement for JFK IAT Member provides, among other things, that Schiphol USA Inc. is the managing member and Class A member, but that certain matters with respect to JFK IAT Member are reserved for decision by both its Class A member and Class B member. Such matters include, among other things, (i) the exercise of any right to terminate the Lease, (ii) the filing of a voluntary petition seeking the liquidation, reorganization, dissolution or similar relief in respect of JFK IAT or JFK IAT Member, (iii) the transfer or pledge of any interest in JFK IAT, merger of JFK IAT or JFK IAT Member, sale of all or substantially all of JFK IAT's or JFK IAT Member's assets, or sale of any material asset of JFK IAT or JFK IAT Member outside the ordinary course of business; (iv) the issuance of additional membership interests or other securities of JFK IAT or JFK IAT Member; (v) the making of one or more loans aggregating more than \$100,000; and (vi) the

commencement or settlement of litigation or arbitration that involves a claim or dispute, or settlement of a dispute, in either case involving an amount payable by JFK IAT or JFK IAT Member greater than \$500,000; provided that Delta shall have no right to grant or withhold its consent as the Class B member of JFK IAT Member with respect to any action or decision by JFK IAT that is necessary for completion of construction of the 2010 Expansion Project in a commercially reasonable manner or for securing completion financing for the 2010 Expansion Project on commercially reasonable terms and conditions, if any time prior to the completion of construction of the 2010 Expansion Project, either (a) an event of default shall have occurred and is continuing under the Anchor Tenant Agreement due to a failure by Delta to perform its obligation to construct the 2010 Expansion Project in accordance with the provisions of the Anchor Tenant Agreement, or (b) the Anchor Tenant Agreement has been terminated as a result of any event of default by Delta under the Anchor Tenant Agreement.

JFK IAT is exclusively responsible for its obligations under the Lease, the Trust Administration Agreement and the Guaranty. None of JFK IAT Member, Schiphol USA Inc. or any of their affiliates including Schiphol (other than JFK IAT), or Delta is obligated or liable with respect to the payment of Facility Rental, debt service on the Series 8 Bonds or development costs, if any, associated with the 2010 Expansion Project (other than Delta's obligations for development costs with respect to funding cost overruns of the 2010 Expansion Project, as described herein under the caption "THE 2010 EXPANSION PROJECT – Status and Responsibility for the 2010 Expansion Project"). See "SECURITY AND SOURCES OF PAYMENT" herein and "– Airline Users – The Anchor Tenant Agreement and Anticipated Delta Operations" below.

JFK IAT has established a committee referred to as the "Terminal Four Airline Consortium" that includes representatives from various of its Terminal 4 airline customers in order to consult with such customers regarding various aspects of Terminal 4's operations.

Restrictions on Transfer

Pursuant to the Lease, JFK IAT may not transfer its leasehold interest in the Lease, JFK IAT Member will not be allowed to transfer its membership interest in JFK IAT, and no member of JFK IAT Member will be allowed to transfer its membership interest in JFK IAT Member (except as provided in the Lease, including certain transfers between or among such parties and/or certain of their affiliates), in each case without the prior written consent of the Port Authority. In addition, it will be a material default under the Lease if any of the following occurs without the prior written consent of the Port Authority: (a) JFK IAT Member ceases to directly own and control a membership interest in JFK IAT that is greater than or equal to the membership interest of any other member of JFK IAT, or (b) Schiphol ceases to (i) directly or indirectly own and control at least 51% of JFK IAT Member and (ii) directly or indirectly own and control at least 51% of and be (or own and control 51% of or be under 51% common ownership and control with or by) the operator of Amsterdam Schiphol Airport. See "SUMMARY OF CERTAIN PROVISIONS OF LEASE SUPPLEMENT NO. 5 – Restrictions on Transfer" in Appendix D-3.

The consent rights of the Port Authority referred to above are exercisable by the Port Authority acting alone, without notice to or consent of the Trustee or the holders of the Terminal 4 Bonds, including holders of the Series 8 Bonds.

JFK IAT's Management Team

JFK IAT employs a staff of approximately 64 full-time on-site employees to oversee the operation and management of Terminal 4. JFK IAT's principal management leadership includes:

Alain Maca, President. Mr. Maca holds a leadership position in directing JFK IAT's management team and achieving its business objectives for Terminal 4. Mr. Maca is charged with developing, communicating and managing the execution of the strategic and tactical plans for JFK IAT. A 30-year veteran in the field of airline and airport operations, Mr. Maca's experience includes a 25-year career with KLM Royal Dutch Airlines and subsequent positions with Hudson General Corporation and GlobeGround GmbH. In 2005, Mr. Maca also served as interim Chief Operating Officer of Amsterdam Schiphol Airport. He joined JFK IAT in 1998 and brings to JFK IAT a diversified background, including a combination of airline, ground services, operations and management

experience, that enables a unique business perspective. Mr. Maca holds a B.S. in Sports Medicine from Brockport University.

Michael Sibilia, Chief Financial Officer. Mr. Sibilia manages all financial matters for JFK IAT in his role as Chief Financial Officer, overseeing several key departments within JFK IAT, including the finance and accounting group, legal, human resources and risk management. Since he joined JFK IAT in 1997, Mr. Sibilia has been instrumental in managing the company's finances while also developing key relationships with stakeholders. Mr. Sibilia earned a B.S. in Accounting from La Salle University, is a certified public accountant, and has more than 25 years of experience in finance and public accounting.

James Fazio, Chief Operating Officer. Mr. Fazio manages all day-to-day operations for Terminal 4 including airside, landside, terminal building and retail operations. Mr. Fazio acts as the principal liaison with the terminal's airline partners, government agency representatives and other Terminal 4 vendors and continuously evaluates operations to ensure that the facility is being managed efficiently. In addition, Mr. Fazio assists with new airline start-ups and is responsible for the organization's strategic and tactical capacity planning. Mr. Fazio holds a B.S. in Management and Communications, as well as a Masters in Business Administration, from Adelphi University. He joined JFK IAT in 1997 and has more than 20 years of experience in the industry.

Janice Holden, Chief Commercial Officer. Ms. Holden is responsible for targeting aviation and non-aviation business for Terminal 4. Specifically, Ms. Holden works with the airline and concession partners of JFK IAT to support organic growth potential and maximize revenue opportunities for Terminal 4, as well as identifying and securing new business venture opportunities that supplement the customer mix. In this role, Ms. Holden's duties include securing new airline partners, helping existing carriers expand their service, working with retail partners and vendors to enhance the retail offerings at the terminal, and undertaking other appropriate revenue-generating business such as advertising, film shoots and events. Ms. Holden earned a B.A. in Anthropology and French from SUNY-New Paltz. She joined JFK IAT in 2001 and has more than 25 years of experience in the industry serving as a senior executive for Martinair and Irving Trust.

Overview of JFK IAT's Business Operations

The Lease entitles JFK IAT to grant airlines, retail concession operators and others the right to use space in Terminal 4, consistent with Terminal 4's operation as an airline passenger terminal, in exchange for rentals, fees or other charges payable directly to JFK IAT. Not less than annually, JFK IAT is required to submit to the Port Authority for its written approval an "Airline Leasing Plan" and a "Comprehensive Retail Plan." The Airline Leasing Plan is required to set forth the types of services that JFK IAT intends to offer its airline subtenants, as well as JFK IAT's general airline pricing structure based on different categories of airline usage and commitment. The Comprehensive Retail Plan is required to set forth the types and designated locations of retail concessions throughout Terminal 4, the minimum rentals JFK IAT will require for each type of concession, the structure and level of any common area maintenance fees, utility charges, marketing and other similar fees to be charged to concessionaires, and certain other general usage matters. Each Airline Leasing Plan or Comprehensive Retail Plan remains in effect until its successor plan is approved.

Subject to the general requirements of the Airline Leasing Plan and the Comprehensive Retail Plan, as then in effect, JFK IAT is entitled to set the levels of all rates and charges for the use of space in Terminal 4, except for certain specific limited uses (which include, but are not limited to, advertising displays and broadcasts, pay telephones, vending machines in public areas, ground transportation reservations and on-airport baggage carts) that are reserved for control by the Port Authority. Specifically with respect to airline rates and charges, so long as JFK IAT's actual rates and charges are consistent with the general terms of the then-effective Airline Leasing Plan, the Port Authority has no further right to review, approve, disapprove or otherwise reject or require modification to JFK IAT's rates and charges, except to the extent they are not fair and reasonable or unjustly discriminate between airline operators. However, any airline or retail agreement with a term of seven years or more must be pre-approved by the Port Authority.

Under the terms of the Trust Administration Agreement, JFK IAT is required to deposit or cause to be deposited with the Trustee all Revenues received by JFK IAT in connection with its operation and management of Terminal 4, and all such revenues are thereafter generally applied to the extent available, *first*, to pay

JFK IAT's Permitted Operation and Maintenance Expenses; *second*, to pay "Ground Rental" payable by JFK IAT to the Port Authority under the Lease (which is a fixed annual amount that increases each year at the greater of ½ of the increase in the local consumer price index and 4%); and *third*, to pay "Facility Rental" payable by JFK IAT to the Port Authority under the Lease (which is required to be an amount that is sufficient to pay debt service, when due, on the Series 8 Bonds, the Series 6 Bonds and any additional Terminal 4 Bonds that may be issued in the future, and which the Port Authority has irrevocably assigned to the Trustee as security for all such bonds). Thereafter, available Revenues are required to be applied (if funds are available) to fund certain debt service reserves; operating reserves; major maintenance reserves; certain other obligations in connection with the Subordinated Port Authority Investment; capital improvement reserves; certain payments to JFK IAT, including for terminal and retail management services; and certain payments to the Port Authority. Any excess amounts after application of the foregoing shall be retained by the Port Authority and JFK IAT according to the terms of the Lease. For additional information concerning the specific structure, timing and conditions associated with the foregoing deposits and payments, see "SECURITY AND SOURCES OF PAYMENT – Funds and Accounts – Flow of Funds," below, and "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT" in Appendix C-4.

JFK IAT has covenanted with the Trustee under the Trust Administration Agreement to collect Revenues sufficient, after paying all Permitted Operations and Maintenance Expenses and Ground Rental, to cover debt service on all outstanding Terminal 4 Bonds by a coverage ratio of 1.25x in each of its fiscal years, both on a prospective basis (based on its Annual Operating Budget) and on a retrospective basis (based on its annual audited financial statements). If the 1.25x coverage-ratio requirement is not projected to be met for an upcoming fiscal year, then JFK IAT is required to request a third-party consultant to recommend revisions to its Annual Operating Budget and, after taking into account such recommendations, to revise its Annual Operating Budget to produce (to the extent practicable using prudent business judgment) Revenues in order to satisfy the 1.25x coverage-ratio requirement.

Airline Users

Airline Use Arrangements

Throughout its full operating history, JFK IAT has derived approximately 80-90% of its total revenues each year from airline revenue, which it generates using a pricing structure that recognizes both the value to JFK IAT of having longer-term fixed commitments from its airline tenants and the value to its airline tenants of having access to Terminal 4 during peak operating periods. Consistent with the current Airline Leasing Plan, JFK IAT seeks, and expects that it will continue to seek, to enter into leases or other use agreements with airlines desiring to operate at Terminal 4 with pricing and usage terms that fall into differentiated categories based upon an airline's level of commitment. The terms of the Anchor Tenant Agreement are unique because of its long term and the nature of Delta's commitment to Terminal 4, which are described in further detail under "– The Anchor Tenant Agreement and Anticipated Delta Operations" below. With respect to JFK IAT's other airline tenants, the table on the following page provides a general overview of the current differentiated airline use agreement ("General Use Agreement") terms offered by JFK IAT, which terms fall into three categories of airline users. The chart also indicates the approximate number of Terminal 4's current airline users in each such category.

Under its General Use Agreements with airline tenants, JFK IAT typically invoices each airline tenant monthly for sublease rentals based on its flight and/or passenger activity at Terminal 4 during the preceding month. Payment is due within 15 days or less after invoicing, and JFK IAT's General Use Agreements typically enable JFK IAT to deny access to Terminal 4 to any airline tenant who fails to pay its sublease rentals to JFK IAT when due.

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JFK IAT's General Use Agreement Terms for Airlines

<u>Carrier Category</u>	<u>Commitment Term</u>	<u>Basis of User Charges</u>	<u>Certain Other Usage Terms</u>	<u>Current Number of Users</u>
"Signatory Carrier"	3-10 years	Per enplaned passenger charge, subject to a guaranteed annual minimum volume	<p>Allowed to self-handle (<i>i.e.</i>, use their own employees for baggage handling, fueling and other ground servicing activities) or use other Airport handling companies having permits from the Port Authority and authorized by JFK IAT</p> <p>Allowed to handle other Terminal 4 airline users (with Port Authority authorization)</p> <p>Preferential use of specified gates ahead of all other airlines</p>	5
"Contract Carrier"	1-7 years	<p>Per enplaned passenger or per aircraft turn charge (at rates higher than comparable charges for "Signatory Carriers")</p> <p>Premium charges apply for peak-period operations</p> <p>Rates may be tied to a schedule or equipment type</p>	<p>Allowed to self-handle or use other Airport handling companies having permits from the Port Authority and authorized by JFK IAT</p> <p>Preference in use of specified gates based on volume at the discretion of JFK IAT and ahead of "Ad Hoc Carriers," "Charter Carriers" and other airlines without use agreements</p>	30
"Ad Hoc Carrier" or "Charter Carrier"	month-to-month	<p>Per enplaned passenger charge (at rates higher than the same charge for "Contract Carriers")</p> <p>Premium charges (higher than "Contract Carrier" rate) apply for peak-period operations</p>	Must use Airport handling companies having permits from the Port Authority and authorized by JFK IAT	3

Airlines desiring to operate at Terminal 4 have generally chosen to enter into General Use Agreements of varying lengths with JFK IAT, based upon JFK IAT's general pricing alternatives. Specific rates and charges under each General Use Agreement are typically negotiated with each airline and may vary depending on such factors as anticipated volume and time of use. JFK IAT believes that most airlines have been and remain reluctant to make very long-term commitments for passenger terminal space in the current industry environment and, consequently, most of its airline tenants have elected to accept its intermediate usage terms as "Contract Carriers" in order to preserve future operating flexibility yet receive the benefit of some reduced charges. The Lease nevertheless requires JFK IAT to use commercially reasonable efforts to accommodate any scheduled airline that may desire or otherwise require access to Terminal 4 at any time whether or not it has a contractual agreement with JFK IAT, and JFK IAT has accommodated such category of additional airline users from time to time (including, for example, airlines required to use Terminal 4 and its 24-hour, seven-days-a-week FIS facility for late-arriving international flight(s) at an hour when other similar facilities at the Airport may be closed). Consistent with the current Airline Leasing Plan, JFK IAT establishes rates and charges for these airlines on a per-passenger basis at levels that are typically higher than those charged to airlines with which JFK IAT has entered into General Use Agreements. In addition, JFK IAT seeks to make the best use of all of its available gates and aircraft parking positions in order to maximize revenues by offering discounts under its General Use Agreements to airlines operating during non-peak periods on a per-passenger basis. It also currently operates busses to allow for remote enplanement and deplanement of passengers. Furthermore, in order to maximize revenues and efficient use of check-in counter facilities, JFK IAT charges separately under its General Use Agreements for such facilities utilizing a pricing structure applicable to all categories of airline tenants, which structure differentiates between usage, time of usage, and other factors. JFK IAT also collects fees under its General Use Agreements for the use of other Terminal 4 facilities or services, including but not limited to space an airline may lease exclusively, extended aircraft parking charges, and fees charged to third-party ground handling companies and airlines that provide ground handling services to others at Terminal 4.

JFK IAT believes that it treats all airlines desiring access to Terminal 4 in a non-discriminatory manner and that its pricing policies and airline rates and charges (including as manifested in its General Use Agreements and the Anchor Tenant Agreement) are fair and reasonable, as required under the Lease and applicable law. For a description of certain federal laws that may govern JFK IAT's policies with respect to airline rates and charges, and possible consequences if such policies are determined to violate or otherwise be inconsistent with such laws, see "CERTAIN INVESTMENT CONSIDERATIONS AND RISK FACTORS – Certain Airport Regulatory Considerations" herein.

The Anchor Tenant Agreement and Anticipated Delta Operations

In connection with the 2010 Expansion Project, and concurrently with the issuance of the Series 8 Bonds, JFK IAT and Delta will enter into the Anchor Tenant Agreement, under which Delta will continue to sublease three aircraft contact gates currently used by it in Terminal 4 and agree to sublease, upon completion of the 2010 Expansion Project, the nine new aircraft contact gates included in the 2010 Expansion Project. Delta will also be entitled to sublease up to four additional aircraft contact gates in Terminal 4 at such time, including possibly prior to completion of the 2010 Expansion Project, when usage of each such gate is no longer necessary to accommodate JFK IAT's other current airline tenants (and JFK IAT will be obligated to use commercially reasonable efforts to make such four additional aircraft contact gates available to Delta). As a result, under the Anchor Tenant Agreement, Delta will sublease at least twelve, and up to 16, of Terminal 4's planned 25 aircraft contact gates upon and following completion of the 2010 Expansion Project. As described above under "CERTAIN OPERATING AND FINANCIAL INFORMATION ABOUT TERMINAL 4 – Business Plan in Connection with the 2010 Expansion Project," all of such aircraft contact gates will be subleased to Delta on a "preferential" basis entitling Delta to first priority use and scheduling of such aircraft contact gates to accommodate its scheduled flight operations, as well as the scheduled flight operations of Delta Affiliate Carriers. All of Delta's subleased gates will be located in Concourse B of Terminal 4, which is planned to include a total of 19 aircraft contact gates following completion of the 2010 Expansion Project. JFK IAT will retain the six current aircraft contact gates in Concourse A and all gates in Concourse B that are not subleased to Delta for use by other airline tenants in Terminal 4. Under the Anchor Tenant Agreement, Delta will also sublease on a "preferential" basis up to five remote aircraft parking positions on the Terminal 4 site and certain space in Concourse B, the headhouse and other parts of Terminal 4 to support its expanded operations in the facility. The Anchor Tenant Agreement will have an initial term expiring on the date that is one day prior to the earlier of (i) the 30th anniversary of the date of beneficial occupancy of the 2010

Expansion Project (expected to be around May 2013), and (ii) December 31, 2043, subject to earlier termination as provided therein. Reflecting Delta's long-term commitment to its subleased space in Terminal 4, the Anchor Tenant Agreement will include usage and rental terms that differ from those offered to JFK IAT's other airline tenants.

Delta will be obligated under the Anchor Tenant Agreement to pay various rentals to JFK IAT, including but not limited to:

- prior to completion of the 2010 Expansion Project, Delta will pay rentals based on fixed rates in consideration for the three existing aircraft contact gates and other exclusive-use facilities that Delta currently uses in Terminal 4, plus additional rentals on a square foot basis for certain supporting office and operational space it currently uses, together with rentals calculated in a manner prescribed by the Anchor Tenant Agreement for any additional aircraft contact gates of the existing Terminal 4 facility that Delta may sublease from JFK IAT prior to completion of the 2010 Expansion Project (the "Pre-Occupancy Delta Rent");
- if completion of the 2010 Expansion Project does not occur prior to June 1, 2013 (which is the end of the scheduled capitalized interest period with respect to the Series 8 Bonds), Delta will pay additional interim rentals equal to the cost of all debt service (net of interest on any Series 8 Bond reserve and sinking fund accounts) and financing costs in respect of the Series 8 Bonds, plus certain other amounts beginning in various periods (the "Interim Delta Rent"); and
- upon and following completion of the 2010 Expansion Project, in lieu of Pre-Occupancy Delta Rent and Interim Delta Rent, Delta will be obligated to pay monthly rentals to JFK IAT that are generally calculated to enable JFK IAT to recover from Delta an amount equal to the sum of (i) the allocable Series 8 Bond debt service, certain capital charges and certain other costs associated with Delta's preferential and exclusive subleased space and (ii) Delta's share of JFK IAT's costs allocated to certain common/shared areas of Terminal 4 based on use (the "Post-Occupancy Delta Rent"). JFK IAT's costs, including Series 8 Bond debt service, certain capital charges and operation and maintenance expenses, will be allocated across certain "cost centers" representing various areas and facilities in Terminal 4, and Delta's share of such costs (taking into account common or shared use by others, where applicable) will be recovered by JFK IAT from Delta through the Post-Occupancy Delta Rent. As described above under "CERTAIN OPERATING AND FINANCIAL INFORMATION ABOUT TERMINAL 4 – Business Plan in Connection with the 2010 Expansion Project," JFK IAT will be entitled to schedule and allocate use of Delta's subleased gates and aircraft parking positions for other Terminal 4 airline tenants when such facilities are not reserved or scheduled for use by Delta or a Delta Affiliate Carrier. For each such use of a Delta subleased gate or aircraft parking position, Delta will be entitled to a credit against the Post-Occupancy Delta Rent in an amount established pursuant to a formula set forth in the Anchor Tenant Agreement.

Except for any credits described above, or in certain other limited circumstances related to emergency repairs undertaken by Delta, or the occurrence of a condemnation or taking, or damage or destruction to the Terminal 4 space subleased by Delta, Delta may not offset, reduce, abate or otherwise fail to pay in full, any rentals payable by it under the Anchor Tenant Agreement. See "SUMMARY OF CERTAIN PROVISIONS OF THE ANCHOR TENANT AGREEMENT – IAT Event of Default – Delta Remedies" in [Appendix E](#).

Under the terms of the Anchor Tenant Agreement, Delta will also serve as program director for the 2010 Expansion Project, with responsibility for coordinating all design, construction and certain approvals with JFK IAT and the Port Authority, and it will also serve as the contracting party under all program management, design and construction agreements in connection with the 2010 Expansion Project. See "THE 2010 EXPANSION PROJECT – Status and Responsibility for the 2010 Expansion Project" herein.

Delta currently conducts the majority of its flight operations at the Airport from Terminal 2 and Terminal 3, both of which are currently leased by Delta under the T2/T3 Lease. Upon completion of the 2010 Expansion Project, Delta intends to relocate a substantial portion of its existing flight operations at the Airport to Terminal 4, and thereafter conduct its coordinated flight operations at the Airport in Terminal 2 and Terminal 4.

Delta will be obligated under a supplement to the T2/T3 Lease to become effective prior to the issuance of the Series 8 Bonds to demolish Terminal 3 and its 16 existing aircraft contact gates following completion of the 2010 Expansion Project.

In connection with the 2010 Expansion Project, during the term of the Anchor Tenant Agreement there will be an Operations Advisory Committee, consisting of at least one member from JFK IAT and at least one member from Delta, for monitoring and exchanging suggestions, requests and recommendations with respect to operations in the portions of Terminal 4 subleased to Delta. The Operations Advisory Committee will report to a Management Committee, comprised of one member from JFK IAT and one member from Delta. The Management Committee will likewise be responsible for considering operational and other matters concerning the use and operation of the portions of Terminal 4 subleased to Delta, including matters which cannot be resolved in an expedient manner by the Operations Advisory Committee. Any matters or disputes that are materially important to the use and operation of the portions of Terminal 4 subleased to Delta and that cannot be resolved by the unanimous determination of the Management Committee will be resolved by a Trilateral Committee, consisting of one member from each of JFK IAT, Delta and Schiphol USA Inc., the managing member of JFK IAT Member. The Trilateral Committee will generally consider and seek to resolve matters and disputes referred to it by consensus, with JFK IAT Member having the ability to resolve certain deadlocks and with certain limited matters being subject to arbitration as provided under the Anchor Tenant Agreement.

The Anchor Tenant Agreement contains numerous obligations and responsibilities of both Delta and JFK IAT relating to the construction and ongoing use of the 2010 Expansion Project, as well as Delta's subleased space in Terminal 4. Subject to certain procedural requirements, including notice to the other party and opportunities to cure, either party may seek to terminate the Anchor Tenant Agreement if the other party fails to meet its obligations under the Anchor Tenant Agreement. Delta, for example, could seek to terminate the Anchor Tenant Agreement, without any further obligation on its part, in the event that JFK IAT were to default in the performance of its obligations thereunder beyond any applicable cure periods. For a more complete summary of the full terms of the Anchor Tenant Agreement, including the parties' various obligations and responsibilities as well as the default and termination provisions, see "SUMMARY OF CERTAIN PROVISIONS OF THE ANCHOR TENANT AGREEMENT" in Appendix E. A termination of the Anchor Tenant Agreement while the Lease remains in effect would require JFK IAT to secure one or more replacement tenants to utilize the substantial space in Terminal 4 that had been subleased to Delta to replace the associated lost revenue stream from Delta. As a result, any such termination could adversely affect JFK IAT's ability to meet its obligations in connection with any Terminal 4 Bonds that may then be outstanding, including any such Series 8 Bonds. See "CERTAIN INVESTMENT CONSIDERATIONS AND RISK FACTORS – Certain Risks with Respect to Airline Concentration and the Anchor Tenant Agreement with Delta" herein.

In connection with its expanded subleased space in Terminal 4, Delta will also enter into a Recognition, Non-Disturbance, Attornment and Consent Agreement (the "Non-Disturbance Agreement") with the Trustee, providing Delta with the right, and obligating it, to sublease directly from the Trustee or the Trustee's QTO assignee, as appropriate, the same premises subleased to Delta under the Anchor Tenant Agreement, and on the same terms provided under the Anchor Tenant Agreement, in the event of a cancellation or termination of the Lease whereupon possession and control of Terminal 4 is transferred to the Trustee or its QTO assignee pursuant to the Terminal 4 Bond financing documents.

Additional Information Concerning the Airlines

Delta and other airline users of Terminal 4 from time to time may be required to file periodic reports containing financial, operating and other data concerning their affairs with U.S. governmental regulators. Specifically, the major U.S. airlines, as well as foreign- flag airlines with American Depositary Receipts ("ADRs") registered on a U.S. national securities exchange, are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith file reports and other information with the U.S. Securities and Exchange Commission (the "Commission"). Such reports can be inspected and copied at the public reference facilities maintained by the Commission at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the following Regional Offices of the Commission: Midwest Regional Office, Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511, and Northeast Regional Office, 7 World Trade Center, Suite 1300, New York, New York 10048. Copies of such material can also be

obtained from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. Additionally, the Commission maintains a website (at <http://www.sec.gov>) that contains reports, information statements and other information regarding reporting companies under the Exchange Act. Further, all airlines providing scheduled passenger service in the United States are required to file periodic reports with the U.S. Department of Transportation, including certain financial and operating statistics. Such reports can be inspected at the following location: Department of Transportation, Office of Airline Information, Bureau of Transportation Statistics, Research & Innovative Technology Administration, 1200 New Jersey Avenue, S.E., Washington, D.C. 20590, or on the Department of Transportation, Office of Airline Information, Bureau of Transportation Statistics, Research & Innovative Technology Administration's website (at <http://www.bts.gov/>).

Neither JFK IAT nor the Port Authority makes any representation concerning the financial condition of any airline.

Non-Airline Users

Throughout its full operating history, revenues generated by JFK IAT other than fees paid directly by airline users have accounted for approximately 10-20% of JFK IAT's total revenues each year. The primary sources of such non-airline revenues are sublease rentals paid to JFK IAT by various retail concessionaires that sublease space from JFK IAT in Terminal 4's retail and arrivals halls (both of which are located in the headhouse) and concourse areas. These concessionaires offer an array of specialty retail stores, duty free shops, restaurants and other services to passengers and visitors using Terminal 4. JFK IAT continuously reviews and seeks to maintain its concession program as a world-class airport retail operation providing high levels of quality, value and service for its customers, while also maximizing the program's financial return for JFK IAT.

Consistent with JFK IAT's current Comprehensive Retail Plan, JFK IAT's current subleases with its concession operators vary in length from three to seven years. Rentals payable to JFK IAT under such agreements are typically based on a combination of fixed base rents and variable rents. Base rents are typically fixed annually based on the square footage of the subleased space. Most subleases contain an annual increase in the base rent, which is determined by the change in the consumer price index, a fixed percentage stated in the sublease, or a combination of both. Variable rents are typically based on a percentage of gross sales of the concession operator. The level of percentage rent varies among concessionaires depending upon the individual sublease, with most subleases providing for incremental increases in the percentage amount as gross sales exceed predetermined thresholds. Also, some subleases include a minimum annual guarantee (or "MAG") that requires the operator to pay the greater of a pre-defined amount or the percentage of sales.

The level of revenues realized by JFK IAT's concession program is dependent upon a number of factors, including an optimal mix of desirable offerings that match customer preferences, passenger traffic, the relative value of the U.S. dollar (because of its impact on the purchasing demand of Terminal 4's high volume of international passengers and customers) and general economic conditions (inasmuch as potential customers tend to spend less on retail offerings in recessionary periods). At present, Terminal 4's retail hall is located before the passenger security checkpoints for departing passengers proceeding to their flights in one of Terminal 4's two concourses. This has had the effect of limiting the dwelling times that departing passengers have had to patronize the retail hall's concessions. As part of the 2010 Expansion Project, the passenger security checkpoints will be relocated and expanded to a centralized location in the headhouse, placing the retail hall behind the new checkpoint. Although revenues derived from Airport employees and other non-ticketed visitors who have patronized these facilities will decrease, JFK IAT believes that its overall concession revenues and revenues per-passenger will increase as a result of the 2010 Expansion Project due to increased passenger volume and longer dwelling times that all passengers will have to patronize most of Terminal 4's concessions. In general, however, JFK IAT's concession revenues have been, and will remain, dependent upon passenger activity.

Besides concession sublease rentals, other types of concession-related revenue derived by JFK IAT include advertising fees, common area maintenance fees, marketing fees, utility recovery fees, retail support space rentals, telephone percentage fees, photo shoots and VIP parking charges. For further descriptions of JFK IAT's concessions program and related non-airline revenues, see "REPORT OF THE AIRPORT CONSULTANT" in Appendix B.

Restrictive Covenant of the Port Authority Regarding FIS Facilities

Under the terms of the Lease, the Port Authority has provided a covenant agreeing, until May 13, 2026, that it will not itself, for so long as JFK IAT is operating a 24-hour FIS facility at Terminal 4, construct or operate, or permit another non-airline operator to construct or operate, a FIS facility at the Airport, unless the additional FIS facility is necessary to comply with federal requirements or unless the number of passengers using Terminal 4's FIS facility exceeds its agreed-upon design capacity as provided under the Lease (the "Restrictive Covenant"). The Lease will provide, however, for a modification of the Restrictive Covenant in connection with the retirement of the Series 6 Bonds on or before their scheduled final maturity date of December 1, 2025, whereupon the Port Authority will be allowed to construct and/or operate (whether through its employees or through a compensated manager or operator that is not the Port Authority's lessee) an airline terminal at the Airport which includes a FIS facility (a "PA-operated FIS Terminal"), provided that following any retirement of the Series 6 Bonds and until May 13, 2026, if the Port Authority is itself operating a PA-operated FIS Terminal and (x) there are seven or more aircraft contact gates that are not part of Delta's subleased premises under the Anchor Tenant Agreement and (y) on a retrospective or prospective basis, the debt service coverage ratio on the outstanding Terminal 4 Bonds is below 1.25x as provided under the Trust Administration Agreement (a "Low Debt Coverage Ratio"), then during the period that a Low Debt Coverage Ratio persists or is projected to persist, the Port Authority will not enter into any new agreement, or renew or extend any existing agreement, to accommodate any foreign-flag carrier in the PA-operated FIS Terminal so long as JFK IAT is able to provide comparable accommodation to such carrier at Terminal 4. See "SUMMARY OF CERTAIN PROVISIONS OF LEASE SUPPLEMENT NO. 5 – Airport Operator Limitations" in Appendix D-3.

The Port Authority has been subject to the Restrictive Covenant since the Lease was first entered into, and JFK IAT believes that Terminal 4 has benefitted, and may continue to benefit, from the Restrictive Covenant for so long as it remains in effect, inasmuch as the Restrictive Covenant has prevented the Port Authority from operating or allowing another non-airline operator to operate a passenger terminal at the Airport with FIS facilities. However, the Restrictive Covenant will expire by its own terms during the term of the Series 8 Bonds, not later than May 13, 2026, and it could expire or be relaxed earlier upon the retirement of the Series 6 Bonds. The Lease will include an agreement of JFK IAT and the Port Authority to pursue the refinancing of the Series 6 Bonds if certain savings targets are met, which could result in the earlier expiration or relaxation of the Restrictive Covenant. No prediction or assurance can be provided regarding future market conditions and whether or not such savings targets will be met in the future or whether the Series 6 Bonds will at any time be retired early. Further, the impact, if any, of the expiration or earlier relaxation of the Restrictive Covenant on or before May 13, 2026 cannot be predicted at this time and will depend upon a number of factors, including the timing of the Restrictive Covenant's expiration or earlier relaxation, the Port Authority's plans with respect to the future operation and/or development of the Airport's passenger terminal facilities, the demand for passenger terminal facilities at the Airport at the time, and Terminal 4's competitive position at the Airport at such time. See "CERTAIN INVESTMENT CONSIDERATIONS AND RISK FACTORS – Factors Affecting Airline Demand for Terminal 4" herein.

Risk Management and Insurance

As required by the Lease, JFK IAT maintains all-risk property insurance on Terminal 4 (excluding the 2010 Expansion Project prior to its completion, which will be insured as described in the next succeeding paragraph). Coverage under such insurance must be equal to at least Terminal 4's full replacement value, insuring it against all hazards and risks of physical loss or damage as are standard in the New York market, including fire, windstorm, hail, explosion, riot, flood, earthquake, aircraft, vehicles and smoke. The coverage is currently maintained at \$1.4 billion for each event (\$1 billion of coverage for terrorism-related events). In the event of any covered loss, all proceeds from such property insurance are payable to the Port Authority, to be held in trust by it for the benefit of JFK IAT and applied towards the repair or replacement of the covered loss. JFK IAT plans to appropriately increase the coverage amount for this insurance upon completion of the 2010 Expansion Project to reflect Terminal 4's full replacement value at that time as required by the Lease.

In connection with construction of the 2010 Expansion Project, the Anchor Tenant Agreement will obligate Delta to procure and maintain, or require its contractors to procure and maintain, builder's risk (all risk) completed value insurance, insuring all construction work associated with the 2010 Expansion Project against all hazards and risks of physical loss or damage during the construction period for the 2010 Expansion Project. In the

event of any covered loss, all proceeds from such property insurance are payable to Delta, to be remitted to the Trustee and held in trust by it for the benefit of JFK IAT and applied towards the repair or replacement of the covered loss.

In the event of damage or destruction to any part of the Terminal 4 premises, the Lease will require JFK IAT to restore or cause the restoration of such premises. All all-risk insurance proceeds payable to the Port Authority will be made available by the Port Authority to JFK IAT and must be used by JFK IAT for such purpose. The Anchor Tenant Agreement will similarly require Delta to restore any damaged portions of the 2010 Expansion Project during the period of its construction, with insurance proceeds remitted to the Trustee for such purpose. The obligation of JFK IAT or Delta, as applicable, to repair or replace is limited to the amount of insurance proceeds, provided it has carried, or caused to be carried, the insurance required to be carried by it under the Lease or the Anchor Tenant Agreement, as applicable. See “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE – Insurance” in Appendix D-1 and “SUMMARY OF CERTAIN PROVISIONS OF THE ANCHOR TENANT AGREEMENT – Insurance” in Appendix E.

As required under the Lease, JFK IAT also maintains various other insurance policies with respect to Terminal 4 and its operations, including policies covering, among other things, workers compensation and employer liability, automobile liability, personal injury, bodily injury including death, property damage liability and other matters, subject to such deductibles and other limitations or requirements as are permitted under the Lease. Although not required by the Lease or any of the Terminal 4 Bond financing documents, JFK IAT maintains a pollution legal liability insurance that provides coverage in the aggregate amount of \$4,000,000 for certain potential future environmental liabilities. For additional information concerning the scope and types of insurance required to be maintained by JFK IAT under the Lease, see “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE – Insurance” in Appendix D-1.

JFK IAT continuously reviews its insurance policies and carriers to ensure that each of its coverages is prudently maintained and satisfies the requirements of the Lease.

THE 2010 EXPANSION PROJECT

Overview of the 2010 Expansion Project

The 2010 Expansion Project will be developed using proceeds of the Series 8 Bonds and includes:

- construction of a linear extension to Concourse B of approximately 348,000 square feet, including
 - nine new aircraft contact gates, six of which will be capable of accommodating aircraft as large as Boeing’s 747-400 series and three of which will be capable of accommodating aircraft as large as Boeing 767 aircraft (thus providing Concourse B with a total of 19 planned aircraft contact gates and increasing to 25 the total number of planned aircraft contact gates in all of Terminal 4), and each of which will have hydrant access to Terminal 4’s underground jet fueling system,
 - passenger hold rooms,
 - airline club and operational space, and
 - new space for retail concessions;
- certain renovations and improvements to the existing aircraft contact gates in Concourse B;
- modification and rehabilitation of certain sections of the surrounding aircraft apron area and Terminal 4’s underground jet fueling system to support the expanded Concourse B space, as well as site and utilities work; and

- modification and expansion of the headhouse by approximately 108,000 square feet to accommodate the expected increase in passenger traffic and new operational needs, including
 - the relocation and expansion of the passenger security checkpoint to a centralized location, which will relocate the current retail hall behind the security checkpoint,
 - relocation and construction of a new domestic baggage claim hall and new baggage re-check operations space,
 - renovation and expansion of existing FIS space, and
 - a new fully-automated in-line baggage security screening and explosive detection system for Terminal 4 (for which a portion of the Series 8 Bond proceeds are expected to be used along with approximately \$57.6 million of grant monies from the U.S. Transportation Security Administration that are expected to fund most of the costs of such system).

As a result of the 2010 Expansion Project, the number of remote aircraft parking positions available at Terminal 4 will be decreased from 19 to 15. However, JFK IAT does not believe that such reduction will have a material impact on Terminal 4's operations or capacity. As described below under "– Status and Responsibility for the 2010 Expansion Project," construction of the 2010 Expansion Project is expected to be completed around mid-2013.

Related Terminal 2 and Terminal 3 Projects

As described above under "JFK IAT AND ITS BUSINESS OPERATIONS – Airline Users – The Anchor Tenant Agreement and Anticipated Delta Operations," Delta will initially sublease up to 16 of Terminal 4's 25 planned aircraft contact gates and other support space under the Anchor Tenant Agreement upon completion of the 2010 Expansion Project. Following completion of the 2010 Expansion Project, Delta is planning to conduct its coordinated flight operations at the Airport from its subleased space in Terminal 4 and its existing passenger terminal facilities in Terminal 2, which it leases from the Port Authority under the T2/T3 Lease.

Terminal 2 presently includes seven aircraft contact gates and 17 regional jet aircraft positions, but it does not include a FIS facility to accommodate arriving international flights and passengers. In conjunction with the 2010 Expansion Project, and prior to the issuance of the Series 8 Bonds, the term of the T2/T3 Lease as to Terminal 2 will be extended to December 31, 2020.

To enhance the integration and efficiency of its planned operations in Terminal 4 and Terminal 2, Delta will undertake various other projects in conjunction with the 2010 Expansion Project. These include each of the following (collectively, the "Related T2/T3 Projects"), none of which will be funded with proceeds of the Series 8 Bonds:

- the construction of a secure passenger walkway between Terminal 4 and Terminal 2, to allow passengers to move freely between the two terminals after security check points (the "Terminal 2-4 Connector"), which Delta expects to be completed concurrently with the 2010 Expansion Project;
- the construction of various apron, taxiway and other airfield improvements to facilitate improved access among the Terminal 4 and Terminal 3 sites and the Airport's runway system (the "Related Airfield Improvements"), which Delta expects to be fully completed around mid-2013; and
- the demolition of Terminal 3 (which is regarded as functionally obsolete) and its 16 existing aircraft contact gates following the completion of the 2010 Expansion Project and the construction thereafter of up to 16 remote aircraft parking positions on the Terminal 3 site (the "Terminal 3 Aircraft Parking Project"), which Delta expects to fully complete around mid-2015 and use to support increased utilization of its aircraft contact gates at Terminal 4 and Terminal 2 (by allowing Delta to park aircraft at such site when such aircraft are not in use and also for remote enplanement and deplanement of passengers, if necessary as permitted under certain conditions).

The Anchor Tenant Agreement will obligate Delta to construct the Terminal 2-4 Connector, and both the Anchor Tenant Agreement and the T2/T3 Lease will obligate Delta to undertake and pursue diligently to completion the Terminal 3 Aircraft Parking Project following completion of the 2010 Expansion Project but in any event not later than December 31, 2017. Upon completion of the Terminal 3 Aircraft Parking Project, the term of Delta's leasehold interest in the Terminal 3 site under the T2/T3 Lease will expire, and Delta will be given "preferential" priority scheduling rights by the Port Authority to use the newly constructed aircraft parking positions on the Terminal 3 site under a separate space permit between it and the Port Authority (the "Terminal 3 Space Permit"). Delta's rights under the Terminal 3 Space Permit will be coterminous with its rights under the Anchor Tenant Agreement (subject to earlier revocation by the Port Authority in certain circumstances described therein). See "JFK IAT AND ITS BUSINESS ARRANGEMENTS – Airline Users – The Anchor Tenant Agreement and Anticipated Delta Operations" above. Under the Lease, the Port Authority will also appoint JFK IAT as its manager for the newly constructed aircraft parking positions on the Terminal 3 site for so long as the Terminal 3 Space Permit and the Anchor Tenant Agreement remain in effect. As manager, JFK IAT will be responsible for scheduling operations for such aircraft parking positions on behalf of the Port Authority, and JFK IAT will be entitled to schedule and allocate usage of such aircraft parking positions for its other Terminal 4 airline tenants and for other airlines serving the Airport (with its other Terminal 4 tenants having priority) when such aircraft parking positions are not reserved for scheduled use by Delta or a Delta Affiliate Carrier in accordance with Delta's "preferential" rights.

The Related T2/T3 Projects are estimated to cost approximately \$290 million, and each Related T2/T3 Project is required to be funded separately by Delta or (to the extent available) from other available financing sources. Further, while important to Delta for the integration of its planned operations at the Airport following completion of the 2010 Expansion Project, JFK IAT believes that none of the Related T2/T3 Projects is functionally required for Terminal 4 to operate independently, although JFK IAT feels that its operations will substantially benefit therefrom. It should also be noted that no interest in Delta's other facilities in Terminal 2 and Terminal 3, or any of the Related T2/T3 Projects, is or will be made available as security for the Series 8 Bonds. The Series 8 Bonds are secured principally by JFK IAT's obligation to pay Facility Rental derived from its management and operation of Terminal 4, including revenues derived by it under the Anchor Tenant Agreement. See "SECURITY AND SOURCES OF PAYMENT – Security for the Terminal 4 Bonds" herein. However, while the planned Related T2/T3 Projects evidence additional associated investment by Delta and reinforce Delta's commitment to relocate a significant portion of its flight operations from Terminal 3 to Terminal 4, no assurance can be given that the Related T2/T3 Projects will be constructed or completed in a timely manner or, even if completed, that they will enhance the demand for Terminal 4 generally since their desirability or the extent of their availability for potential use by other airlines that may operate in Terminal 4 in the future cannot be assured or predicted. See "CERTAIN INVESTMENT CONSIDERATIONS AND RISK FACTORS – Factors Affecting Airline Demand for Terminal 4" and "– Certain Risks with Respect to Airline Concentration and the Anchor Tenant Agreement with Delta" herein.

For further information concerning Delta's current flight activity at the Airport, as well as its planned flight activity from its integrated facilities at the Airport following completion of the 2010 Expansion Project, see "REPORT OF THE AIRPORT CONSULTANT" in Appendix B.

Status and Responsibility for the 2010 Expansion Project

The Anchor Tenant Agreement will establish Delta as the program director for the 2010 Expansion Project, with responsibility for coordinating all design, construction and certain other approvals with JFK IAT and the Port Authority and for serving as the contracting party under all program management, design and construction agreements in connection with the 2010 Expansion Project. The Anchor Tenant Agreement will also establish a construction program management and communications structure between JFK IAT and Delta and provide JFK IAT with certain approval rights relating to the construction program.

Delta has retained ARUP/SOM, a joint venture of Ove Arup & Partners Consulting Engineers PC and Skidmore, Owings and Merrill LLP, to provide architectural and engineering services and AECOM USA, Inc. ("AECOM") to serve as its construction administrator responsible for coordinating the design and construction of the 2010 Expansion Project. Design of the concourse expansion is 100% complete, and design of the headhouse modifications is approximately 60% complete. The Lease requires the Port Authority's approval for the design and construction of any major alterations to Terminal 4, and Delta and JFK IAT are proceeding to obtain such approvals in a timely manner. Delta believes that it possesses all other permits and environmental authorizations necessary to

commence construction of the 2010 Expansion Project, and will continue to apply for additional permits as necessary (which it reasonably expects it will receive in the normal course) during construction. Delta awarded the first construction contract for certain airfield elements of the 2010 Expansion Project in late October 2010, and construction is proceeding on those elements, with other contracts being prepared for bid, or bids for which are under consideration. As of November 10, 2010, certain construction contract bids had been awarded or were under consideration for elements comprising approximately 48% of the total estimated value of the 2010 Expansion Project, all within planned budgeted amounts. Delta expects that the entire 2010 Expansion Project will be completed in mid-2013. Delta and JFK IAT further expect that construction of the 2010 Expansion Project and the Related T2/T3 Projects will not interfere materially with Terminal 4's ongoing use and operations.

Under the Anchor Tenant Agreement, Delta will be required to collaterally assign to JFK IAT all of Delta's right, title and interest in Delta's construction administration agreement with AECOM, as well as any other major construction contract with an aggregate value for work in excess of \$10 million and any other construction contract permitting its assignment and involving the 2010 Expansion Project. The Anchor Tenant Agreement will obligate Delta to pursue fixed price contracts or guaranteed maximum cost contracts obtained through a competitive bidding process for most elements of the 2010 Expansion Project.

Delta expects that the net proceeds of the Series 8 Bonds (together with the grant monies from the U.S. Transportation Security Administration that are expected to fund most of the cost of an in-line baggage security screening and explosive detection system) will be sufficient to pay all design and construction costs for the 2010 Expansion Project. The Anchor Tenant Agreement will provide that Delta will be responsible for any costs of the 2010 Expansion Project in excess of the proceeds of the Series 8 Bonds available to pay such costs, provided that Delta and JFK IAT will first work cooperatively to avoid any cost overruns through consideration of reductions in scope, extensions of delivery dates and other mutually satisfactory actions, and consult with one another in connection with securing possible completion financing on commercially reasonable terms. Additionally, as described above under "JFK IAT AND ITS BUSINESS ARRANGEMENTS – Airline Users – The Anchor Tenant Agreement and Anticipated Delta Operations," Delta will be responsible for paying interim rentals to JFK IAT to support JFK IAT's repayment of JFK IAT's obligations with respect to the Series 8 Bonds if completion of the 2010 Expansion Project does not occur prior to June 1, 2013 (which is the end of the scheduled capitalized interest period with respect to the Series 8 Bonds). In connection with the 2010 Expansion Project, Delta and AECOM each believes that each element of the 2010 Expansion Project (1) can be constructed at or below its estimated cost, (2) can be completed within the estimated construction schedule, (3) contains only technologically-proven elements, and (4) together with the current facilities comprising Terminal 4, will constitute fully-functioning and integrated airport facilities when completed. Construction of the 2010 Expansion Project, nevertheless, involves significant potential risks. See "CERTAIN INVESTMENT CONSIDERATIONS AND RISK FACTORS – Certain Construction-Related Risks" herein.

The diagram on the inside cover page of this Official Statement provides a rendering of Terminal 4 and the surrounding area after completion of the 2010 Expansion Project and the Related T2/T3 Projects.

Potential Future Expansion of Terminal 4

Terminal 4 was originally designed with the potential for future modular expansion, and further expansion of Terminal 4 beyond the 2010 Expansion Project is possible. In particular, the Terminal 4 site can accommodate an extension to Concourse A and further extension to Concourse B in order to provide for additional aircraft contact gates. JFK IAT and Delta have considered possible plans for further expansion of Terminal 4 in order to accommodate potential future increased use of the terminal by Delta and Delta Affiliate Carriers. However, no assurances can be given at this time as to whether any such plans will, or will not, be pursued, or whether expansion of Terminal 4 for other reasons might be pursued. Nevertheless, the Anchor Tenant Agreement will obligate JFK IAT, at Delta's election, to cooperate in good faith with Delta to jointly and diligently pursue further expansion of Terminal 4 for Delta's benefit at anytime prior to 2021. Any such expansion would also then be subject to Port Authority approval, among other conditions. The Anchor Tenant Agreement will also restrict JFK IAT from making any future modification to Terminal 4 that materially adversely affects the operation and use of any portion of Terminal 4 prior to 2021, without Delta's approval.

Potential Future Refurbishments

The Lease will also provide for an independent contractor to conduct a study of the physical condition of Terminal 4 prior to May 13, 2026, with the objective of identifying any maintenance or other capital repairs that are necessary or appropriate for maintaining the requisite level of service at Terminal 4, and its competitive position as a passenger terminal, over the balance of the term of the Lease (collectively, the “Refurbishment Projects”). Subject to sufficient funds being available to JFK IAT, JFK IAT will be obligated to undertake any identified Refurbishment Projects. JFK IAT will also be obligated to cooperate with the Port Authority to secure financing for such Refurbishment Projects, including the possible issuance of additional Terminal 4 Bonds if the requisite tests for their issuance can then be met. Under the Anchor Tenant Agreement, Delta will agree to pay, through additional sublease rentals, the portion of the costs associated with any required Refurbishment Projects that is generally allocable to its subleased space in Terminal 4. See “SUMMARY OF CERTAIN PROVISIONS OF THE ANCHOR TENANT AGREEMENT – 2026 Condition Survey” in [Appendix E](#). While JFK IAT believes that Terminal 4 is currently in good physical condition, no assurance regarding the scope, timing, costs and available financing for any future Refurbishment Projects, or any other future maintenance or capital improvement projects necessary for Terminal 4’s ongoing operations and competitiveness, can be given at this time.

If and when any further expansion or other capital improvements to Terminal 4 are sought for any reason in the future, JFK IAT could seek the issuance of additional Terminal 4 Bonds for such purpose at that time if the requisite conditions for the issuance of additional Terminal 4 Bonds can then be met. See “SECURITY AND SOURCES OF PAYMENT – Security for the Terminal 4 Bonds – Certain JFK IAT Covenants” and “– Parity Obligations.”

REPORT OF THE AIRPORT CONSULTANT

Taking into account the impact of the 2010 Expansion Project (see “THE 2010 EXPANSION PROJECT”), Delta’s commitments under the Anchor Tenant Agreement (see “JFK IAT AND ITS BUSINESS ARRANGEMENTS – Airline Users – The Anchor Tenant Agreement and Anticipated Delta Operations”), and the current and future expected demand for the facilities in Terminal 4, Ricondo & Associates, Inc. (the “Airport Consultant”) has prepared certain projections regarding JFK IAT’s future operating performance. The table entitled “Projected Cash Flow and Debt Service Coverage Calculation” below, taken in part from the Report of the Airport Consultant, included as [Appendix B](#) to this Official Statement, shows JFK IAT’s projected cash flow and debt service coverage on the Series 8 Bonds and the Series 6 Bonds for each fiscal year period from December 31, 2010 through December 31, 2020.

The financial forecasts in the Report of the Airport Consultant are based on certain information and assumptions that were provided by, or reviewed and agreed to by, JFK IAT’s management. In the opinion of the Airport Consultant, these assumptions provide a reasonable basis for the forecasts.

The Report of the Airport Consultant should be read in its entirety regarding all of the assumptions used to prepare the forecasts made therein. No assurances can be given that these or any of the other assumptions contained in the Report of the Airport Consultant will occur. As noted in the Report of the Airport Consultant, any forecast is subject to uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecast and actual results, and those differences may be material.

The forecasted financial information in the following table was not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to forecasted financial information, but, in the view of JFK IAT’s management, was prepared on a reasonable basis to reflect the best currently available estimates and judgments and present, to the best of such management’s knowledge and belief, the expected course of action and the expected future financial performance of JFK IAT. However, this information is not fact and should not be relied upon as necessarily indicative of future results, and readers of this Official Statement are cautioned not to place undue reliance on the forecasted financial information.

Neither JFK IAT's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the forecasted financial information contained herein, nor have they expressed any opinion or any form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the forecasted financial information.

The assumptions and estimates underlying the forecasted financial information are inherently uncertain and, though considered reasonable by the management of JFK IAT as of the date hereof, are subject to a wide variety of significant business, economic, and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the forecasted financial information, including, among others, the risks and uncertainties described under "CERTAIN INVESTMENT CONSIDERATIONS AND RISK FACTORS" below. Accordingly, there can be no assurance that the forecasted results are indicative of the future performance of JFK IAT or that actual results will not be materially higher or lower than those contained in the forecasted financial information. Inclusion of the forecasted financial information in this Official Statement should not be regarded as a representation by any person that the results contained in the forecasted financial information will be achieved.

The PricewaterhouseCoopers LLP report included in Appendix A of this Official Statement refers exclusively to JFK IAT's historical financial information. PricewaterhouseCoopers LLP reports do not cover any other information presented in connection with this offering and should not be read to do so.

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Projected Cash Flow and Debt Service Coverage Calculation

		Projected										
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Revenue												
Delta Air Lines Payment		\$ 31,518,679	\$ 30,268,809	\$ 30,980,767	\$ 93,535,165	\$140,413,438	\$142,853,921	\$145,363,036	\$147,992,005	\$163,054,706	\$165,876,696	\$174,392,246
Passenger Terminal Charges		140,811,945	144,710,554	149,316,762	125,775,852	126,115,863	129,594,887	132,908,755	136,053,687	139,234,501	142,581,659	146,019,754
Exclusive Airline Space Rentals		10,782,169	11,105,634	11,438,803	8,156,746	8,401,449	8,653,492	8,913,097	9,180,490	9,455,905	9,739,582	10,031,769
Other Airline Revenue		6,593,601	6,791,409	6,995,151	5,614,131	5,782,555	5,956,032	6,134,713	6,318,754	6,508,317	6,703,566	6,904,673
Non-Airline Revenue		30,049,277	30,436,342	32,097,064	38,301,857	49,942,293	51,866,864	53,842,187	55,839,873	57,848,287	59,933,954	62,085,813
Total Revenue	[A]	\$219,755,671	\$223,312,747	\$230,828,547	\$271,383,752	\$330,655,599	\$338,925,197	\$347,161,788	\$355,384,810	\$376,101,716	\$384,835,458	\$399,434,256
Less:												
Operating & Maintenance Expenses ^{1/}	[B]	\$ 50,001,642	\$ 52,393,182	\$ 54,907,321	\$ 68,810,656	\$ 76,867,805	\$ 80,536,037	\$ 84,386,857	\$ 88,427,910	\$ 92,668,344	\$ 97,122,657	\$101,801,170
Ground Rental	[C]	17,704,921	18,413,118	19,149,643	19,915,628	20,712,253	21,540,744	22,402,373	23,298,468	24,230,407	25,199,623	26,207,608
Net Revenue	[D]=[A]-[B]-[C]	\$152,049,108	\$152,506,448	\$156,771,584	\$182,657,468	\$233,075,540	\$236,848,416	\$240,372,558	\$243,658,432	\$259,202,965	\$262,513,177	\$271,425,477
Facility Rental ^{2/}												
Series 6 Bonds Gross Debt Service		\$ 77,547,598	\$ 77,519,473	\$ 77,558,848	\$ 77,570,598	\$ 77,539,348	\$ 77,555,910	\$ 77,513,410	\$ 77,495,610	\$ 77,495,000	\$ 77,495,875	\$ 77,482,875
Series 8 Bonds Gross Debt Service ^{3/}		-	-	-	30,023,647	60,047,294	60,047,294	60,047,294	60,047,294	73,987,294	73,988,469	73,987,275
Less:												
Debt Service Reserve Fund Interest ^{4/}		6,239,788	6,239,788	6,239,788	6,979,685	7,719,583	7,719,583	7,719,583	7,719,583	7,719,583	7,719,583	7,719,583
Major Maintenance & Renewal Fund Interest		10,013	19,336	27,397	29,851	33,439	37,390	41,377	45,603	49,335	52,420	55,565
Capital Improvement Reserve Fund Interest		30,040	58,007	82,190	89,554	100,318	112,170	124,130	136,808	148,006	157,261	166,696
Total Facility Rental	[E]	\$ 71,267,756	\$ 71,202,342	\$ 71,209,474	\$100,495,154	\$129,733,302	\$129,734,061	\$129,675,614	\$129,640,911	\$143,565,370	\$143,555,080	\$143,528,306
Reserve Fund Deposits												
O&M Reserve Fund		\$ (33,445)	\$ 143,492	\$ 150,848	\$ 834,200	\$ 483,429	\$ 220,094	\$ 231,049	\$ 242,463	\$ 254,426	\$ 267,259	\$ 280,711
Major Maintenance & Renewal Reserve Fund		2,921	146,582	176,507	314,468	403,114	387,050	410,274	434,890	311,643	305,361	323,682
Capital Improvement Reserve Fund		2,008,768	439,747	529,520	943,405	2,209,342	2,176,151	2,261,046	2,350,348	1,996,292	1,993,366	2,064,490
Total Reserve Fund Deposits	[F]	\$ 1,978,244	\$ 729,822	\$ 856,875	\$ 2,092,074	\$ 3,095,885	\$ 2,783,296	\$ 2,902,368	\$ 3,027,701	\$ 2,562,361	\$ 2,565,986	\$ 2,668,883
Total Subordinate Obligations	[G]	\$ 25,611,028	\$ 26,230,294	\$ 26,966,910	\$ 28,967,539	\$ 30,585,079	\$ 30,370,329	\$ 24,809,825	\$ 24,605,141	\$ 24,758,128	\$ 24,577,552	\$ 24,411,497
Net Remaining Revenue	[H]=[D]-[E]-[F]-[G]	\$ 53,192,080	\$ 54,343,989	\$ 57,738,325	\$ 51,102,702	\$ 69,661,275	\$ 73,960,731	\$ 82,984,750	\$ 86,384,678	\$ 88,317,106	\$ 91,814,560	\$100,816,791
Debt Service Coverage Calculation												
Net Revenue	[D]	\$152,049,108	\$152,506,448	\$156,771,584	\$182,657,468	\$233,075,540	\$236,848,416	\$240,372,558	\$243,658,432	\$259,202,965	\$262,513,177	\$271,425,477
Facility Rental	[E]	71,267,756	71,202,342	71,209,474	100,495,154	129,733,302	129,734,061	129,675,614	129,640,911	143,565,370	143,555,080	143,528,306
Debt Service Coverage Ratio	[I]=[D]/[E]	2.13	2.14	2.20	1.82	1.80	1.83	1.85	1.88	1.81	1.83	1.89

Note:

1/ Operating & Maintenance Expenses do not include taxes, depreciation, and bad debt expense.

2/ Facility Rental reflects the amount due in the bond year ending December 1.

3/ Estimated numbers based on assumptions from the Report of the Airport Consultant. Actual debt service is less.

4/ Reflects a guaranteed investment contract for the Series 6 Account of the Debt Service Reserve Fund and the interest rate assumptions on the Series 8 Account of the Debt Service Reserve Fund provided by the Underwriters.

SOURCES AND USES OF SERIES 8 BOND PROCEEDS

The table below sets forth the estimated sources and uses of Series 8 Bond proceeds in connection with the 2010 Expansion Project.

Sources of Funds:

Principal Amount of the Series 8 Bonds	\$796,280,000.00
Less original issue discount	(4,419,270.85)
	<hr/>
TOTAL SOURCES OF FUNDS	<u>\$791,860,729.15</u>

Uses of Funds:

Deposit to the Series 8 Account in the Construction Fund ⁽¹⁾	\$713,770,173.42
Deposit to the Series 8 Account in the Debt Service Reserve Fund	62,320,025.00
Costs of Issuance ⁽²⁾	15,770,530.73
	<hr/>
TOTAL USES OF FUNDS	<u>\$791,860,729.15</u>

⁽¹⁾ Includes capitalized interest in the amount of \$117,638,712.14, which is estimated to be sufficient to pay interest on the Series 8 Bonds through June 1, 2013.

⁽²⁾ Includes underwriters' discount, legal fees and rating agency fees, Trustee fees, printing costs and other miscellaneous fees and expenses.

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ANNUAL BOND DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service schedule for the Series 6 Bonds and the Series 8 Bonds, following issuance of the Series 8 Bonds:

<u>Year (ending December 31)</u>	<u>Debt Service on Series 6 Bonds</u>	<u>Principal of Series 8 Bonds</u>	<u>Interest on Series 8 Bonds</u>	<u>Total Debt Service</u>
2010	\$ 77,547,598			\$ 77,547,598
2011	77,519,473		\$ 46,664,469	124,183,942
2012	77,558,848		47,725,025	125,283,873
2013	77,570,598		47,725,025	125,295,623
2014	77,539,348		47,725,025	125,264,373
2015	77,555,910		47,725,025	125,280,935
2016	77,513,410		47,725,025	125,238,435
2017	77,495,610		47,725,025	125,220,635
2018	77,495,000	\$ 14,595,000	47,725,025	139,815,025
2019	77,495,875	15,320,000	46,995,275	139,811,150
2020	77,482,875	16,090,000	46,229,275	139,802,150
2021	77,447,375	16,890,000	45,424,775	139,762,150
2022	77,530,750	17,990,000	44,326,925	139,847,675
2023	77,515,750	19,160,000	43,157,575	139,833,325
2024	77,496,625	20,405,000	41,912,175	139,813,800
2025	77,461,875	21,730,000	40,585,850	139,777,725
2026		23,145,000	39,173,400	62,318,400
2027		24,650,000	37,668,975	62,318,975
2028		26,250,000	36,066,725	62,316,725
2029		27,955,000	34,360,475	62,315,475
2030		29,495,000	32,822,950	62,317,950
2031		31,115,000	31,200,725	62,315,725
2032		32,830,000	29,489,400	62,319,400
2033		34,800,000	27,519,600	62,319,600
2034		36,885,000	25,431,600	62,316,600
2035		39,100,000	23,218,500	62,318,500
2036		41,445,000	20,872,500	62,317,500
2037		43,930,000	18,385,800	62,315,800
2038		46,565,000	15,750,000	62,315,000
2039		49,360,000	12,956,100	62,316,100
2040		52,325,000	9,994,500	62,319,500
2041		55,460,000	6,855,000	62,315,000
2042		58,790,000	3,527,400	62,317,400
 TOTAL	 \$ 1,240,226,920	 \$ 796,280,000	 \$ 1,094,665,144	 \$ 3,131,172,064

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DESCRIPTION OF THE SERIES 8 BONDS

The Series 8 Bonds will be dated their date of delivery, shall mature and bear interest as set forth on the inside cover of this Official Statement, and shall be subject to prior redemption as set forth under “– Redemption of Series 8 Bonds” below. Under the Trust Administration Agreement, the Trustee has established certain accounts in certain funds for the Series 8 Bonds. For a description of the funds and accounts, see “SECURITY AND SOURCES OF PAYMENT – Funds and Accounts” below and “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT – Funds and Accounts” in Appendix C-4.

Denominations, Registration and Exchange

The Series 8 Bonds shall be in fully registered form, registered as to both principal and interest and not as to either alone, and shall be transferable by each registered holder of the Series 8 Bonds only upon the books kept by the Trustee, in its capacity as registrar, or such other registrar appointed for that purpose by the Port Authority (in either case, the “Registrar”), all in accordance with the provisions of the Series 8 and 9 Resolution. The registered holder of a Series 8 Bond, upon application to the Registrar, may exchange such Series 8 Bond in accordance with the provisions of the Series 8 and 9 Resolution for an equal aggregate principal amount of Series 8 Bonds of like tenor of any other authorized denominations. All costs incurred by the Port Authority in connection with the registration, authentication (if any), registration of transfer, cancellation, exchange and delivery of Series 8 Bonds, including such fees as may be imposed by the Registrar for such services performed by the Registrar, shall be borne by JFK IAT, except to the extent set forth in the Series 8 and 9 Resolution with respect to mutilated, lost or destroyed Series 8 Bonds.

During the period in which a book-entry system is applicable to the Series 8 Bonds, the sole registered holder of the Series 8 Bonds shall be the qualified securities depository selected by the Port Authority with respect to the book-entry system applicable to the Series 8 Bonds (the “Depository”) (see “– Delivery” below) or its nominee and, unless otherwise determined by the Port Authority, the only authorized denominations for the Series 8 Bonds shall be the aggregate principal amount of each maturity of the Series 8 Bonds, as such aggregate principal amount may be reduced from time to time prior to the final maturity of such Series 8 Bonds in connection with redemptions or retirements with respect to such maturity of Series 8 Bonds. During such period, the Series 8 Bonds shall be available for purchase only by means of purchases of beneficial interests in the Series 8 Bonds, which will be made in book-entry form only. The only authorized denominations for beneficial ownership interests in the Series 8 Bonds shall be \$5,000 and integral multiples of \$5,000 in excess thereof.

The book-entry system applicable to the Series 8 Bonds with the Depository may be discontinued by either the Depository or the Port Authority. In the event the book-entry system with an existing Depository is discontinued and the Port Authority selects a qualified securities depository to become the successor Depository, the Registrar will register and deliver a replacement bond for each maturity of the Series 8 Bonds, fully registered in the name of such depository or its nominee, of like tenor of such Series 8 Bonds then outstanding, in accordance with instructions to be given by the Depository to be replaced or its nominee, as registered holder of the Series 8 Bonds. In the event the book-entry system with an existing Depository is discontinued and the Port Authority does not select another qualified securities depository to become the successor Depository, the Registrar will register and deliver replacement bonds of like tenor of the Series 8 Bonds then outstanding in the form of fully registered Series 8 Bonds, in authorized denominations of \$5,000 and integral multiples of \$5,000 in excess thereof, in each case in accordance with instructions to be given upon termination of the book-entry system applicable to the Series 8 Bonds by the Depository that had maintained such system or its nominee, as registered holder of the Series 8 Bonds. In such event and thereafter, JFK IAT shall bear the costs incurred by the Port Authority in connection with the registration, authentication, registration of transfer, cancellation, exchange and delivery of the Series 8 Bonds, including such fees as may be imposed by the Registrar for such services performed by the Registrar.

Payment of Principal

The principal or redemption price of the Series 8 Bonds shall be payable on the applicable maturity or redemption dates in lawful money of the United States of America upon presentation and surrender of the affected Series 8 Bonds by the registered holders thereof at the principal corporate trust office of the Trustee, in

its capacity as paying agent (the “Paying Agent”), or at the office or offices designated by the Port Authority of such other Paying Agent or Paying Agents appointed for that purpose by the Port Authority in a county that is in whole or in part in the Port District. During the period in which the Depository or its nominee is the sole registered holder of the Series 8 Bonds, payments with respect to principal or redemption price of the Series 8 Bonds shall be made to the Depository or its nominee, as sole registered holder of the Series 8 Bonds, pursuant to arrangements with respect thereto between the Port Authority, the Trustee and the Depository or its nominee. Disbursal of such payments to the Depository’s participants is the responsibility of the Depository, and disbursal of such payments to the individual purchasers of beneficial ownership interests in the Series 8 Bonds is the responsibility of the Depository’s participants.

Payment of Interest

The Series 8 Bonds will bear interest from the date as of which such Bonds are dated until maturity or prior redemption, payable semiannually on December 1 and June 1 of each year (each an “Interest Payment Date”), commencing on June 1, 2011. Interest on the Series 8 Bonds will be computed on the basis of a 30-day month and a 360-day year.

Interest on the Series 8 Bonds shall be payable when due, in lawful money of the United States of America, to the registered holder thereof determined at the close of business on the relevant Record Date (as defined below) (a) by check drawn on the Paying Agent or Paying Agents appointed for that purpose by the Port Authority and mailed by such Paying Agent or Paying Agents on the Interest Payment Date to said registered holder or (b) by wire transfer drawn on such Paying Agent or Paying Agents on the Interest Payment Date to any said registered holder holding at least \$1,000,000 in aggregate principal amount of Series 8 Bonds, upon written notice provided by such holder to the Trustee not later than 15 days prior to the Record Date for such Interest Payment Date; except that if and to the extent there shall be a default in the payment of the interest due on any Interest Payment Date, the defaulted interest shall be paid to the holders in whose names such Series 8 Bonds are registered at the close of business on the fifth business day next preceding the date of payment of the defaulted interest. The “Record Date” for any Interest Payment Date for the Series 8 Bonds is the 15th day of the month (whether or not a business day) next preceding such Interest Payment Date.

Interest payments made by check shall be mailed to each registered holder at such holder’s address as it appears on the registration books of the Registrar appointed for that purpose by the Port Authority on the applicable Record Date or at such other address as such holder may have filed with the Registrar for that purpose. Wire transfer payments of interest shall be made at such wire transfer address as the registered holder shall specify in such holder’s notice requesting payment by wire transfer.

Subject to the foregoing provisions, each Series 8 Bond delivered upon registration of, transfer of or exchange for or in lieu of any other Series 8 Bond shall carry the rights to interest accrued and unpaid, and to accrue, that were carried by such other Series 8 Bond. During the period in which the Depository or its nominee is the sole registered holder of the Series 8 Bonds, payments with respect to interest on the Series 8 Bonds shall be made to the Depository or its nominee, as sole registered holder of the Series 8 Bonds, pursuant to arrangements with respect thereto between the Port Authority, the Trustee and the Depository or its nominee. Disbursal of such payments to the Depository’s participants is the responsibility of the Depository, and disbursal of such payments to the individual purchasers of beneficial ownership interests in the Series 8 Bonds is the responsibility of the Depository’s participants.

Redemption of Series 8 Bonds

The Series 8 Bonds are subject to redemption prior to maturity by optional redemption, mandatory sinking fund redemption, and extraordinary mandatory redemption, as described below.

Optional Redemption

The Series 8 Bonds maturing on December 1, 2020 are not subject to optional redemption.

The Series 8 Bonds maturing on December 1, 2028 shall be subject to optional redemption on or after December 1, 2015 but prior to maturity, at par, plus accrued interest to the redemption date, at the option of the Port Authority (which option shall be exercised promptly and only upon the giving of written notice by JFK IAT to the Port Authority and the Trustee of the principal amount of Series 8 Bonds requested to be redeemed and the date of such redemption, such notice to acknowledge JFK IAT's obligation to pay Facility Rental before such redemption date in an amount, together with any other monies that may be available therefor in the applicable Series 8 Accounts in the Bond Fund, equal to the redemption price of the Series 8 Bonds being redeemed, together with interest accrued thereon to the redemption date), in whole or in part at any time (but if in part, in such order of maturity as JFK IAT shall determine and in a principal amount that is \$5,000 or an integral multiple of \$5,000).

The Series 8 Bonds maturing on December 1, 2031, December 1, 2036, and December 1, 2042 shall be subject to optional redemption on or after December 1, 2020 but prior to maturity, at par, plus accrued interest to the redemption date, at the option of the Port Authority (which option shall be exercised promptly and only upon the giving of written notice by JFK IAT to the Port Authority and the Trustee of the principal amount of Series 8 Bonds requested to be redeemed and the date of such redemption, such notice to acknowledge JFK IAT's obligation to pay Facility Rental before such redemption date in an amount, together with any other monies that may be available therefor in the applicable Series 8 Accounts in the Bond Fund, equal to the redemption price of the Series 8 Bonds being redeemed, together with interest accrued thereon to the redemption date), in whole or in part at any time (but if in part, in such order of maturity as JFK IAT shall determine and in a principal amount that is \$5,000 or an integral multiple of \$5,000).

The Port Authority's obligation with respect to the optional redemption described above shall be subject to the provision of sufficient monies by JFK IAT to accomplish such redemption, and shall be limited solely to the monies so provided by JFK IAT and deposited into the applicable Series 8 Accounts in the Bond Fund.

Mandatory Sinking Fund Redemption

The Series 8 Bonds maturing on December 1, 2020, are subject to mandatory sinking fund redemption by the Port Authority on each December 1 prior to maturity, beginning December 1, 2018, in the respective principal amounts set forth below for such years, at a redemption price equal to 100% of the principal amount of such Series 8 Bonds called for redemption plus accrued interest to the redemption date:

Redemption Date (December 1,)	Principal Amount to be Redeemed
2018	\$14,595,000
2019	\$15,320,000
2020*	\$16,090,000

*Final maturity.

The Series 8 Bonds maturing on December 1, 2028, are subject to mandatory sinking fund redemption by the Port Authority on each December 1 prior to maturity, beginning December 1, 2021, in the respective principal amounts set forth below for such years, at a redemption price equal to 100% of the principal amount of such Series 8 Bonds called for redemption plus accrued interest to the redemption date:

Redemption Date (December 1,)	Principal Amount to be Redeemed
2021	\$16,890,000
2022	\$17,990,000
2023	\$19,160,000
2024	\$20,405,000
2025	\$21,730,000
2026	\$23,145,000
2027	\$24,650,000
2028*	\$26,250,000

*Final maturity.

The Series 8 Bonds maturing on December 1, 2031, are subject to mandatory sinking fund redemption by the Port Authority on each December 1 prior to maturity, beginning December 1, 2029, in the respective principal amounts set forth below for such years, at a redemption price equal to 100% of the principal amount of such Series 8 Bonds called for redemption plus accrued interest to the redemption date:

Redemption Date (December 1,)	Principal Amount to be Redeemed
2029	\$27,955,000
2030	\$29,495,000
2031*	\$31,115,000

*Final maturity.

The Series 8 Bonds maturing on December 1, 2036, are subject to mandatory sinking fund redemption by the Port Authority on each December 1 prior to maturity, beginning December 1, 2032, in the respective principal amounts set forth below for such years, at a redemption price equal to 100% of the principal amount of such Series 8 Bonds called for redemption plus accrued interest to the redemption date:

Redemption Date (December 1,)	Principal Amount to be Redeemed
2032	\$32,830,000
2033	\$34,800,000
2034	\$36,885,000
2035	\$39,100,000
2036*	\$41,445,000

*Final maturity.

The Series 8 Bonds maturing on December 1, 2042, are subject to mandatory sinking fund redemption by the Port Authority on each December 1 prior to maturity, beginning December 1, 2037, in the respective principal amounts set forth below for such years, at a redemption price equal to 100% of the principal amount of such Series 8 Bonds called for redemption plus accrued interest to the redemption date:

Redemption Date (December 1,)	Principal Amount to be Redeemed
2037	\$43,930,000
2038	\$46,565,000
2039	\$49,360,000
2040	\$52,325,000
2041	\$55,460,000
2042*	\$58,790,000

*Final maturity.

The Port Authority's obligation with respect to the mandatory sinking fund redemption of any Series 8 Bonds shall be subject to the provision of sufficient monies by JFK IAT to accomplish such redemption, and shall be limited solely to the monies so provided by JFK IAT and deposited into the applicable Series 8 Accounts within the Bond Fund for such purposes.

With respect to the Series 8 Bonds maturing on December 1, 2020, December 1, 2028, December 1, 2031, December 1, 2036, and December 1, 2042, all mandatory sinking fund redemption requirements applicable to each of such Series 8 Bonds shall be satisfied as to such Series 8 Bonds when such Series 8 Bonds have been deemed to be paid under the Series 8 and 9 Resolution.

Extraordinary Mandatory Redemption

The Series 8 Bonds shall be subject to extraordinary mandatory redemption at any time prior to maturity in whole or in part as set forth below, at a redemption price equal to 100% of the principal amount of the Series 8 Bonds then outstanding plus accrued interest to the redemption date, upon the occurrence of any one or more of the following events:

(1) in whole, if the Lease expires or terminates (see "SUMMARY OF CERTAIN PROVISIONS OF THE LEASE – Termination by the Port Authority" and "– Termination by the Lessee" in Appendix D-1 and "SUMMARY OF CERTAIN PROVISIONS OF LEASE SUPPLEMENT NO. 5 – Termination by the Port Authority" in Appendix D-3 for a description of termination events under the Lease); provided that an assignment of the Lease to a QTO pursuant to the Lease Assignment will not be deemed to be a termination of the Lease; or

(2) in whole, if the Trustee delivers a notice to the Port Authority and JFK IAT declaring the principal of and interest on the Series 8 Bonds to be immediately due and payable upon an acceleration as further described under the caption "SECURITY AND SOURCES OF PAYMENT – Port Authority Financing Consent and Agreement," below (see also "SECURITY AND SOURCES OF PAYMENT – Trustee Remedies in Connection with the Lease and the Leasehold Mortgage – Trigger Events" for a description of acceleration events that could give rise to extraordinary mandatory redemption), unless the Trustee has rescinded and annulled such declaration as further described under the caption "SECURITY AND SOURCES OF PAYMENT – Port Authority Financing Consent and Agreement," below; or

(3) in whole or in part (and if in part, in such order of maturity as JFK IAT shall determine), if the Trustee receives proceeds of condemnation deposited pursuant to the Lease in the Series

8 Redemption Account of the Bond Fund. See “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE – Condemnation” in Appendix D-1 for a description of the use of condemnation proceeds.

The Port Authority’s obligation with respect to such extraordinary mandatory redemption of the Series 8 Bonds shall be subject to the provision of sufficient monies by JFK IAT to accomplish such redemption and shall be limited solely to the monies so provided by JFK IAT and deposited in the applicable accounts pertaining to the Series 8 Bonds in the Bond Fund for such purposes.

Certain General Provisions

In the event of an optional redemption of any portion of the Series 8 Bonds, the mandatory sinking fund redemption requirement, if applicable, for such Series 8 Bonds as of the date of such optional redemption shall be reduced in such order as JFK IAT shall direct the Trustee in an amount equal to the principal amount of such Series 8 Bonds so redeemed.

The Port Authority shall receive a credit for the Series 8 Bonds that have been delivered by the Port Authority or JFK IAT to the Trustee on or before the 45th day next preceding any redemption date for such Series 8 Bonds and that are cancelled by the Trustee and not theretofore applied as a credit against any mandatory sinking fund redemption requirement for such Series 8 Bonds. In addition, JFK IAT may direct the Trustee to purchase Series 8 Bonds, and the Trustee shall negotiate or arrange for such purchase in such manner as directed by JFK IAT, not less than 45 days prior to a redemption date for such Series 8 Bonds, from amounts on deposit in the “Series 8 Redemption Account” of the Bond Fund, with payment of accrued interest made out of monies on deposit in the “Series 8 Interest Account” of the Bond Fund or amounts paid by JFK IAT in connection therewith; provided that the purchase price of such Series 8 Bonds shall not exceed 100% of the principal amount thereof. Series 8 Bonds so purchased shall be cancelled by the Trustee and credited against the next mandatory sinking fund redemption requirement for such Series 8 Bonds. Each Series 8 Bond so delivered (or purchased) shall be credited by the Trustee at 100% of the principal amount thereof against the obligation of the Port Authority on such redemption date; any excess over such amount shall be credited against future mandatory sinking fund redemption requirements for such Series 8 Bonds in chronological order; and the principal amount of such Series 8 Bonds to be redeemed by application of the mandatory sinking fund redemption requirement shall be accordingly reduced.

Notice of Redemption

Notice of intention to redeem any of the Series 8 Bonds, except a redemption described under the heading “– Redemption of Series 8 Bonds – Extraordinary Mandatory Redemption” above, shall be given by the Port Authority not less than 30 nor more than 45 days prior to the date fixed for redemption, to the holders of the Series 8 Bonds to be called for redemption, by deposit of a copy of such notice, postage prepaid by first class mail, certified or registered, in a United States Post Office addressed to such holders at their last known addresses as appearing upon the books for the registration of the Series 8 Bonds kept pursuant to the Series 8 and 9 Resolution. Notice of the mailing of such notice of intention to redeem Series 8 Bonds shall also be published by the Port Authority in a daily newspaper of general circulation in the Port District not less than 30 nor more than 45 days prior to the date fixed for redemption; provided, however, that failure to give such notice by publication, or any defect therein, shall not affect the validity of any action with respect to the redemption of such Series 8 Bonds. Notice of intention to redeem any Series 8 Bonds shall not be required in connection with an extraordinary mandatory redemption.

During the period in which the Depository or its nominee is the sole registered holder of the Series 8 Bonds, any notice of redemption to be provided by the Port Authority to any of the registered holders of the Series 8 Bonds as set forth above shall be provided solely by mail to the Depository or its nominee, as sole registered holder of the Series 8 Bonds, pursuant to arrangements with respect thereto between the Port Authority and the Depository or its nominee, without requirement of publication of any notice; provision of any such notice to the Depository’s participants is solely the responsibility of the Depository and provision of any such notice to the individual purchasers of beneficial ownership interests in the Series 8 Bonds is solely the responsibility of the Depository’s participants.

Payment of Redemption Price; Effect of Redemption

Before the date fixed for redemption specified in the Port Authority's notice of intention to redeem, the Port Authority will cause to be paid to the Paying Agent (or Paying Agents), subject to receipt by the Trustee from JFK IAT of the same, an amount in cash which, together with other funds then available therefor in the Series 8 Accounts within the Bond Fund, is in the aggregate sufficient to redeem all of the outstanding Series 8 Bonds that are to be redeemed, at the respective redemption price thereof, which in each case shall include the accrued interest until the date fixed for redemption and the premium (if any), such principal amount and premium (if any) to be held by the Paying Agent (or Paying Agents) in trust for the account of the holders of the Series 8 Bonds so called for redemption and to be paid to such holders respectively upon presentation and surrender of such Series 8 Bonds with accrued interest included in such redemption price to be paid to the holders in accordance with the provisions of the Series 8 and 9 Resolution. On and after the date fixed for redemption, the notice of intention to redeem having been completed as described above, the Series 8 Bonds so called shall become due and payable at the office of the Paying Agent (or Paying Agents) designated by the Port Authority, and if funds sufficient for payment of the redemption price shall have been deposited with the Paying Agent (or Paying Agents) in trust as aforesaid and if such funds shall be available for the redemption of such Series 8 Bonds so called on and after the date fixed for their redemption, then and in any event, interest shall cease to accrue on the Series 8 Bonds so called on and after the date fixed for their redemption, and such Series 8 Bonds shall not be entitled to the benefit or security of the Special Project Bond Resolution, the Series 8 and 9 Resolution, the Trust Indenture, the Leasehold Mortgage, the Trust Administration Agreement, the Guaranty or the other Terminal 4 Bond financing documents, but shall rely solely upon the funds so deposited.

Selection of Series 8 Bonds for Redemption

In the event less than all of the Series 8 Bonds are to be redeemed (other than through a mandatory sinking fund redemption), (a) JFK IAT may direct the Trustee to redeem particular maturities of Series 8 Bonds, (b) JFK IAT may designate the amount (which shall be an integral multiple of \$5,000) of each applicable maturity of Series 8 Bonds that shall be so redeemed, and (c) with respect to any maturity of Series 8 Bonds that is subject to mandatory sinking fund redemption, JFK IAT may designate the amount (which shall be an integral multiple of \$5,000) that shall be applied as a credit against any mandatory sinking fund redemption requirement.

If less than all of the Series 8 Bonds constituting a particular maturity are to be called for redemption, the Series 8 Bonds of such maturity so to be called shall be determined by lot by the Port Authority or the Registrar, in such manner and by such entity as the Port Authority may elect, or by such other system or method as the Port Authority may determine.

Partial Redemption of Series 8 Bonds

In the case of Series 8 Bonds of denominations greater than the minimum authorized denomination, for all purposes in connection with redemption, each unit of face value representing the minimum authorized denomination shall be treated as though it were a separate bond of the minimum authorized denomination and the word "bond" as used in this sentence shall be deemed to refer to such unit of face value representing the minimum authorized denomination. If it is determined as described above that one or more but not all of the units of face value representing the minimum denomination of any Series 8 Bond are to be called for redemption, the Series 8 and 9 Resolution requires that, upon notice of intention to redeem such unit or units, the holder of such Series 8 Bond shall forthwith present such Series 8 Bond to the Registrar, which shall issue a new Series 8 Bond or Series 8 Bonds of like tenor of smaller authorized denominations but of the same aggregate principal amount in exchange for such Series 8 Bond, including a new bond or bonds with the aggregate principal amount of the unit or units of face value called for redemption; and such new Series 8 Bond or Series 8 Bonds shall be deemed to be duly called for redemption without further notice to the holder thereof. If the holder of such Series 8 Bond of a denomination greater than the minimum authorized denomination shall fail to present such Series 8 Bond to the Registrar for the issuance of a new Series 8 Bond or Series 8 Bonds of smaller denominations in exchange therefor, such Series 8 Bond shall nevertheless become due and payable on the date fixed for redemption to the extent of the unit or units of face value called for redemption (and to that extent only); and (funds sufficient for the payment of the redemption price having been deposited with the Paying Agent (or Paying Agents) and being available on the date fixed for redemption) interest shall cease to accrue on the portion of the principal amount of such Series 8 Bond represented

by such unit or units of face value on and after the date fixed for redemption and such Series 8 Bond shall not be entitled to the benefit or security of the Series 8 and 9 Resolution, the Special Project Bond Resolution, the Trust Indenture, the Leasehold Mortgage, the Trust Administration Agreement, the Guaranty or the other Terminal 4 Bond financing documents, to the extent of the portion of its principal amount (and accrued interest thereon until the date fixed for redemption and premium, if any) represented by such unit or units of face value, but to that extent shall rely solely upon the funds so deposited.

Payment Dates

If the date for payment of debt service or the date fixed for maturity or the redemption date of any of the Series 8 Bonds shall not be a business day as provided under the Series 8 and 9 Resolution, then such payment or redemption may be made on the next succeeding business day as provided under the Series 8 and 9 Resolution, with the same force and effect as if done on the nominal date provided.

Delivery

The Series 8 Bonds are to be available for delivery upon original issuance on or about the date set forth on the front cover of this Official Statement. All proceedings pertaining to, and the issuance of, the Series 8 Bonds are subject to the sole unqualified approving legal opinion of Darrell Buchbinder, Esq., General Counsel of the Port Authority. In connection with the delivery upon original issuance of the Series 8 Bonds by the Port Authority, General Counsel of the Port Authority will render a legal opinion on such date relating to the Series 8 Bonds, substantially in the form set forth at "FORM OF LEGAL OPINION OF GENERAL COUNSEL OF THE PORT AUTHORITY" in Appendix H hereto.

The Series 8 Bonds are to be delivered upon original issuance as one fully registered bond for each maturity of the Series 8 Bonds in the aggregate principal amount of such maturity, registered in the name of a qualified securities depository or its nominee as the sole registered holder of the Series 8 Bonds. Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), will be the sole registered holder of the Series 8 Bonds at delivery upon original issuance. At the time of such delivery, the Series 8 Bonds are to be deposited with DTC and DTC, together with any other Depository, will be an automated depository for securities and a clearinghouse for securities transactions and will be responsible for maintaining a book-entry system for recording the ownership interests in the Series 8 Bonds of its participants, and the transfers of such interests among its participants. The participants of the Depository will generally include certain banks, trust companies and securities dealers, and such participants will be responsible for maintaining records with respect to the beneficial ownership interests of individual purchasers in the Series 8 Bonds. Individual purchases of beneficial ownership interests in the Series 8 Bonds may only be made through book entries (without certificates issued by the Port Authority) made on the books and records of the Depository and its participants in denominations of \$5,000 and integral multiples of \$5,000 in excess thereof. DTC fees in connection with a book-entry system are generally borne by DTC participants.

For information regarding DTC and its book-entry-only system, see Appendix F hereto.

None of the Port Authority, the Paying Agent, the Registrar, JFK IAT or the Trustee will have any responsibility or obligation to the Participants (as defined in Appendix F) or the Beneficial Owners (as defined in Appendix F) with respect to: (1) the accuracy of any records maintained by DTC, Cede & Co. or any Participant; (2) the payment by DTC or any Participant of any amount due to any Beneficial Owner in respect of the principal amount, sinking fund payment for, redemption price of or interest on the Series 8 Bonds; (3) the delivery by DTC or any Participant of any notice to any Beneficial Owner that is required or permitted under the terms of the Terminal 4 Bond financing documents to be given to holders of Series 8 Bonds, including any notice of redemption; (4) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 8 Bonds; or (5) any consent given or other action taken by Cede & Co. as holder of Series 8 Bonds; or (6) the requirements and procedures of DTC or any Participant for the registration or transfer of interests in the Series 8 Bonds. No assurances can be provided that, in the event of bankruptcy or insolvency of DTC, a Direct Participant (as defined in Appendix F) or an Indirect Participant (as defined in Appendix F) through which a Beneficial Owner holds interests in the Series 8 Bonds, payment will be made by DTC, the Direct Participant or the Indirect Participant on a timely basis.

SO LONG AS CEDE & CO. IS THE REGISTERED HOLDER OF THE SERIES 8 BONDS, AS NOMINEE OF DTC, REFERENCES IN THIS OFFICIAL STATEMENT TO THE HOLDERS OF SERIES 8 BONDS OR REGISTERED HOLDERS OF THE SERIES 8 BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 8 BONDS.

SECURITY AND SOURCES OF PAYMENT

The Special Project Bond Resolution authorizes and establishes an issue of special limited obligations of the Port Authority to be known as “Special Project Bonds” (as previously defined under the caption “INTRODUCTORY STATEMENT – Authorization for the Series 8 Bonds,” above), which may be issued in one or more series and on behalf of one or more lessees, provided that the Special Project Bonds of each particular series may be issued only for the purpose of financing a single project for any lessee or for the purpose of refunding all or any part of a prior series of Special Project Bonds, or a combination of such purposes. Each series of Special Project Bonds is to be issued under a special project bond series resolution and may be issued in one or more maturities as the Port Authority may determine. See “SUMMARY OF CERTAIN PROVISIONS OF THE SPECIAL PROJECT BOND RESOLUTION” in Appendix C-1. The Series 8 Bonds constitute a separate series of Special Project Bonds being issued by the Port Authority pursuant to the Special Project Bond Resolution and the Series 8 and 9 Resolution. The Port Authority has previously issued Special Project Bonds, known as “Series 6 Bonds” (as previously defined under the caption “INTRODUCTORY STATEMENT – Overview of Purpose of Financing,” above) pursuant to the Series 6 Resolution, proceeds of which were used to construct the existing Terminal 4. \$761,590,000 aggregate principal amount of the Series 6 Bonds were outstanding as of December 1, 2010. The Series 6 Bonds, the Series 8 Bonds and any additional series of Special Project Bonds issued by the Port Authority on behalf of JFK IAT in connection with Terminal 4 are herein referred to as the “Terminal 4 Bonds” (as previously defined under the caption “INTRODUCTORY STATEMENT – Security and Sources of Payment,” above).

The Series 8 Bonds and all other Terminal 4 Bonds are special limited obligations of the Port Authority. Neither the full faith and credit of the Port Authority nor any of its assets or reserve funds (other than the Trust Estate) are pledged or shall be deemed to be pledged by the Port Authority in any manner whatsoever for the payment of debt service or for the fulfillment of any obligation that the Port Authority has assumed or may hereafter assume to or for the benefit of the holders of the Terminal 4 Bonds. The Terminal 4 Bonds are not obligations of either of the States of New York or New Jersey or of any municipality or subdivision of either of them and are not guaranteed by such States or any of their municipalities or subdivisions.

JFK IAT’s obligations under the Lease, the Guaranty and the Trust Administration Agreement are obligations solely of JFK IAT and are not the obligations of Delta or any other tenant or any affiliate of JFK IAT. JFK IAT is a single purpose entity with no assets other than its leasehold interest in Terminal 4, and other assets and contracts generally related to Terminal 4. None of the affiliates of JFK IAT has guaranteed the payment of the Terminal 4 Bonds.

Pledge and Assignment of Facility Rental Payments

Under the Lease, JFK IAT is absolutely and unconditionally required to pay Facility Rental directly to the Trustee, as assignee of the Port Authority, in an amount, together with any other monies that may be available therefor in the Bond Fund, sufficient to pay when due debt service (consisting of the principal, premium, if any, and interest) on any Terminal 4 Bonds issued by the Port Authority in connection with the construction, expansion or renovation of Terminal 4. JFK IAT expects to pay Facility Rental from its available Revenues derived through its operation of the Terminal 4 facilities. The Port Authority has pledged and assigned to the Trustee all of its right, title and interest in and to Facility Rental (which includes accelerated Facility Rental, if applicable). See “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE – Additional Rental Obligations” in Appendix D-1 and “SUMMARY OF CERTAIN PROVISIONS OF LEASE SUPPLEMENT NO. 5” in Appendix D-3 for a description of such payments.

If the Lease expires or is terminated by the Port Authority or JFK IAT (see “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE – Termination by the Port Authority” and “– Termination by the

Lessee” in Appendix D-1 and “SUMMARY OF CERTAIN PROVISIONS OF LEASE SUPPLEMENT NO. 5 – Termination by the Port Authority” in Appendix D-3 for a description of circumstances under which the Lease may be terminated), then Facility Rental with respect to all Terminal 4 Bonds will be accelerated, and JFK IAT, instead of paying such Facility Rental, will be required to pay accelerated Facility Rental in an aggregate amount sufficient (together with any other monies available therefor in the Bond Fund, the Construction Fund (to the extent not disbursed or otherwise disbursable pursuant to the Lease) and the Debt Service Reserve Fund) to retire all of the outstanding Terminal 4 Bonds, including, among other things, accrued and unpaid interest and redemption premium(s), if any. Similarly, if the Terminal 4 Bonds are accelerated by the Trustee pursuant to the Trust Indenture and the Amended and Restated Port Authority Financing Consent and Agreement by and among the Port Authority, JFK IAT, the Trustee and the Series 6 Bond Insurer in connection with the issuance of the Series 8 Bonds, as may be further amended and supplemented (the “Port Authority Financing Consent and Agreement”) (see “– Port Authority Financing Consent and Agreement” below and “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE – Project Financing” in Appendix D-1 for a description of circumstances under which the Terminal 4 Bonds may be accelerated), then Facility Rental with respect to all of the outstanding Terminal 4 Bonds will be accelerated, and JFK IAT, instead of paying Facility Rental, will be required to pay accelerated Facility Rental in an aggregate amount sufficient (together with any other monies available therefor in the Bond Fund, the Construction Fund (to the extent not disbursed or otherwise disbursable pursuant to the Lease) and the Debt Service Reserve Fund) to retire the outstanding Terminal 4 Bonds, including, among other things, accrued and unpaid interest and redemption premium(s), if any.

If the Trustee rescinds a declaration of acceleration of the Terminal 4 Bonds pursuant to the Port Authority Financing Consent and Agreement (see “– Port Authority Financing Consent and Agreement,” below, for a description of when a declaration of acceleration may be rescinded), any acceleration of Facility Rental is deemed rescinded as well. See “– Trustee Remedies in Connection with the Lease and the Leasehold Mortgage – Trustee Rights Concerning Facility Rental” below. For a discussion of the limited sources of monies available to pay Facility Rental and accelerated Facility Rental, see “CERTAIN INVESTMENT CONSIDERATIONS AND RISK FACTORS – Limited Collateral; Non-Recourse Obligations.”

In addition to Facility Rental, the Lease requires JFK IAT to make, under certain circumstances, additional rental payments and other payments to the Port Authority. See “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE” in Appendix D-1 and “SUMMARY OF CERTAIN PROVISIONS OF LEASE SUPPLEMENT NO. 5” in Appendix D-3 for a description of such payments.

Security for the Terminal 4 Bonds

Trust Estate and Other Security Documents

With respect to the Terminal 4 Bonds, the Port Authority has pledged and assigned to the Trustee (subject only to the provisions of the Lease and the Terminal 4 Bond financing documents) all of its right, title and interest in and to (i) JFK IAT’s Facility Rental payments payable by JFK IAT under the Lease (including any accelerations thereof), (ii) all amounts on deposit from time to time in certain funds (and certain accounts therein) established pursuant to the Series 6 Resolution and continued under the Series 8 and 9 Resolution including: the Construction Fund (to the extent not disbursed or otherwise disbursable as provided in the Lease), the Bond Fund, and the Debt Service Reserve Fund (each as previously defined under the caption “INTRODUCTORY STATEMENT – Security and Sources of Payment,” above), and referred to collectively as the “Trust Estate Funds” (as previously defined under the caption “INTRODUCTORY STATEMENT – Security and Sources of Payment,” above), (iii) all of its right, title and interest to JFK IAT’s personal property at Terminal 4 pledged, assigned, transferred, conveyed and granted to the Port Authority under the Personal Property Security Interest, dated as of May 13, 1997, between JFK IAT and the Port Authority, as amended and supplemented (the “Personal Property Security Interest,” as previously defined under the caption “INTRODUCTORY STATEMENT – Security and Sources of Payment,” above), and (iv) any other assets of JFK IAT in which the Port Authority has been or is to be granted a security interest by JFK IAT. The assets of the Port Authority described in clauses (i) through (iv) above constitute the Trust Estate. The Port Authority has established certain accounts in each of the Trust Estate Funds, including one or more “Series 6 Accounts” pertaining to the Series 6 Bonds and one or more “Series 8 Accounts” pertaining to the Series 8 Bonds in each of the Construction Fund, the Bond Fund and the Debt Service Reserve Fund (each as previously defined under the caption “INTRODUCTORY STATEMENT – Security and Sources of

Payment,” above). Monies held in the Series 6 Account and the Series 6 Insurance and Condemnation Proceeds Account in the Construction Fund and the Series 6 Account in the Debt Service Reserve Fund will be allocable only for the benefit of the holders of the Series 6 Bonds, and monies held in the Series 8 Account and the Series 8 Insurance and Condemnation Proceeds Account in the Construction Fund and the Series 8 Account in the Debt Service Reserve Fund will be allocable only for the benefit of the holders of the Series 8 Bonds. Monies held in the Series 6 Accounts and the Series 8 Accounts in the Bond Fund will be allocable for the benefit of the holders of all Terminal 4 Bonds, except for surplus construction funds that may be transferred from the Series 6 Account or the Series 8 Account in the Construction Fund to the Series 6 Accounts or Series 8 Accounts, respectively, of the Bond Fund, which amounts will only be allocable for the benefit of the holders of the corresponding series of Series 6 Bonds or Series 8 Bonds, respectively. See “– Funds and Accounts – Trust Estate Funds” and “– Flow of Funds” below for additional information about the established funds and accounts.

The payment of debt service on the Terminal 4 Bonds will also be secured by (i) a Leasehold Mortgage, dated as of May 13, 1997, from JFK IAT in favor of the Trustee in all of JFK IAT’s rights under the Lease, as amended and supplemented (the “Leasehold Mortgage,” as previously defined under the caption “INTRODUCTORY STATEMENT – Security and Sources of Payment,” above), (ii) an Assignment of Tenant Leases and Rents, dated as of May 13, 1997, in JFK IAT’s right to receive all revenues collected by JFK IAT under each lease JFK IAT enters into with airlines, concessionaires and other tenants at Terminal 4, from JFK IAT to the Trustee, as amended and supplemented (the “Assignment of Tenant Leases and Rents,” as previously defined under the caption “INTRODUCTORY STATEMENT – Security and Sources of Payment,” above), and (iii) a Lease Assignment, dated as of May 13, 1997, granted by JFK IAT in favor of the Trustee, as amended and supplemented (the “Lease Assignment,” as previously defined under the caption “INTRODUCTORY STATEMENT – Security and Sources of Payment,” above).

Further, payment of debt service on the Terminal 4 Bonds will be guaranteed by JFK IAT pursuant to an amended and restated guaranty issued in connection with the 2010 Expansion Project to pay debt service on the Terminal 4 Bonds, by JFK IAT in favor of the Port Authority and the Trustee, as may be further amended and supplemented (the “Guaranty,” as previously defined under the caption “INTRODUCTORY STATEMENT – Security and Sources of Payment,” above). In the event JFK IAT fails to provide sufficient monies for deposit into the Series 6 Accounts of the Bond Fund or the Series 8 Accounts of the Bond Fund to pay debt service on the Series 6 Bonds or the Series 8 Bonds, respectively, when due, upon notice from the Trustee of such insufficiency received by JFK IAT at or prior to 12:30 p.m. New York City time on the business day immediately preceding any payment date for the Series 6 Bonds or Series 8 Bonds, as applicable, JFK IAT shall, by 4:00 p.m. New York City time on such immediately preceding business day, provide the Trustee with sufficient monies to make such payment when due.

See “CERTAIN INVESTMENT CONSIDERATIONS AND RISK FACTORS – Limited Collateral; Non-Recourse Obligations” for a description of risks associated with the Guaranty. In addition, to secure the performance of its obligations, JFK IAT has granted the Trustee a security interest in the Lessee Funds. See “Funds and Accounts” below for a description of the Lessee Funds.

The following documents are referred to herein collectively as the “Financing Documents”: (i) the Series 6 Bonds and the Series 8 Bonds, (ii) a Trust Indenture dated as of May 13, 1997, as amended and supplemented (the “Trust Indenture”), between the Port Authority and the Trustee, (iii) a Trust Administration Agreement dated as of May 13, 1997, as amended and supplemented (the “Trust Administration Agreement”) between JFK IAT and the Trustee, (iv) an Assignment of Rents, dated as of May 13, 1997, by and between the Port Authority and the Trustee, as amended and supplemented, (v) the Series 6 Resolution and the Series 8 and 9 Resolution, (vi) any resolution of the Authority authorizing the issuance of Bonds on a parity basis with the Series 6 Bonds, the Series 8 Bonds and the Series 9 Bonds, if any, (vii) the Special Project Bond Resolution, (viii) the Personal Property Security Interest, (ix) the Leasehold Mortgage, (x) the Guaranty, (xi) an Assignment of Construction Contracts, Plans and Specifications, and Service and Other Contracts, from Delta to JFK IAT (the “2010 Construction Contracts Assignment”), (xii) an Assignment of Construction Contracts, Plans and Specifications, and Service and Other Contracts, dated as of May 13, 1997, from JFK IAT to the Trustee (the “1997 Construction Contracts Assignment”), (xiii) the Assignment of Tenant Leases and Rents, (xiv) the Port Authority Financing Consent and Agreement, (xv) the Lease Assignment, and (xvi) any other Security Document defined as such in the Lease. The construction and other contracts collaterally assigned by Delta to JFK IAT pursuant to the

2010 Construction Contracts Assignment are further collaterally assigned from JFK IAT to the Trustee pursuant to the Personal Property Security Interest and the Lease Assignment. Certain terms defined in this paragraph have been previously defined under the caption “INTRODUCTORY STATEMENT – Security and Sources of Payment” and “– Parity Obligations and Additional Terminal 4 Bonds; Rights of Parity Bondholders” above.

In connection with the 2010 Expansion Project, and concurrently with the issuance of the Series 8 Bonds, JFK IAT and Delta will enter into the Anchor Tenant Agreement, under which Delta will sublease on a preferential basis up to 16 of Terminal 4’s 25 total planned aircraft contact gates upon completion of the 2010 Expansion Project. Delta will also enter into the Non-Disturbance Agreement with the Trustee, providing Delta with the right, and obligating it, to sublease directly from the Trustee or the Trustee’s QTO assignee, as appropriate, the same premises subleased to Delta under the Anchor Tenant Agreement, and on the same terms provided under the Anchor Tenant Agreement, in the event of a cancellation or termination of the Lease whereupon possession and control of Terminal 4 is transferred to the Trustee or its QTO assignee pursuant to the Financing Documents.

In addition to the documents described above, JFK IAT has entered into a Second Leasehold Mortgage, dated as of August 10, 2001, in favor of the Port Authority (as amended and supplemented, from time to time, the “Second Leasehold Mortgage”) to secure obligations in connection with the Subordinated Port Authority Investment. The rights of the Port Authority to exercise remedies as mortgagee under the Second Leasehold Mortgage are subordinate in all respects to the rights of the Trustee as mortgagee under the Leasehold Mortgage, and the Port Authority’s rights are generally subject to standstill and cure periods in favor of the Trustee.

Certain JFK IAT Covenants

In addition, JFK IAT has made certain covenants for the benefit of the holders of the Terminal 4 Bonds, which include a “Rate Covenant” and an “Additional Terminal 4 Bonds Covenant,” as follows:

Rate Covenant. JFK IAT has covenanted to collect Revenues sufficient, after paying all Permitted Operation and Maintenance Expenses and Ground Rental, to cover debt service on all of the Terminal 4 Bonds collectively by a coverage ratio of 1.25x in each fiscal year, both on a prospective basis (based on its Annual Operating Budget) and on a retrospective basis (based on its annual audited financial statements). If the 1.25x coverage-ratio requirement is not projected to be met for an upcoming fiscal year, then JFK IAT is required to request a third-party consultant to recommend revisions to its Annual Operating Budget and, after taking into account such recommendations, to revise its Annual Operating Budget to produce (to the extent practicable using prudent business judgment) Revenues in order to satisfy the 1.25x coverage-ratio requirement.

Additional Terminal 4 Bonds Covenant. JFK IAT has also agreed not to request the issuance of additional Terminal 4 Bonds unless the prospective 1.25x coverage-ratio requirement described above has been certified to the Trustee by JFK IAT and confirmed by a third-party consultant as projected to be met for each fiscal year during the remaining term of all Terminal 4 Bonds (including the proposed issue of additional Terminal 4 Bonds but excluding any Terminal 4 Bonds proposed to be refunded), computed by reference to the shortest possible final date of the Terminal 4 Bonds outstanding (taking into account mandatory sinking fund redemption but disregarding permissible early redemption of Terminal 4 Bonds at the discretion of JFK IAT). This coverage-ratio requirement will be met with respect to the issuance of the Series 8 Bonds.

Covenant Regarding Transactions with Affiliates. JFK IAT has agreed not to enter into transactions or agreements with its affiliates except as expressly permitted under the Trust Administration Agreement. Among other permitted transactions, JFK IAT is permitted to enter into transactions with any of its direct and indirect parent companies named in the Trust Administration Agreement, Delta, and certain affiliates of Delta (including aircraft operators wholly owned by or under common control with Delta, or that operate under Delta’s trade name), to the extent such transactions or agreements are related to or contemplated by the Anchor Tenant Agreement, the supplement to the Trust Administration Agreement to be executed in connection with the issuance of the Series 8 Bonds, or the amendment to the Lease to be executed in connection with the issuance of the Series 8 Bonds.

Additional JFK IAT Covenants. JFK IAT has also made covenants for the benefit of the holders of the Terminal 4 Bonds with respect to (i) its Annual Operating Budget, rate covenant certification and financial

information, (ii) compliance with the Lease and the Financing Documents, (iii) cash distributions to JFK IAT or its affiliates referred to as “Restricted Payments,” (iv) limitations on fundamental changes to JFK IAT or disposition of its assets, liens, debt obligations and amendments to the Lease and Financing Documents, (v) maintenance of JFK IAT’s existence and governmental approvals, (vi) compliance with laws, (vii) a limitation on JFK IAT not to engage in any business other than the development, construction and operation of Terminal 4 and related activities and (viii) notification of defaults.

See “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT” in Appendix C-4 for a more complete description of the covenants described above and see “– Default under Trust Administration Agreement” and “– Remedies under Trust Administration Agreement” below for a discussion of events of default and remedies following an event of default.

Lessee Funds Held by Trustee

JFK IAT has granted a security interest in certain funds, referred to as Lessee Funds, to the Trustee to ensure the performance of JFK IAT’s obligations. The Lessee Funds are held by the Trustee and include the Revenue Fund and funds designated the “Operation and Maintenance Expense Fund,” the “Operation and Maintenance Reserve Fund,” the “Major Maintenance and Renewal Fund,” the “Capital Improvements Reserve Fund,” and the “Subordinated Payments and Lessee Reserve Fund.” As described below, subject to such security interest and except during certain periods following the occurrence of an event of default under the Trust Administration Agreement, JFK IAT will have the right to control and direct withdrawals from these funds. See “– Remedies under Trust Administration Agreement” below and “– Funds and Accounts – Lessee Funds” and “– Flow of Funds” below.

Parity Obligations

Pursuant to the Series 6 Resolution, the Port Authority has previously issued \$934,100,000 aggregate principal amount of the Series 6 Bonds, of which \$761,590,000 aggregate principal amount were outstanding as of December 1, 2010. Proceeds of the Series 6 Bonds, together with certain other available funds of JFK IAT and the Port Authority, were used to construct Terminal 4. The Series 6 Bonds are insured by the Series 6 Bond Insurance Policy issued by the Series 6 Bond Insurer in connection with the issuance of the Series 6 Bonds. The Series 8 Bonds will be secured on a parity basis with such outstanding Series 6 Bonds, pursuant to the Series 6 Resolution and the Series 8 and 9 Resolution, with respect to the pledges, mortgages, security interests and assignments described under the caption “– Pledge and Assignment of Facility Rental Payments” above. Payment of the Series 8 Bonds will not be insured by the Series 6 Bond Insurance Policy or otherwise supported by the Series 6 Bond Insurer.

In addition to the Series 8 Bonds, additional series of Terminal 4 Bonds may be issued by the Port Authority as special limited obligations, without limitation as to principal amount, and secured on a parity basis with the Series 6 Bonds and Series 8 Bonds with respect to the pledges, mortgages, security interests and assignments described under the caption “– Pledge and Assignment of Facility Rental Payments” above. The Port Authority has authorized the issuance of Series 8 Bonds and Series 9 Bonds in an aggregate principal amount not to exceed \$1.2 billion dollars at any one time outstanding, although additional approvals would be required from the Port Authority before any Series 9 Bonds could be issued. As of the date of this Official Statement, the Port Authority has made no commitment to issue any Series 9 Bonds or any other additional Terminal 4 Bonds. The issuance of additional Terminal 4 Bonds, including Series 9 Bonds, would have to satisfy certain pre-conditions for issuance, including satisfaction of the additional Terminal 4 Bonds covenant concerning a debt service coverage ratio after giving effect to such additional Terminal 4 Bonds. See “– Certain JFK IAT Covenants – Additional Terminal 4 Bonds Covenant” above and “CERTAIN INVESTMENT CONSIDERATIONS AND RISK FACTORS – Limitation on Bond Issuance Ability” for additional information regarding requirements for issuing additional Terminal 4 Bonds.

Port Authority Financing Consent and Agreement

The Port Authority Financing Consent and Agreement will establish and clarify certain respective rights and duties of the Port Authority, the Trustee, the Series 6 Bond Insurer and JFK IAT. That agreement will

provide, among other things, the terms by which the holders of the Terminal 4 Bonds may direct the Trustee to exercise remedies or take certain other actions permitted by the Lease and the Financing Documents.

The Port Authority Financing Consent and Agreement will provide that, except for certain remedies and actions described below (the “Excluded Remedies and Actions”), the Trustee shall exercise its rights or remedies and other powers under the Lease and the Financing Documents in accordance with a written instrument directing the Trustee to so act (a “Valid Direction”) executed by one of the following:

- both (1) the Series 6 Bond Insurer (while the Series 6 Bond Insurance Policy remains in effect and the Series 6 Bond Insurer is not in default under such policy), and (2) the holders of a majority in aggregate principal amount of the outstanding Terminal 4 Bonds, excluding any Terminal 4 Bonds held by or for the account of the Port Authority or JFK IAT (collectively, the “Combined Bonds”), acting together;
- the Series 6 Bond Insurer (so long as the Series 6 Bond Insurance Policy remains in effect and the Series 6 Bond Insurer is not in default thereunder), if the Trustee receives a Valid Direction from the Series 6 Bond Insurer and, after forwarding such Valid Direction to the holders of the Combined Bonds (other than the Series 6 Bonds) within 5 days of the Trustee’s receipt thereof, the Trustee does not receive an instruction not to follow such Valid Direction from the holders of a majority in aggregate principal amount of all Combined Bonds (other than the Series 6 Bonds) within 30 days of the Trustee’s receipt of such Valid Direction;
- the holders of a majority in aggregate principal amount of all Combined Bonds (other than the Series 6 Bonds), if the Trustee receives a Valid Direction from such holders and, after forwarding such Valid Direction to the Series 6 Bond Insurer (so long as the Series 6 Bond Insurance Policy remains in effect and the Series 6 Bond Insurer is not in default thereunder) within 5 days of the Trustee’s receipt thereof, the Trustee does not receive an instruction not to follow such Valid Direction from the Series 6 Bond Insurer (so long as the Series 6 Bond Insurance Policy remains in effect and the Series 6 Bond Insurer is not in default thereunder) within 30 days of the Trustee’s receipt of such Valid Direction; or
- if the Series 6 Bond Insurance Policy is no longer in effect or the Series 6 Bond Insurer is in default thereunder, a majority in aggregate principal amount of the Combined Bonds.

Other than with respect to the Excluded Remedies and Actions, for so long as the Series 6 Bond Insurance Policy is in effect and the Series 6 Bond Insurer is not in default thereunder, the Series 6 Bond Insurer shall be deemed to be the owner of an aggregate principal amount of the Series 6 Bonds equal to the aggregate principal amount of the insured Series 6 Bonds, for purposes of the right to vote to direct the exercise of, or consent to, rights and remedies to be taken by the Trustee, or to take any action that the holders of the Series 6 Bonds are or would be permitted to take under the Lease, or the Financing Documents or in connection with any Valid Direction.

The Port Authority Financing Consent and Agreement will further provide that no series of Combined Bonds may be accelerated unless all series of Combined Bonds are accelerated together by a Valid Direction. Similarly, a declaration of acceleration can only be rescinded with respect to all series of Combined Bonds collectively, by a Valid Direction. Additionally, the Port Authority Financing Consent and Agreement will provide that the Trustee shall not consent to (i) any amendment, supplement, waiver or deferral of any provision of the Lease, or any Financing Document to which the Trustee is a party, an assignee, or a beneficiary, or (ii) any sale, transfer, mortgage or pledge of any security for the Terminal 4 Bonds or any instrument evidencing such security, without in each case having received a Valid Direction. Notwithstanding any other provision of the Port Authority Financing Consent and Agreement, the Trustee is required to execute any amendment, consent or waiver to the Lease, or a specified Financing Document requested by JFK IAT with the consent of the Port Authority, as long as any such amendment, consent or waiver would not reasonably be expected to have a material adverse effect on the holders of the Terminal 4 Bonds; provided that this provision shall not be effective so long as the Series 6 Bond Insurance Policy is in effect and the Series 6 Bond Insurer is not in default under such policy. Also subject to the proviso in the foregoing sentence, the Trustee may rely on a certificate of an officer of JFK IAT as to whether any

amendment, supplement, waiver or consent could reasonably be expected to have a material adverse effect on the holders of the Terminal 4 Bonds.

Excluded Remedies and Actions under the Port Authority Financing Consent and Agreement include the following: (i) a change in any of the terms, conditions or other provisions pertaining to the payment of debt service or the redemption or retirement of any series of the Terminal 4 Bonds, (ii) a change in the Trust Estate or the creation of additional liens or charges upon or pledges of the Trust Estate to the extent such changes or the creation of such additional liens, charges or pledges would have a material adverse effect on the holders of the Terminal 4 Bonds, (iii) a change in the manner, sources or extent to which the Terminal 4 Bonds of any series are payable or secured (to the extent such change in security would have a material adverse effect on the holders of such series of Terminal 4 Bonds), and (iv) a change in the scope of the Series 6 Bond Insurer's rights or its obligations under the Series 6 Bond Insurance Policy (no such change being permitted in any event without the prior written consent of the Series 6 Bond Insurer). Additional provisions addressing the Bondholder approval process relating to these matters are specified in the Special Project Bond Resolution. See "SUMMARY OF THE SPECIAL PROJECT BOND RESOLUTION" in Appendix C-1. Additional information concerning voting rights of holders of the Terminal 4 Bonds is contained in the Series 6 Resolution, the Series 8 and 9 Resolution and the Trust Indenture.

If for any reason the Trustee ceases to act as Trustee for any series of Terminal 4 Bonds, it will resign as Trustee for each of the other series of Terminal 4 Bonds, to the extent permitted by law and by the Financing Documents. Any new trustee appointed for a particular series of Terminal 4 Bonds must similarly agree to act as trustee for all series of Terminal 4 Bonds.

Default under Trust Administration Agreement

Events of Defaults

The following constitute events of default by JFK IAT under the Trust Administration Agreement, each of which permits the Trustee to exercise certain remedies described below:

- (i) failure to provide sufficient monies for deposit into the Bond Fund to pay debt service when due on any series of Terminal 4 Bonds;
- (ii) failure to satisfy the 1.25x coverage-ratio requirement, either prospectively or retrospectively, with respect to the Terminal 4 Bonds collectively;
- (iii) the occurrence of certain events involving the bankruptcy or insolvency of JFK IAT or the appointment of a receiver, trustee or liquidator in connection therewith for any of JFK IAT's right or interest in or to property of any kind, to the extent set forth in the Lease;
- (iv) failure by JFK IAT to make or cause to be made required deposits to or withdrawals from any of the funds (or any accounts therein) described under "– Funds and Accounts" below (other than the Bond Fund), if such failure continues unremedied for more than 10 business days after receipt of notice from the Trustee, to the extent the ability to make or to direct the Trustee to make such deposits or withdrawals is in JFK IAT's control;
- (v) failure to perform or observe any other covenant or agreement under the Trust Administration Agreement after 30 days' notice thereof from the Trustee, except that the cure period may be extended if JFK IAT is diligently attempting to remedy such failure, so long as the failure to cure does not have a material adverse effect;
- (vi) any representation or warranty made by JFK IAT in the Lease or the Financing Documents shall prove to have been false or misleading in any material respect as of the time made, confirmed or furnished;

(vii) a final judgment or judgments in excess of \$10 million that is likely to materially and adversely affect JFK IAT's ability to make available funds sufficient to pay debt service shall be rendered against JFK IAT and not stayed, discharged or bonded within 90 days; and

(viii) (a) a decision of a court of competent jurisdiction invalidates or has the effect of invalidating or calls into question the perfected lien purported to be created in the Lease and the Financing Documents or (b) JFK IAT challenges the validity, priority, enforceability or perfection of the perfected lien purported to be created in the Lease and the Financing Documents.

Cure Rights

All events of default under the Lease, the Trust Administration Agreement and the other Financing Documents are subject to any and all cure rights, contest rights, and grace periods set forth in such documents.

Remedies under Trust Administration Agreement

If an event of default under the Trust Administration Agreement described above occurs (except as described in clause (vi) above), then:

(i) JFK IAT may no longer direct and control deposits into or withdrawals from the Lessee Funds, but instead the Trustee shall make such deposits and withdrawals upon presentation of a requisition by JFK IAT (or if JFK IAT fails to present a requisition, upon the Trustee's initiative), and only in accordance with the provisions of the current Annual Operating Budget, the Lease and the other Financing Documents; and

(ii) no Restricted Payments shall be made and any and all Restricted Payments made subsequent to the occurrence of such an event of default shall be immediately remitted by JFK IAT to the Trustee, for deposit by the Trustee into the Revenue Fund.

The requirements described in (i) and (ii) above will begin upon the occurrence of an event of default under the Trust Administration Agreement as described above (other than an event described in clause (vi) above) and continue for a period of one year following the date on which the Trustee certifies that the default has been cured or remedied by JFK IAT (a "Lock-Box Period"), *except for* clause (viii) where a cure will immediately end a Lock-Box Period. At the end of a Lock-Box Period, the requirements in (i) and (ii) above will no longer be in effect, and JFK IAT will resume direction and control over the Lessee Funds and Restricted Payments may continue to be made in accordance with the Lease and the Financing Documents.

If an event of default under the Trust Administration Agreement as described above occurs (including an event described in clause (vi) above), the Trustee may also pursue all its rights and remedies under law, equitable principles or otherwise, subject to the Lease, the Leasehold Mortgage, the Port Authority Financing Consent and Agreement, and the other Financing Documents.

The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Trust Indenture, the Trust Administration Agreement or the other Financing Documents at the request or direction of any of the holders of the Terminal 4 Bonds pursuant to the Trust Indenture, the Trust Administration Agreement and the other Financing Documents, unless such holders shall have offered to the Trustee security or indemnity satisfactory to the Trustee against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

The Lease

The Lease entitles JFK IAT to use and operate Terminal 4 as an airline passenger terminal. The Lease also imposes various obligations and responsibilities on JFK IAT. See "SUMMARY OF CERTAIN PROVISIONS OF THE LEASE AND THE LEASE SUPPLEMENTS" in Appendix D for further information about the provisions of the Lease.

Subject to certain procedural requirements, including notice to JFK IAT and the Trustee, the Port Authority may seek to terminate the Lease if JFK IAT fails to meet its obligations and responsibilities under the Lease. In such event, the Trustee would be given the opportunity to address or cure the asserted default(s) that gave rise to such notice and/or seek to transfer JFK IAT's interest in the Lease pursuant to the Leasehold Mortgage or the Lease Assignment to a qualifying terminal operator under the terms of the Lease (a "QTO") who would become responsible for curing such default(s). However, in the event any such default(s) could not be timely cured by JFK IAT, the Trustee or a QTO, as provided under the Lease, and if the Lease is ultimately terminated as a result, any previously issued Terminal 4 Bonds which are then outstanding, including any such Series 8 Bonds, would become subject to extraordinary mandatory redemption. See "DESCRIPTION OF THE SERIES 8 BONDS – Extraordinary Mandatory Redemption" above. Within 60 days following a termination of the Lease (which would extinguish the Trustee's security and remedies under the Leasehold Mortgage and the Lease Assignment), the Trustee would still be entitled to require the Port Authority to enter into a new lease for Terminal 4 with a QTO to enable it to recover proceeds from such QTO for application towards repayment of unpaid principal and interest on any then outstanding Terminal 4 Bonds, including any such Series 8 Bonds, called for redemption. See "– Trustee Remedies in Connection with the Lease and the Leasehold Mortgage" below.

Trustee Remedies in Connection with the Lease and the Leasehold Mortgage

Leasehold Mortgage and Lease Assignment

Under the Leasehold Mortgage, to secure the payment of debt service on the Terminal 4 Bonds in the aggregate, JFK IAT, as mortgagor, has granted, mortgaged, pledged, assigned, transferred and conveyed to the Trustee for the benefit of the holders of the Terminal 4 Bonds, equally and ratably, a mortgage of all of its right, title and interest in and to its leasehold interest under the Lease in the leased premises, subject to the terms and conditions contained in the Leasehold Mortgage and the Lease.

Pursuant to the Leasehold Mortgage and the Port Authority Financing Consent and Agreement, upon the occurrence and during the continuance of a "Trigger Event" as described under the sub-caption "– Trigger Events" below, the Trustee shall have the right, upon a Valid Direction given to it, to exercise the Trustee's rights and remedies under the Leasehold Mortgage, including the right to seek foreclosure under the Leasehold Mortgage. Upon foreclosure, JFK IAT's interest in the Lease would be sold at a foreclosure sale to the highest bidder qualifying as a QTO. Holders of Terminal 4 Bonds would receive the net proceeds of a foreclosure sale, up to the amount of unpaid principal of and interest on the outstanding Terminal 4 Bonds.

From and after the occurrence and during the continuance of a Trigger Event, the Trustee shall also have the right, upon a Valid Direction given to it, to cause an assignment of JFK IAT's interest in the Lease either to the Trustee or to a QTO. If the Trustee elects to exercise that right, the Port Authority and JFK IAT have agreed that the Lease will be assigned to the Trustee or to a QTO and the Lease will not be deemed terminated. In that event, the Terminal 4 Bonds could remain outstanding (instead of being accelerated in a foreclosure). The assignee would then acquire JFK IAT's interest in the Lease subject to the Leasehold Mortgage and the obligation to pay Facility Rental, as further described in "SUMMARY OF CERTAIN PROVISIONS OF THE LEASE – Leasehold Mortgage and Lease Assignment" in Appendix D-1.

New Lease

If the Lease is terminated by the Port Authority, the Trustee's security and remedies under the Leasehold Mortgage and Lease Assignment will be extinguished and all Terminal 4 Bonds will be accelerated. Unless the Trustee complies with the requirements described under "– Trustee's Right to Avoid Lease Termination" below, it will lose the benefits of the Leasehold Mortgage and the Lease Assignment. The Lease provides that, at the election of the Trustee, the Port Authority will enter into a new lease (the "New Lease"), with a QTO identified by the Trustee. See "SUMMARY OF CERTAIN PROVISIONS OF THE LEASE – Additional Rental Obligations" in Appendix D-1. Net proceeds paid to the Trustee by the QTO for the transfer of the Trustee's rights for the New Lease would be applied to pay unpaid principal of and interest on outstanding Terminal 4 Bonds.

Trigger Events

The Trigger Events referred to above consist of the following: (i) the failure to provide sufficient monies to pay debt service when due on any Terminal 4 Bonds; (ii) failure by JFK IAT to replenish the Debt Service Reserve Fund for any draw thereon within one year after the draw; (iii) any of the insolvency or bankruptcy events described in “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE – Termination by the Port Authority” in Appendix D-1; or (iv) the giving of a Notice of Termination (as defined below) by the Port Authority pursuant to the Lease to terminate the Lease following an uncured event of default by JFK IAT thereunder. Each Trigger Event gives the Trustee the right, upon a Valid Direction given to it, to direct the acceleration of the Terminal 4 Bonds.

Termination of Lease

Upon the occurrence and continuance of an event of default under the Lease, the Port Authority may terminate the Lease on 60 days’ prior written notice (“Notice of Termination”) to JFK IAT and to the Trustee, provided that the Trustee has the right to delay the termination of the Lease as described below under the caption “– Trustee’s Right to Avoid Lease Termination.” In the case of certain monetary defaults and covenant defaults, JFK IAT is entitled to certain cure periods following its receipt of a notice of such default from the Port Authority, before such default becomes an event of default entitling the Port Authority to exercise remedies under the Lease. If a default or event of default is disputed, JFK IAT may, in most instances, contest the default or event of default, and termination may be delayed so long as JFK IAT contests such default or event of default in good faith by means of the Port Authority’s internal claims procedure and any subsequent litigation or arbitration until a final resolution of the dispute. After such final resolution, JFK IAT will be given an opportunity to cure any event of default that has been declared to exist by such final resolution. See “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE – Termination by the Port Authority” in Appendix D-1 and “SUMMARY OF CERTAIN PROVISIONS OF LEASE SUPPLEMENT NO. 5 – Termination by the Port Authority” in Appendix D-3 for further information regarding the Port Authority’s right to terminate the Lease.

Trustee’s Right to Avoid Lease Termination

The Lease provides that the Trustee has certain limited rights to suspend or avoid a termination of the Lease and either to foreclose on the Lease under the Leasehold Mortgage or to cause an assignment of the Lease under the Lease Assignment. See “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE – Leasehold Mortgage and Lease Assignment” in Appendix D-1.

Initially, the Trustee has the right to delay the termination of the Lease for up to 60 days after the date specified in the applicable Notice of Termination (“Initial Extension Period”), during which it can determine, which, if any, of its remedies to exercise, as described above. During the Initial Extension Period, the Trustee is, however, required to exercise all reasonably available legal remedies to maintain Terminal 4 open for business, and to cure defaults by JFK IAT that threaten the life, safety or security of the users of Terminal 4 or the operation of the Airport generally. The Trustee is required to engage an operator satisfying the qualifications of an “Interim Terminal Operator” (also referred to as an “ITO”), as set forth in the Lease, for such purposes, and to apply all available cash in accordance with the Lease during such period.

After the Initial Extension Period, the Trustee has the right to delay termination for a longer period, once it has elected either assignment pursuant to the Lease Assignment or foreclosure pursuant to the Leasehold Mortgage, as described above. If it makes such an election, the Trustee is required to comply with certain obligations, up to the date of foreclosure or assignment (the “Second Extension Period”), which include (i) continuing to perform the obligations that were required to be met during the Initial Extension Period and (ii) retaining in place an ITO to operate and maintain Terminal 4, but only to the extent of available gross revenues generated at Terminal 4 received by the Trustee and to the extent the ITO has access to Terminal 4.

Transfer to a QTO; Appointment of QTO and ITO

The Lease may be assigned or sold at foreclosure only to a QTO or to the Trustee, provided that, if the Trustee were the assignee or the foreclosure purchaser, the Trustee would be required to retain an ITO to operate

Terminal 4 at all times from and after such assignment or foreclosure sale to the Trustee, and provided further that the Port Authority and the Trustee shall also each have the right to bid at a foreclosure or other sale and acquire JFK IAT's interest in the Lease (provided that the Trustee would be required to retain an ITO to operate Terminal 4 at all times from and after such a purchase by the Trustee at a foreclosure sale). See "SUMMARY OF CERTAIN PROVISIONS OF THE LEASE – Leasehold Mortgage and Lease Assignment" in Appendix D-1.

Any QTO or ITO must be appointed by the Trustee and approved by the Port Authority in accordance with the terms of the Lease. If the Trustee and the Port Authority disagree on qualifications of a QTO or ITO, the Trustee will have additional time as set forth in the applicable provisions of the Lease to locate a QTO or ITO satisfactory to the Port Authority, as further described in "SUMMARY OF CERTAIN PROVISIONS OF THE LEASE – Leasehold Mortgage and Lease Assignment" in Appendix D-1.

Future Obligations of QTO and Trustee

In the event of a foreclosure, assignment or New Lease described above, the QTO or the Trustee is required to perform all of JFK IAT's obligations (except as provided in the Lease) after the foreclosure or assignment, and to cure (i) immediately any non-monetary defaults that would threaten the life, safety or security of any users of Terminal 4 or the operation of the Airport generally, (ii) prior uncured monetary defaults by JFK IAT within a 12-month period after the effectiveness of the transfer of the Lease to such QTO or the Trustee and (iii) non-monetary covenant defaults within six months (or longer, if required) after the effectiveness of such transfer, as further described in "SUMMARY OF CERTAIN PROVISIONS OF THE LEASE – Leasehold Mortgage and Lease Assignment" in Appendix D-1.

Trustee Rights Concerning Facility Rental

The Port Authority shall not declare an event of default under the Lease or take steps to terminate the Lease for failure of JFK IAT to pay all or any portion of the Facility Rental or to otherwise provide sufficient monies for deposit into the applicable accounts within the Bond Fund to pay debt service on the Terminal 4 Bonds unless the Trustee consents in writing to such action by the Port Authority. Additionally, if JFK IAT fails to provide sufficient monies from Facility Rental or otherwise for deposit into the applicable accounts within the Bond Fund to pay debt service on the Terminal 4 Bonds, (i) the Trustee shall, upon a Valid Direction given to it, waive, excuse, accrue or otherwise defer that deficiency to later periods and/or (ii) JFK IAT, in lieu of making a direct payment of any portion of the Facility Rental to the applicable accounts within the Bond Fund, shall make payments as directed by the Trustee to third parties, including any ITO or successor QTO. See "SUMMARY OF CERTAIN PROVISIONS OF THE LEASE – Additional Rental Obligations" in Appendix D-1.

Provisions Applicable to Successor Lessees

If the Lease is assigned, as described above, then the Trustee or the QTO shall acquire the leasehold interest under the Lease subject to the Leasehold Mortgage, as well as the obligation to pay Facility Rental and debt service with respect to the Terminal 4 Bonds, with the Lease provisions unchanged except as provided in the Lease. The Lease provides that the successor will have additional time to cure certain past defaults, and that the provisions restricting the transfer of direct or indirect ownership interests in JFK IAT will be modified to reflect the ownership structure of the new lessee.

In the event that the Trustee shall have elected to foreclose under the Leasehold Mortgage and JFK IAT's leasehold interest is sold to a QTO in a foreclosure sale, or the Trustee arranges the delivery of a New Lease to a QTO, such QTO shall acquire JFK IAT's interest free of the obligation to pay Facility Rental or to pay any debt service with respect to the Terminal 4 Bonds. The Lease provisions shall otherwise be substantially the same, except as described herein or in the Lease. Such purchaser shall be entitled to deduct in computing Subordinated Fundings (as defined under the sub-caption "– Funds and Accounts – Lessee Funds – Subordinated Payments and Lessee Reserve Fund," below) and retain, in lieu of any deduction for Facility Rental, an amount required to amortize over the remaining term of the Lease the total purchase price such purchaser paid for the leasehold interest (whether financed with debt and/or equity), together with interest on such total purchase price at a rate equal to the weighted average rate of interest on all debt incurred by such purchaser to purchase JFK IAT's leasehold interest, or, if such purchase was made with equity only, at a taxable rate on corporate debt of comparable maturity having a

debt rating of BBB or equivalent. The annual amount that can be so deducted by the purchaser is limited to the annual amount of Facility Rental equal to debt service on the Terminal 4 Bonds determined with respect to all maturities thereof and the mandatory sinking fund redemption requirements, if any, that would have been in effect at that time had the Terminal 4 Bonds remained outstanding.

In the event that the Trustee pursues its remedies under the Leasehold Mortgage, a subsequent lender will be granted one leasehold mortgage and certain other customary security rights entitling the new lender to substantially the same rights and benefits relating to the exercise of remedies, including cure periods and notice provisions with respect to defaults, as the Trustee currently has under the Lease. In the event such lender forecloses under its leasehold mortgage, any subsequent lenders will not be granted a leasehold mortgage or other security rights. The foregoing limitations on further encumbrances of JFK IAT's interest under the Lease may discourage certain lenders from extending credit in connection with the purchase of JFK IAT's interest in the Lease in a foreclosure sale under the Leasehold Mortgage and, therefore, may reduce the amount realized in such foreclosure sale.

For further information on successor lessees, see "SUMMARY OF CERTAIN PROVISIONS OF THE LEASE – Leasehold Mortgage and Lease Assignment" and "– Additional Rental Obligations" in Appendix D-1.

Trustee Remedies Generally

In addition to the rights and remedies of the Trustee described above under the caption "Trustee Remedies in Connection with the Lease and the Leasehold Mortgage – Leasehold Mortgage and Lease Assignment" in connection with a Trigger Event, the Trustee has been granted certain rights and remedies upon the occurrence of certain defaults or events of default under the Trust Administration Agreement and the other Financing Documents, including the right to pursue all its rights and remedies under law, equitable principles or otherwise; provided, however, that so long as a Trigger Event shall not have occurred and be continuing, the Trustee shall not have the right to enter the leased premises to cure or prevent any default by JFK IAT or otherwise take any action that interferes with JFK IAT's operation or maintenance of Terminal 4, and provided further that, if JFK IAT fails to deposit any amounts into the Revenue Fund as required by the Trust Administration Agreement and such failure continues for more than 10 business days after JFK IAT is notified of the failure, the Trustee has the right to take possession of and operate the leased Terminal 4 premises, subject to the Port Authority Financing Consent and Agreement.

In addition, if JFK IAT fails to deposit Revenues or other funds in the accounts with the Trustee as specified in the Trust Administration Agreement, the Trustee may invoke its remedies under the Financing Documents to collect rents and revenues directly from Terminal 4 tenants and from operations at Terminal 4 for deposit and application in accordance with the Trust Administration Agreement.

See "CERTAIN INVESTMENT CONSIDERATIONS AND RISK FACTORS – Enforceability of Remedies" herein for additional information about the enforceability of the Trustee's remedies.

Funds and Accounts

The Financing Documents establish various funds and accounts to be held by the Trustee, each of which falls into one of three categories: (i) those pledged and assigned by the Port Authority as part of the Trust Estate (the "Trust Estate Funds"), (ii) those in which JFK IAT has granted the Trustee a security interest (the "Lessee Funds") and (iii) those established under Section 13 of the Series 6 Resolution and Section 13 of the Series 8 and 9 Resolution, by the Port Authority outside of the Trust Estate, which are not Trust Estate Funds (the "Section 13 Funds").

This section contains a brief description of the purposes and required levels of funding of the Trust Estate Funds, the Lessee Funds, and the Section 13 Funds, followed by a brief description of the flow of funds and a *Flow-of-Funds Chart*.

Trust Estate Funds

The following Trust Estate Funds are part of the Trust Estate pledged by the Port Authority to the Trustee for payment of debt service on the Terminal 4 Bonds (or, where specified below, to the payment of debt service on either the Series 6 Bonds or the Series 8 Bonds, individually):

Bond Fund. All monies in the Bond Fund, and the accounts therein, are required to be applied for payment of debt service (i.e., principal, interest, sinking fund installments, and redemption price, including any premium) on all series of the Terminal 4 Bonds. JFK IAT is required to pay Facility Rental due under the Lease directly to the Trustee for deposit into the Series 6 Accounts and the Series 8 Accounts in the Bond Fund pro rata in proportion to the amount of debt service then payable on the Series 6 Bonds and the Series 8 Bonds, respectively. Further, the Trustee is required to transfer to the Series 8 Accounts within the Bond Fund any amounts remaining in the Series 8 Account within the Construction Fund upon completion of the 2010 Expansion Project. If any condemnation proceeds received by JFK IAT and deposited into the Construction Fund as described under the caption “– Construction Fund” below are not used to restore or rebuild all or a part of Terminal 4, then such unused monies are required to be deposited into the Bond Fund (to be apportioned between the “Condemnation Proceeds Subaccount” of the “Series 6 Redemption Account” of the Bond Fund and the “Condemnation Proceeds Subaccount” of the “Series 8 Redemption Account” of the Bond Fund, pro rata in proportion to the aggregate principal amount of the Series 6 Bonds and the Series 8 Bonds, respectively, outstanding at the time the Trustee received such sale or condemnation proceeds). Monies held in the Series 6 Accounts and the Series 8 Accounts in the Bond Fund will be allocable for the benefit of the holders of all Terminal 4 Bonds, except for surplus construction funds that may be transferred from the Series 6 Account or the Series 8 Account in the Construction Fund to the Series 6 Accounts or Series 8 Accounts, respectively, of the Bond Fund, which amounts will be allocable only for the benefit of the holders of the corresponding series of Series 6 Bonds or Series 8 Bonds, respectively.

See “– Flow of Funds” below, “SUMMARY OF CERTAIN PROVISIONS OF THE SERIES 8 AND 9 RESOLUTION” in Appendix C-2 and “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT” in Appendix C-4.

Construction Fund. Net proceeds from the sale of the Series 8 Bonds are required to be paid into the Series 8 Account of the Construction Fund and disbursed to pay a portion of the 2010 Expansion Project costs and a portion of debt service on the Series 8 Bonds in accordance with the Trust Administration Agreement. In addition, any proceeds received from certain insurance policies or with respect to the condemnation of all or any part of the property subject to the Lease are required to be paid into the “Series 6 Insurance and Condemnation Proceeds Account” and the “Series 8 Insurance and Condemnation Proceeds Account” pro rata in proportion to the aggregate principal amounts of the Series 6 Bonds and the Series 8 Bonds, respectively, outstanding at the time the Trustee received such proceeds. Upon completion of the 2010 Expansion Project, excess amounts remaining in the Series 8 Account of the Construction Fund will be transferred to the “Excess Proceeds Subaccount” of the Series 8 Redemption Account of the Bond Fund. Monies held in the Series 6 Account and the Series 6 Insurance and Condemnation Proceeds Account in the Construction Fund will be allocable only for the benefit of the holders of the Series 6 Bonds and monies held in the Series 8 Account and the Series 8 Insurance and Condemnation Proceeds Account in the Construction Fund will be allocable only for the benefit of the holders of the Series 8 Bonds. Currently there are no monies in the Series 6 Account or the Series 6 Insurance and Condemnation Proceeds Account of the Construction Fund, although a portion of any insurance proceeds or condemnation proceeds received in the future with respect to Terminal 4 could be deposited into the Series 6 Insurance and Condemnation Proceeds Account.

See “– Flow of Funds” below, “SUMMARY OF CERTAIN PROVISIONS OF THE SERIES 8 AND 9 RESOLUTION” in Appendix C-2 and “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT” in Appendix C-4.

Debt Service Reserve Fund. An amount equal to \$93,410,000, which equals the “Debt Service Reserve Requirement” with respect to the Series 6 Bonds, was deposited in the Series 6 Account in the Debt Service Reserve Fund at the time of the sale of the Series 6 Bonds. The Debt Service Reserve Requirement with respect to the Series 6 Bonds is invested in a guaranteed investment contract provided by Societe Generale, New York Branch.

Concurrently with the issuance of the Series 8 Bonds, the sum of \$62,320,025, which equals the Debt Service Reserve Requirement with respect to the Series 8 Bonds, will be deposited into the Series 8 Account in the Debt Service Reserve Fund from the proceeds of the sale of the Series 8 Bonds, and may thereafter be invested in investments permitted pursuant to the Trust Administration Agreement. See “SOURCES AND USES OF SERIES 8 BOND PROCEEDS” for additional information about the uses of the proceeds of the Series 8 Bonds. If amounts in the Series 6 Accounts of the Bond Fund or the Series 8 Accounts of the Bond Fund are not sufficient to make debt service payments when due on the Series 6 Bonds or the Series 8 Bonds, respectively, then the Trustee is required to transfer from the Series 6 Account or Series 8 Account of the Debt Service Reserve Fund, as applicable, an amount sufficient to make such debt service payments for the Series 6 Bonds or the Series 8 Bonds, as applicable. Amounts withdrawn from the Debt Service Reserve Fund are required to be replenished within one year. See “– Trustee Remedies in Connection with the Lease and the Leasehold Mortgage – Trigger Events” above for a description of remedies available to the Trustee in the event of failure to replenish the Debt Service Reserve Fund as required. Subject to a favorable opinion of nationally recognized bond counsel, and, where required, the consent of the Port Authority, all or any portion of the Debt Service Reserve Requirement may, at any time, be funded with a permitted credit facility (the “Reserve Fund Credit Facility”). If there is an amount in the Series 6 Account or the Series 8 Account of the Debt Service Reserve Fund in excess of the Debt Service Reserve Requirement for such account (including excess resulting from income or gain on amounts on deposit in the Series 6 Account or the Series 8 Account of the Debt Service Reserve Fund, as applicable), the Trustee will, at the direction of JFK IAT, transfer such excess (i) in the case of the Series 6 Account of the Debt Service Reserve Fund, to the applicable Series 6 Accounts of the Bond Fund, and (ii) in the case of the Series 8 Account of the Debt Service Reserve Fund, to the Series 8 Account of the Construction Fund or, after the final disbursement of the Series 8 Account of the Construction Fund, to the applicable Series 8 Accounts of the Bond Fund. Monies held in the Series 6 Account in the Debt Service Reserve Fund will be allocable only for the benefit of the holders of the Series 6 Bonds, and monies held in the Series 8 Account in the Debt Service Reserve Fund will be allocable only for the benefit of the holders of the Series 8 Bonds. See “– Flow of Funds” below, “SUMMARY OF CERTAIN PROVISIONS OF THE SERIES 8 AND 9 RESOLUTION” in Appendix C-2, and “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT” in Appendix C-4.

Lessee Funds

The following Lessee Funds are not a part of the Trust Estate, but JFK IAT has granted the Trustee a security interest in those funds under the Trust Administration Agreement, in order to ensure performance of JFK IAT’s obligations.

Revenue Fund. JFK IAT is required to deposit all Revenues, as and when received, into the Revenue Fund, with certain limited exceptions described in “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT” in Appendix C-4. Monies in the Revenue Fund are required to be used to make deposits into the various other funds (and accounts) held by the Trustee, including, but not limited to the Operating and Maintenance Expense Fund, the Bond Fund, and the Debt Service Reserve Fund. See “– Flow of Funds” below and “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT” in Appendix C-4.

Operation and Maintenance Expense Fund. On a monthly basis, JFK IAT is required to transfer to the Operation and Maintenance Expense Fund from the Revenue Fund (or otherwise) amounts sufficient to pay (i) Permitted Operation and Maintenance Expenses and (ii) Ground Rental to the Port Authority, in accordance with the Annual Operating Budget. See “– Flow of Funds” below and “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT” in Appendix C-4.

Operation and Maintenance Reserve Fund. Twice each year, on prescribed dates (each a “Semi-Annual Subordinated Funding Date”), the Trustee, at the direction of JFK IAT, is required to transfer from the Revenue Fund into the Operation and Maintenance Reserve Fund, the amount, if any, required so that the balance in the Operation and Maintenance Reserve Fund shall equal the “Operation and Maintenance Reserve Requirement,” as described in the following sentence. The Operation and Maintenance Reserve Requirement is 6% of Permitted Operation and Maintenance Expenses set forth in the Annual Operating Budget for the specified twelve-month period in which such Semi-Annual Subordinated Funding Date occurs (or, if such Annual Operating Budget has not yet been adopted by JFK IAT (or approved by the third-party consultant, if required), the Annual Operating Budget

for the preceding twelve-month period), subject to the limitation that, on any Semi-Annual Subordinated Funding Date, JFK IAT's obligation to replenish the Operation and Maintenance Reserve Fund shall not exceed (x) \$1,250,000 (as adjusted annually to reflect the annual CPI percentage increase) multiplied by (y) the number of elapsed six-month periods in such twelve-month period and reduced by (z) the amount of prior replenishments during such twelve-month period. Amounts in the Operation and Maintenance Reserve Fund will be used either (a) for deposit in the Operation and Maintenance Expense Fund or (b) for expenditures that would otherwise qualify as Permitted Operation and Maintenance Expenses and have not otherwise been paid from the Operation and Maintenance Expense Fund. See "Flow of Funds" below and "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT" in Appendix C-4.

Major Maintenance and Renewal Fund. On each Semi-Annual Subordinated Funding Date, the Trustee, at the direction of JFK IAT, is required to transfer from the Revenue Fund into the Major Maintenance and Renewal Fund, the "Major Maintenance and Renewal Fund Requirement," as described in the following sentence. The Major Maintenance and Renewal Fund Requirement is 2.5% percent of the maintenance expenses set forth in the Annual Operating Budget for the twelve-month period in which such Semi-Annual Subordinated Funding Date occurs (or, if such Annual Operating Budget has not yet been adopted by JFK IAT (or approved by the third-party consultant, if required), the Annual Operating Budget for the preceding twelve-month period). In the event that such transfer is not made in full on the first Semi-Annual Subordinated Funding Date in a given twelve-month period, the amount of the deficiency shall be transferred to the Major Maintenance and Renewal Fund from the Revenue Fund on the second Semi-Annual Subordinated Funding Date in such twelve-month period, in addition to the transfer of the Major Maintenance and Renewal Fund Requirement on such date. The Major Maintenance and Renewal Fund Requirement need not be transferred to the Major Maintenance and Renewal Fund on any Semi-Annual Subordinated Funding Date on which the balance in such fund shall equal or exceed the "Major Maintenance and Renewal Fund Requirement Cap," which is, with respect to any twelve-month period, the sum of: (i) 5% of JFK IAT's actual maintenance expenses for the four preceding twelve-month periods, plus (ii) 5% of the maintenance expenses for such twelve-month period as set forth in the Annual Operating Budget for such twelve-month period (or, if such Annual Operating Budget has not yet been adopted by JFK IAT (or approved by the third-party consultant, if required), the Annual Operating Budget for the preceding twelve-month period).

In addition to the transfer from the Revenue Fund into the Major Maintenance and Renewal Fund described in the previous paragraph, on any Semi-Annual Subordinated Funding Date, the Trustee, at the option of JFK IAT, shall transfer from the Revenue Fund into the Major Maintenance and Renewal Fund an amount determined by JFK IAT, if any, in order to replenish all or a portion of the sum of the amounts withdrawn from the Major Maintenance and Renewal Fund during the twelve-month period in which such Semi-Annual Subordinated Funding Date occurs plus the aggregate amount withdrawn from the Major Maintenance and Renewal Fund during all preceding twelve-month periods, to the extent such withdrawn amounts have not previously been replenished. However, no such transfer shall be made to the extent that the resulting balance of the Major Maintenance and Renewal Fund would equal or exceed the Major Maintenance and Renewal Fund Requirement Cap.

Amounts in the Major Maintenance and Renewal Fund may be used to pay costs of repairing or replacing portions of Terminal 4 to the extent such costs are not otherwise paid from the Operation and Maintenance Expense Fund. See "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT" in Appendix C-4.

Subordinated Payments and Lessee Reserve Fund. After all of the above funds have been funded as required, the Trustee is required to make transfers into the Subordinated Payments and Lessee Reserve Fund on each Semi-Annual Subordinated Payment Date of whatever balance remains in the Revenue Fund. Those amounts will be available to make "Subordinated Fundings," which are fundings of contingent obligations specified in the Lease (including Restricted Payments) made on a subordinate basis to Permitted Operation and Maintenance Expenses, Facility Rental, and Ground Rental, and to the deposit of monies into certain specified funds set forth in the Trust Administration Agreement, including the Operation and Maintenance Reserve Fund and the Major Maintenance and Renewal Fund. Subordinated Fundings include payments to JFK IAT, as well as certain payments to the Port Authority to the extent provided in the Lease. Subordinated Fundings (other than Restricted Payments) could be substantial in amount and are paid even in a Lock-Box Period. Only Restricted Payments, which are made to JFK IAT and its affiliates, are prohibited during a Lock-Box Period. In addition, amounts in the Subordinated Payments and Lessee Reserve Fund are available for deposit into the Revenue Fund for application in accordance

with the priorities set forth below in the *Flow-of-Funds Chart*. See “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT” in Appendix C-4.

Capital Improvements Reserve Fund. The Trustee, at JFK IAT’s direction, is required to make a deposit into the Capital Improvements Reserve Fund from the Subordinated Payments and Lessee Reserve Fund in the amount of the “Capital Improvements Reserve Fund Requirement,” as defined in the following sentence, on each Semi-Annual Subordinated Funding Date, to the extent funds are available in the Subordinated Payments and Lessee Reserve Fund after higher-priority payments (as established in the Lease) are made from such fund. The Capital Improvements Reserve Fund Requirement is 7.5% of the maintenance expenses set forth in the Annual Operating Budget for the twelve-month period in which such Semi-Annual Subordinated Funding Date occurs (or, if such Annual Operating Budget has not yet been adopted by JFK IAT (or approved by the third-party consultant, if required), the Annual Operating Budget for the preceding twelve-month period). In the event that such deposit is not made in full on the first Semi-Annual Subordinated Funding Date in a given twelve-month period, the amount of the deficiency shall be transferred to the Capital Improvements Reserve Fund on the second Semi-Annual Subordinated Funding Date in such twelve-month period, in addition to the transfer of the Capital Improvements Reserve Fund Requirement on such date. The Capital Improvements Reserve Fund Requirement need not be transferred to the Capital Improvements Reserve Fund on any Semi-Annual Subordinated Funding Date on which the balance in such fund shall equal or exceed 15% of the sum of (i) the aggregate total actual maintenance expense for the four preceding twelve-month periods, and (ii) the total maintenance expense in the Annual Operating Budget for the twelve-month period in which such Semi-Annual Subordinated Funding Date occurs.

In addition to the transfer from the Subordinated Payments and Lessee Reserve Fund into the Capital Improvements Reserve Fund described in the previous paragraph, on any Semi-Annual Subordinated Funding Date, the Trustee, at the option of JFK IAT, shall transfer an amount determined by JFK IAT, if any, in order to replenish all or a portion of the sum of the amounts withdrawn from the Capital Improvements Reserve Fund during the then-current twelve-month period plus the aggregate amount withdrawn from the Capital Improvements Reserve Fund during all preceding twelve-month periods, to the extent such withdrawn amounts have not previously been replenished. However, (1) no such transfer shall be made to the extent the resulting balance of the Capital Improvements Reserve Fund would equal or exceed the “Capital Improvements Reserve Fund Requirement Cap,” which is the sum of (a) 15% of the aggregate total actual maintenance expense for the four preceding twelve-month periods, and (b) 15% of the maintenance expense in the Annual Operating Budget for the twelve-month period in which such Semi-Annual Subordinated Funding Date occurs (or, if such Annual Operating Budget has not yet been adopted by JFK IAT (or approved by the third-party consultant, if required), the Annual Operating Budget for the preceding twelve-month period), and (2) the prior written consent of the Port Authority is required if the amount of any contribution to be made as described in this paragraph is more than 50% of the Capital Improvements Reserve Fund Requirement Cap.

Funds in the Capital Improvements Reserve Fund will be used for costs of repairing or replacing portions of Terminal 4 to the extent such costs are not otherwise paid from the Operation and Maintenance Expense Fund. See “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT” in Appendix C-4.

Section 13 Funds

The following funds, created pursuant to Section 13 of the Series 6 Resolution and Section 13 of the Series 8 and 9 Resolution are not pledged or assigned to the Trustee or available for the payment of debt service of any Terminal 4 Bonds.

Section 148(f) Payment Fund. The Trustee, at JFK IAT’s direction, is required to deposit into the Series 6 Account or the Series 8 Account, as applicable, of the “Section 148(f) Payment Fund” an amount specified in the Trust Administration Agreement for rebate to the United States of the excess, if any, of (i) the amount earned from investment of proceeds of the Series 6 Bonds or the Series 8 Bonds, as applicable, held in certain funds over (ii) the amount that would have been earned on such proceeds if they had been invested at a rate equal to the “yield” (computed pursuant to Section 148 of the Code) on such Series 6 Bonds or Series 8 Bonds, as applicable. Amounts on deposit in the accounts within the Section 148(f) Payment Fund are used to make rebate payments to the United States in accordance with Section 148(f) of the Code. After all Series 6 Bonds or Series 8 Bonds have been

discharged, any amount in the Series 6 Account or the Series 8 Account, respectively, of the Section 148(f) Payment Fund not required to be so rebated shall be deposited into the Subordinated Payments and Lessee Reserve Fund for distribution as set forth under the caption “– Subordinated Payments and Lessee Reserve Fund,” above.

Reserve Fund Credit Facility Fund. Revenues are only deposited in the Reserve Fund Credit Facility Fund to reimburse or repay the provider of a Reserve Fund Credit Facility for any draws thereunder.

See “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT” in Appendix C-4 for additional information with respect to the Section 13 Funds.

Flow of Funds

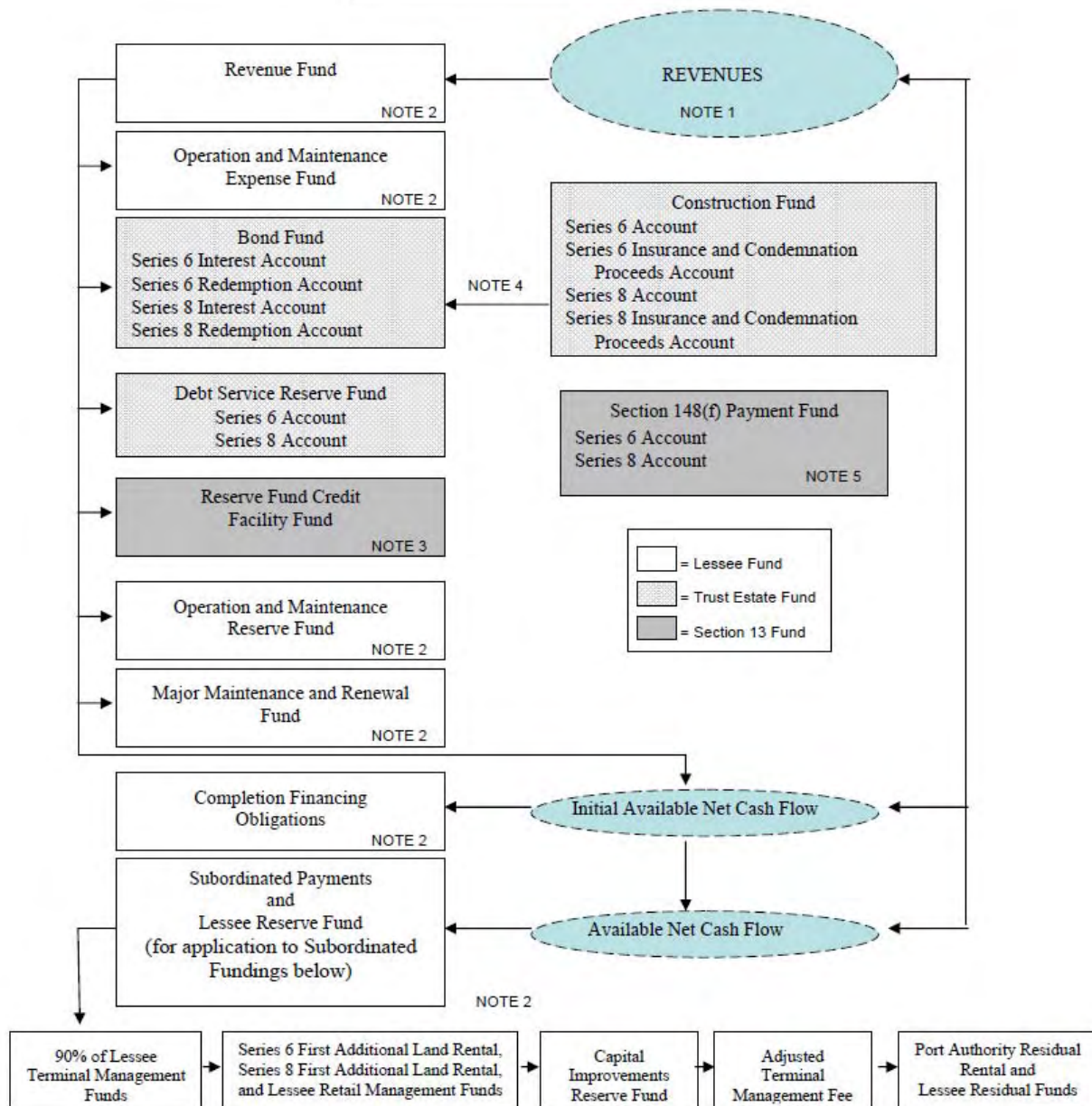
JFK IAT is required to deposit or cause to be deposited into the Revenue Fund, as and when received, all Revenues of JFK IAT (including investment earnings on the Lessee Funds) with certain limited exceptions described in “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT” in Appendix C-4. All amounts deposited in the Revenue Fund are then required to be transferred to various other funds and accounts held by the Trustee under the Trust Administration Agreement, as described in the following paragraph.

Monies on deposit in the Revenue Fund are required to be transferred by the Trustee at JFK IAT’s direction (or, during a Lock-Box Period, following the presentation of a requisition by JFK IAT or, if JFK IAT fails to submit a requisition, at the Trustee’s initiative) into the funds and accounts held by the Trustee under the Trust Administration Agreement in the order illustrated in the *Flow-of-Funds Chart* set forth on the next page, but only to the extent of monies then available in the Revenue Fund. Except during a Lock-Box Period with respect to Restricted Payments (but not other Subordinated Fundings), once monies have been deposited in the Subordinated Payments and Lessee Reserve Fund and transferred to other funds and accounts in the order illustrated in the *Flow-of-Funds Chart*, excess amounts remaining in the Subordinated Payments and Lessee Reserve Fund may be paid out to JFK IAT and its affiliates and to the Port Authority and thereafter are no longer subject to the security interest granted by JFK IAT to the Trustee in such fund. The existence of a Lock-Box Period does not limit payments to the Port Authority from the Subordinated Payments and Lessee Reserve Fund or Subordinated Fundings (other than Restricted Payments) to JFK IAT.

If there are insufficient monies available in the Revenue Fund to make those transfers, then the Trustee, at JFK IAT’s direction (or, during a Lock-Box Period, following the presentation of a requisition by JFK IAT or, if JFK IAT fails to submit a requisition, at the Trustee’s initiative), is required to transfer to the Revenue Fund monies sufficient to make those required transfers from, respectively, the Operation and Maintenance Reserve Fund, the Major Maintenance and Renewal Fund, the Subordinated Payments and Lessee Reserve Fund and the Capital Improvements Reserve Fund.

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Flow of Funds



Note 1 = All Revenues of JFK IAT deposited in Revenue Fund with certain limited exceptions described in "Summary of Certain Provisions of the Trust Administration Agreement" in [Appendix C-4](#).

Note 2 = Subject to JFK IAT requisition to Trustee during a Lock-Box Period; otherwise subject to JFK IAT control without need of requisition.

Note 3 = Revenues only deposited in the Reserve Fund Credit Facility Fund to reimburse the provider of a reserve fund credit facility for any draws thereunder.

Note 4 = Amounts equal to a portion of the interest accruing on the Series 8 Bonds during the development and construction period, excess Construction Fund proceeds following completion of the 2010 Expansion Project, and a portion of any condemnation proceeds not used to restore or rebuild Terminal 4 will be transferred to the Series 8 Accounts within the Bond Fund. There are no amounts remaining in the Series 6 Accounts within the Construction Fund.

Note 5 = The Trustee, at JFK IAT's direction, is required to deposit from the Bond Fund, the Construction Fund or available Revenues in the Revenue Fund into the applicable account within the Section 148(f) Payment Fund any amount required to be rebated to the United States.

Contracts with Registered Holders

The Special Project Bond Resolution and the Series 8 and 9 Resolution constitute contracts with the holders of the Series 8 Bonds in whose names the Series 8 Bonds are registered on the books and records of the Trustee, acting in its capacity as Registrar for the Series 8 Bonds, and neither any public advertisement or notice nor this Official Statement is to be construed as a contract with any of the holders of the Series 8 Bonds. During the period in which a book-entry system is applicable to the Series 8 Bonds, the Depository or its nominee shall be the only registered holder of the Series 8 Bonds.

Additional Descriptions

For an additional description of certain provisions of (i) the Special Project Bond Resolution, see “SUMMARY OF CERTAIN PROVISIONS OF THE SPECIAL PROJECT BOND RESOLUTION” in Appendix C-1 hereto, (ii) the Series 8 and 9 Resolution, see “SUMMARY OF CERTAIN PROVISIONS OF THE SERIES 8 AND 9 RESOLUTION” in Appendix C-2 hereto, (iii) the Trust Indenture, see “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST INDENTURE” in Appendix C-3 hereto, (iv) the Trust Administration Agreement, see “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT” in Appendix C-4 hereto, (v) the Lease, see “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE AND THE LEASE SUPPLEMENTS” in Appendix D hereto, and (vi) the Anchor Tenant Agreement, see “SUMMARY OF CERTAIN PROVISIONS OF THE ANCHOR TENANT AGREEMENT” in Appendix E hereto. The foregoing descriptions, as well as the sections and appendices set forth below, do not purport to be comprehensive or definitive and are qualified by reference to, and are subject to the provisions of, the foregoing documents, copies of which may be obtained in the manner set forth under “MISCELLANEOUS” herein.

CERTAIN INVESTMENT CONSIDERATIONS AND RISK FACTORS

Prospective purchasers of the Series 8 Bonds should carefully consider the matters set forth below as well as all of the other information contained or referred to in this Official Statement in evaluating an investment in the Series 8 Bonds. The contents of this Official Statement are not to be construed as legal, business or tax advice. Prospective purchasers should consult their own attorneys and business and tax advisors as to legal, business and tax advice.

Limited Collateral; Non-Recourse Obligations

JFK IAT is a single purpose entity with no assets other than its leasehold interest in Terminal 4, and other assets and contracts generally related to Terminal 4. JFK IAT’s obligations under the Lease, the Trust Administration Agreement, the Guaranty and the other Financing Documents are obligations solely of JFK IAT and not of any affiliate of JFK IAT. No member of JFK IAT or its direct parent, JFK IAT Member LLC, has any obligation to contribute additional equity or otherwise provide funds to JFK IAT, and JFK IAT has no sources of revenue other than from Terminal 4. In addition, none of the affiliates of JFK IAT has guaranteed the payment of the Series 8 Bonds or has any obligation with respect to the payment of the Series 8 Bonds, nor has JFK IAT Member LLC pledged its interest in JFK IAT to secure JFK IAT’s obligations under the Lease or payment of the Series 8 Bonds. Therefore, the ability of JFK IAT to make required payments under the Lease and the Guaranty in respect of debt service will be a function strictly of the availability of sufficient Revenues from the operation of Terminal 4 after the payment of all Permitted Operation and Maintenance Expenses and all “Ground Rental” payable to the Port Authority under the Lease.

The collateral pledged under the Personal Property Security Interest includes specified contracts and negligible personal property of JFK IAT. Substantially all of the fixtures constituting Terminal 4 is leased by the Port Authority to JFK IAT pursuant to the Lease, and subject to the Leasehold Mortgage. If JFK IAT defaults on its obligations under the Lease or the Guaranty, there can be no assurance that realization on such collateral will be sufficient to repay interest, principal and other amounts due under the Series 8 Bonds and other Terminal 4 Bonds.

Certain Risks with Respect to the Trustee's Remedies under the Lease, Leasehold Mortgage and Lease Assignment

JFK IAT's interest in Terminal 4, including the 2010 Expansion Project, pursuant to the provisions of the Lease and the continuation of the Lease are essential to the existence and effectiveness of the Trustee's security interests in the Trust Estate and under the Financing Documents. Accordingly, *in the event of a termination of the Lease, the Trustee's security interests will be extinguished and there will be no meaningful source of payment of the Series 8 Bonds.*

The Port Authority has the right to terminate the Lease following the occurrence of certain events of default set forth therein, subject to certain limited rights of the Trustee, as mortgagee under the Leasehold Mortgage, to avoid or suspend any such termination. See "SUMMARY OF CERTAIN PROVISIONS OF THE LEASE AND THE LEASE SUPPLEMENTS" in Appendix D hereto and "SECURITY AND SOURCES OF PAYMENT – Trustee Remedies in Connection with the Lease and the Leasehold Mortgage" above. However, the Trustee must meet certain preconditions and satisfy certain monetary and non-monetary obligations in order to so avoid a termination of the Lease, including the obligation to make certain payments, take certain actions and exercise certain legal remedies. No assurance can be made that the Trustee will be willing or able to meet such obligations, including engaging or identifying a QTO or ITO, and thus avoid the termination of the Lease.

The terms of the Lease further significantly restrict any subsequent purchasers of the Lease in a foreclosure sale from pledging their interest in the Lease to lenders in connection with the financing of the purchase price. Such restrictions could limit the number of lenders willing to extend credit to any such purchasers and could further limit the amount of financing available for any such purchase. Accordingly, at a foreclosure sale, the Trustee may not be able to realize the full value of the Lessee's interest in the Lease.

Bondholder Voting Rights and Potential Direction by the Series 6 Bond Insurer and a Minority of Bondholder Interests

Pursuant to the Port Authority Financing Consent and Agreement, the election or exercise of certain of the Trustee's remedies under the various Financing Documents or the Lease can be required by a Valid Direction as described above under "SECURITY AND SOURCES OF PAYMENT – Port Authority Financing Consent and Agreement." As a result of these provisions, a Valid Direction may be initiated, and carried out in certain circumstances, by interests representing less than a majority of the holders of all Combined Bonds, and all holders of Combined Bonds would be bound by such a Valid Direction even if they disagreed with it. Additionally, other than with respect to Excluded Remedies and Actions, for so long as the Series 6 Bonds remain outstanding and the Series 6 Bond Insurance Policy remains in effect (and the Series 6 Bond Insurer is not in default thereunder), the Series 6 Bond Insurer must effectively agree with or fail to object to any Valid Direction for such Valid Direction to take effect and be pursued by the Trustee even if the holders of a majority in aggregate principal amount of the Combined Bonds otherwise wish for the Trustee to act upon such Valid Direction.

Certain Risks with Respect to the City Lease

The City has the right to terminate the City Lease if the Port Authority fails to meet its payment or other various obligations under the City Lease, and neither the City nor the Port Authority is making any representation or warranty concerning the ongoing effectiveness of the City Lease in connection with the issuance of the Series 8 Bonds. An early termination of the City Lease while Series 8 Bonds are outstanding would result in loss of the Port Authority's rights with respect to the Airport, termination of the Lease (or any successor lease for Terminal 4), termination of JFK IAT's (or any successor lessee's) interests in Terminal 4, and termination of the Leasehold Mortgage. All previously issued Terminal 4 Bonds, including the Series 8 Bonds, would also become subject to extraordinary mandatory redemption. However, in such event, it would be unlikely that funds would be available to repay any outstanding Terminal 4 Bonds since the City of New York would be under no obligation to continue to grant JFK IAT (or any successor lessee) any ongoing interest in Terminal 4 or to recognize any interest that the Trustee (as mortgagee under the Leasehold Mortgage) may otherwise have had with respect to Terminal 4. Accordingly, no assurances can be given that the City Lease will remain in effect for the full terms of the Lease or the Series 8 Bonds or that the Series 8 Bonds could be repaid if the City Lease is terminated.

Certain Construction-Related Risks

Failure to complete the 2010 Expansion Project in a timely manner, together with certain other adverse events, could materially adversely affect JFK IAT and its ability to make payments in respect of the Series 8 Bonds. In particular, while Delta will be principally obligated under the Anchor Tenant Agreement to cause the construction of the 2010 Expansion Project, to take ultimate responsibility for cost overruns and to begin paying interim rentals to JFK IAT in respect of the 2010 Expansion Project if it is not completed prior to the end of the capitalized interest period for the Series 8 Bonds, JFK IAT is not guaranteed to have access to other funding sources to undertake such matters if Delta should fail to meet these obligations. JFK IAT's ability to finance any cost overruns with proceeds of additional Terminal 4 Bonds, for example, would be subject to the Port Authority's willingness to issue additional Terminal 4 Bonds and satisfaction of the test for the issuance of additional Terminal 4 Bonds set forth in the Trust Administration Agreement, as well as market conditions at the time. Accordingly, no assurance can be given that JFK IAT will be able to complete the 2010 Expansion Project or meet its payment obligations with respect to debt service on the Series 8 Bonds if Delta fails to meet its obligations under the Anchor Tenant Agreement with respect to construction of the 2010 Expansion Project. The Lease will also obligate JFK IAT to complete construction of the 2010 Expansion Project, irrespective of whether Delta performs its obligations under the Anchor Tenant Agreement, so JFK IAT could also be in default under the Lease if these circumstances were to arise and JFK IAT were not to fulfill its obligations.

To mitigate the risks of cost overruns or delayed construction affecting the 2010 Expansion Project, JFK IAT and Delta have undertaken certain precautions, including making provisions for contingency funds in the overall construction budget and engaging experienced third-party firms to assist with design, planning, cost estimates and construction administration. However, completion of the 2010 Expansion Project as and when scheduled could be adversely affected by various factors, including but not limited to (1) estimating errors, (2) design and engineering errors, (3) changes in construction plans, (4) higher contract prices than expected, (5) contract award delays, (6) litigation that delays construction activities, (7) material and/or labor shortages, (8) unforeseen environmental or site conditions, (9) adverse weather conditions, (10) contractor defaults, and (11) labor disputes. Consequently, no assurance can be given that the 2010 Expansion Project will be completed on budget or when anticipated.

Factors that May Adversely Affect Terminal 4's Airline Users

JFK IAT's (or a successor's) ability to collect revenues from its operation and management of Terminal 4 could be adversely affected by unfavorable events affecting one or more of its primary users (i.e., its airline tenants) or the airline industry more broadly, inasmuch as such events could lead one or more of its airline tenants to default with respect to their rental payment or other obligations to JFK IAT (or a successor) and/or decrease or discontinue their flight activity at Terminal 4 and the Airport. Neither JFK IAT nor the Port Authority makes any representation concerning the financial condition of any airline, and no assurance can be given regarding the impact, if any, that future unfavorable events affecting Terminal 4's airline users or the airline industry more broadly might have upon JFK IAT or its operations at Terminal 4.

In general, the airline industry is cyclical and characterized by high sensitivity to general economic trends, intense pricing and route competition among air carriers, and significant fuel, labor, equipment, regulatory, insurance and other costs, as well as the potential for labor disruptions. Many airlines have only limited access to credit and are heavily dependent on cash balances and operating cash flows. The profitability of most airlines and the industry overall has tended to fluctuate dramatically, and the industry's characteristics and conditions from time to time have caused numerous airlines to go out of business or substantially alter their business and operating plans. Additionally, ongoing merger activity, asset transfers and bankruptcies have resulted, and may continue to result, in consolidation within the industry further affecting industry conditions, including competition and operating factors. Airlines and the airline industry can also be vulnerable to external global events that can have sudden (and sometimes prolonged) and dramatic adverse affects on the demand for worldwide air travel, such as the outbreak or spread of contagious illnesses, natural disasters or severely adverse weather or operating conditions (such as the recent major eruptions of a volcano in Iceland), international hostilities, terrorist attacks, and even the threat of international hostilities or terrorist attacks.

The September 11, 2001 terrorist attacks on the United States are one example of a past unfavorable event that materially adversely affected the global airline industry and that had particularly acute impacts on some individual carriers. The attacks and the resultant decrease in the demand for air travel, coupled with enhanced security requirements, caused fundamental and permanent changes to the industry, including substantial revenue declines and cost increases resulting in industry-wide liquidity issues. As a result of these factors, many then-current airline tenants of Terminal 4 either chose or were forced to reduce or discontinue altogether their flight operations at the Airport and Terminal 4, presenting significant business challenges for JFK IAT. Over a two-year period following the terrorist attacks, total flight operations at Terminal 4 fell by approximately 5% and total passenger activity fell by 22%. However, JFK IAT was able to adjust its operating costs and maintain operations at a sufficient level to ensure that no debt service payments with respect to the Series 6 Bonds were missed. Terminal 4 and JFK IAT ultimately recovered from these adversities, with passenger activity returning to its prior level of approximately 5,370,000 by the 12-month period which ended August 2004. (Terminal 4 now enjoys passenger activity that is more than 77% in excess of this level.) However, no assurances can be provided that JFK IAT would be able to recover from any similar or other materially adverse event in the future.

Factors Affecting Airline Demand for Terminal 4

Based on the large number and diversity of Terminal 4's airline tenants and ongoing changes in the airline industry, JFK IAT expects that changes in the composition of Terminal 4's airline tenants will occur from time to time in the normal course of Terminal 4's operations. Any such changes, individually or taken cumulatively at any point, could be material. Further, as some airlines may decrease or discontinue their usage of Terminal 4 in the future, JFK IAT may be dependent upon attracting new airline users to maintain a healthy revenue base. JFK IAT believes that Terminal 4 is and will remain an attractive base location for many carriers serving the Airport due to the quality and operational flexibility of its facilities. However, no assurance can be given that JFK IAT will be able to replace any airline tenant which reduces or discontinues service at Terminal 4 with new airline activity and/or comparable revenues.

Airline demand for Terminal 4 at any given time will be dependent upon any number (or a combination) of considerations, including then-current industry conditions and other business considerations that may affect particular airlines as described above under “ – Factors that May Adversely Affect Terminal 4's Airline Users,” as well as local market considerations specifically affecting Terminal 4, including the demand for air travel within the Air Trade Area, the availability of other passenger terminal facilities at the Airport and elsewhere throughout the Air Trade Area, potential limited capacity for additional flight operations at the Airport, and the evolving effect of airline alliances and similar business relationships upon airline operations at the Airport.

Local demand for air travel

The Report of the Airport Consultant included in [Appendix B](#) describes various factors that will influence passenger demand and aviation activity throughout the Air Trade Area in the coming years, including the expected growth in the population, the underpinnings of the local economy, and historical airline service and route networks at the Airport and other commercial airports in the Air Trade Area. While the Report of the Airport Consultant projects that demand for air travel throughout the Air Trade Area will continue to grow over time, no assurance can be given that any such growth will positively affect demand for, or supply of, airline service at that Airport or at Terminal 4 specifically.

Alternative available passenger terminal facilities

Airlines serving the New York area have a choice of airports and passenger terminal facilities. While the Airport attracts the largest share of the Air Trade Area's originating and departing (O&D) passengers and is also its principal international airport, airline service and passenger activity at other commercial airports in the area have also grown over time, reflecting, in part, the overall growing demand for air travel throughout the Air Trade Area. Newark-Liberty International Airport, in particular, has experienced significant increases in international flight and passenger activity in recent years. Further, each area airport has its own unique passenger terminal facilities, which may or may not be capable of accommodating additional airline and passenger activity. At the Airport, there are presently seven operating unit passenger terminals, including Terminal 4, and the 2010 Expansion Project is currently the only approved terminal development project taking place. Although it is probable

that additional terminal expansion, or even new terminal development, will take place at the Airport during the term of the Series 8 Bonds, site constraints and cost considerations may inhibit the development of significant amounts of new terminal capacity at the Airport. Moreover, the 2010 Expansion Project is not expected to result in an increase in available aircraft contact gates at the Airport (as Delta has committed to demolish Terminal 3 and such facility's 16 aircraft contact gates after commencing occupancy of its expanded subleased space in Terminal 4, including its nine new aircraft contact gates). Still, because of the multiple airports and passenger terminal facilities serving the Air Trade Area and the Airport, respectively, there can be no assurance that existing airline service or passenger activity at Terminal 4 will not shift to other area airports or passenger terminals, or that Terminal 4 will be successful in attracting new or replacement airline tenants who may also consider such alternative facilities in deciding where to locate their operations. In addition, as described above under "JFK IAT AND ITS BUSINESS ARRANGEMENTS – Restrictive Covenant of the Port Authority Regarding FIS Facilities," the Port Authority has previously covenanted under the Lease that for so long as JFK IAT is operating a 24-hour FIS facility at Terminal 4 it will not itself construct or operate, or permit another non-airline operator to construct or operate, a FIS facility at the Airport, except in certain limited circumstances. However, such covenant will expire not later than May 13, 2026 and may be modified or eliminated sooner in certain events, possibly impacting Terminal 4's competitive position at the Airport in the future.

Area airspace and airfield capacity and the FAA's flight limitations at the airport

Based on the significant demand for airline service from within the Air Trade Area, and taking into account the practical limitations affecting the region's air traffic space as well as the specific runway capacity at the Airport, the FAA has established limits on the number of flight operations that airlines may schedule at the Airport during certain operating periods. (The FAA has also established similar types of limitations for LaGuardia Airport and Newark Liberty International Airport.) As described above under "THE AIRPORT – Air Trade Area; Passenger and Air Traffic," under the FAA's current O/A Order for the Airport, landing and take-off Operating Authorizations for specific operating periods are allocated to the airlines operating or desiring to operate at the Airport by the FAA. In general, airlines with Operating Authorizations may also lease or trade their Operating Authorizations with other airlines but only following FAA approval and so long as the arrangement does not extend beyond the current expiration date of the O/A Order. Importantly, Operating Authorizations for the Airport are not tied in any way to the Airport's various passenger terminal facilities. Accordingly, for so long as flight limitations similar to those imposed by the current O/A Order remain in effect, any airline desiring to use Terminal 4 at a particular time must separately possess rights to the necessary Operating Authorizations in order to accommodate its corresponding flight operations at the Airport. And, as a result, airline demand for Terminal 4 could be materially adversely affected if Operating Authorizations are unavailable generally or during the specific operating periods when it may be able to accommodate additional airline activity, including times when JFK IAT may desire (or need) to seek increased flight activity in order to maintain a healthy revenue base. There can also be no assurance given that the FAA or other governmental agencies having jurisdiction will not enact even stricter limitations on flight activity at the Airport in light of the growing demand for air travel in the Air Trade Area and its impact on the region's air traffic space and area airports.

Airline alliances and other similar business relationships at the Airport

As airlines grow and reinforce their alliances and other similar business relationships with one another in an effort to seek competitive advantages in the global marketplace, the evolving impact of such relationships at the Airport could adversely affect future individual airline demand for Terminal 4. In particular, airline tenants in Terminal 4 whose key alliance partners are located in other passenger terminals at the Airport could become more interested over time in relocating their operations at the Airport to such other passenger terminals. Additionally, if airline alliances and their members move to consolidate substantial portions of their operations in one or more passenger terminals or groups of terminals at the Airport (other than Terminal 4) in the future, such changes could also serve to limit the number of airlines who may at any time be interested in using space in Terminal 4, including at times when JFK IAT may desire (or need) to seek increased flight activity in order to maintain a healthy revenue base, although Terminal 4 could potentially become more attractive for airlines whose key alliance members operate at Terminal 4 (including, currently, the SkyTeam alliance as a result of Delta's increased commitment to the facility).

Certain Risks with Respect to Airline Concentration and the Anchor Tenant Agreement with Delta

Historically, no airline has accounted for more than 10% of Terminal 4's total passenger traffic in any year. However, in connection with the 2010 Expansion Project, JFK IAT and Delta will enter into the Anchor Tenant Agreement under which Delta will sublease at least twelve (or 48%), and up to 16 (or 64%) of Terminal 4's 25 total planned aircraft contact gates upon and following completion of the 2010 Expansion Project. Such presence is expected to result in Delta becoming responsible for a similarly significant portion of Terminal 4's passenger traffic, as well as a significant portion of JFK IAT's overall airline revenues.

JFK IAT expects that Delta's increased commitment to Terminal 4 will enable Terminal 4 to benefit, among other things, from a significant and predictable stream of airline revenue, providing JFK IAT with more stability for its overall operations. Additionally, Delta's increased operations in Terminal 4 will represent the relocation of a significant portion of Delta's existing O&D passenger traffic at the Airport, underscoring the importance of Terminal 4 with respect to the Airport's overall O&D passenger traffic. However, Delta's increased commitment will also increase JFK IAT's proportionate exposure to the business of any single airline, and to Delta in particular. As a result, if Delta were to breach any of its commitments under the Anchor Tenant Agreement, or if the Anchor Tenant Agreement were to be terminated prior to its expiration for any reason, including due to a default by JFK IAT thereunder, it would likely be more challenging for JFK IAT to respond to, and potentially recover from, any such event when compared to similar events affecting JFK IAT's other airline tenants.

The Anchor Tenant Agreement contains numerous obligations and responsibilities of both Delta and JFK IAT relating to the construction and ongoing use of the 2010 Expansion Project, as well as Delta's subleased space in Terminal 4. Subject to certain procedural requirements, including notice to the other party and opportunities to cure, either party may seek to terminate the Anchor Tenant Agreement if the other party fails to meet its obligations under the Anchor Tenant Agreement. Delta, for example, could seek to terminate the Anchor Tenant Agreement, without any further obligation on its part, in the event that JFK IAT were to default in the performance of its obligations thereunder beyond any applicable cure periods. For a more complete summary of the full terms of the Anchor Tenant Agreement, including the parties' various obligations and responsibilities as well as the default and termination provisions, see "SUMMARY OF CERTAIN PROVISIONS OF THE ANCHOR TENANT AGREEMENT" in Appendix E. A termination of the Anchor Tenant Agreement while the Lease remains in effect would require JFK IAT to secure one or more replacement tenants to utilize the substantial space in Terminal 4 that had been subleased to Delta to replace the associated lost revenue stream from Delta. A default under, or termination of, the Anchor Tenant Agreement, however, would not automatically give rise to a default on the Terminal 4 Bonds, including the Series 8 Bonds.

Certain additional risks could apply in the event of a breach by Delta of its commitments under the Anchor Tenant Agreement or termination of the Anchor Tenant Agreement prior to completion of the 2010 Expansion Project, see "– Certain Construction-Related Risks" above. Following completion of the 2010 Expansion Project, any delays in JFK IAT's receiving payment by Delta of its sublease rentals when due under the Anchor Tenant Agreement could also materially adversely affect JFK IAT's ability to make its payments when due in respect of Terminal 4 Bonds, including the Series 8 Bonds. Further, a termination of the Anchor Tenant Agreement in connection with a rejection of it by Delta in the event of a bankruptcy by Delta, or certain other elections by Delta in the event of such a bankruptcy, could excuse Delta from having to make such payments. In particular, in the event a bankruptcy case is filed with respect to Delta, a bankruptcy court would likely determine that the Anchor Tenant Agreement is an executory contract or unexpired lease pursuant to Section 365 of the United States Bankruptcy Code (the "Bankruptcy Code"). In that event, a trustee in bankruptcy or Delta as a debtor-in-possession might reject the Anchor Tenant Agreement. Under the United States Bankruptcy Code, a rejection of the Anchor Tenant Agreement could result in a claim for termination damages, which claim would rank as that of a general unsecured creditor of Delta. A bankruptcy court could also determine that the Lease Agreement constituted an unexpired lease of non-residential real property. Upon such determination, any claim for termination damages would be limited to the rent payable under the Anchor Tenant Agreement (without acceleration) for the greater of one year or 15% of the remaining term of the Anchor Tenant Agreement, but not to exceed three years, following the earlier of (a) the date the bankruptcy petition was filed, and (b) the date on which JFK IAT repossessed, or Delta surrendered, the subleased property, plus any unpaid rentals under the Anchor Tenant Agreement (without acceleration) on the earlier of such dates. Accordingly, JFK IAT's monetary recovery, if any, from Delta following

a bankruptcy filing by Delta could be relatively insignificant in comparison to Delta's then unperformed payment obligations under the Anchor Tenant Agreement.

If Delta were to become subject to bankruptcy proceedings, in lieu of rejecting the Anchor Tenant Agreement, and if it did not want to affirm and continue the Anchor Tenant Agreement unchanged, Delta could also then seek to negotiate and (with the consent of JFK IAT and bankruptcy court approval) enter into a revised sublease agreement for a reduced amount of space (and associated rental obligations) in Terminal 4. In any case other than Delta's affirmation of the Anchor Tenant Agreement following a Delta bankruptcy, JFK IAT would be required to relet Delta's prior subleased space in order to restore its revenue base, and such efforts could be particularly challenging. In addition to the challenges outlined above under "– Factors that May Adversely Affect Terminal 4's Airline Users" and "– Factors Affecting Airline Demand for Terminal 4," which could be magnified by the potential volume of available space, additional challenges JFK IAT could confront in attempting to find one or more replacement tenants for Delta's subleased space in Terminal 4 include, but are not limited to, the following:

- It is unlikely that a single replacement tenant for all or most of Delta's subleased space could be promptly obtained, as most individual airlines would be incapable of producing the same or even a similar scale of operations as Delta is expected to maintain at Terminal 4 in a short timeframe. A single replacement tenant might also require a volume of Operating Authorizations for its proposed operations that is unlikely to be available in the marketplace or from the FAA at any given time (unless the replacement carrier was able to acquire such Operating Authorizations from Delta, which cannot be assured). Further, as the airline industry continues to become more consolidated as a result of both corporate combinations and the growth of airline alliances, the universe of individual airlines who at any time might be interested in replacing the scale of Delta's operations at Terminal 4, even over a long-term period if ample space were to become available in Terminal 4, may be extremely limited, if it exists at all. Consequently, if JFK IAT were required to seek one or more replacement tenants for all or a significant portion of Delta's subleased space in Terminal 4, it would likely have to secure multiple replacement tenants to fully restore its revenue base, which is more likely to require a more extended period of time, if it is possible at all. And even if JFK IAT is successful in restoring its revenue base over time, repayment of the Terminal 4 Bonds, including the Series 8 Bonds, could be jeopardized in the interim. Although JFK IAT maintains certain operating reserves that could be drawn upon in such an event, such reserves are limited and repayment of the Terminal 4 Bonds, including the Series 8 Bonds, could not be assured.
- Although Terminal 4, as expanded by the 2010 Expansion Project, is expected to be capable of accommodating a diverse array of airline operations, there can be no assurance that Delta's subleased space and Terminal 4 could accommodate all potential replacement tenants. Delta values space in Terminal 4, in part, because of Terminal 4's proximity to Terminal 2, where Delta plans to continue a portion of its coordinated flight operations at the Airport. As described above under "THE 2010 EXPANSION PROJECT – Related Terminal 2 and Terminal 3 Projects," Delta is also undertaking the Related T2/T3 Projects (which are not being funded with proceeds of the Series 8 Bonds) to optimize and enhance the efficiency of its coordinated flight operations in Terminal 4 and Terminal 2, including construction of a secure passenger walkway linking Terminal 4 and Terminal 2 and construction of up to 16 aircraft parking positions on the current adjacent site of Terminal 3. There is no assurance that the Related T2/T3 Projects, if completed, or Terminal 2 could be available to replacement tenants for Delta's subleased space in Terminal 4, and, consequently, the Delta subleased space in Terminal 4 may not be able to be operated by replacement carriers with the same efficiencies or at the same scale as Delta expects, making such space less attractive to some potential replacement tenants. In addition, Terminal 4, when expanded by the 2010 Expansion Project, will have been constructed to accommodate a planned mix of O&D passenger traffic (from both Delta and JFK IAT's other airline tenants) and connecting passenger traffic (primarily comprised of Delta and Delta Affiliate Carrier passengers who fly into the Airport for onward travel on departing Delta and Delta Affiliate Carrier flights from

the Airport). The capacity of Terminal 4's passenger check-in, baggage claim, passenger pick-up and other headhouse areas could become constrained if Terminal 4's O&D passenger traffic were to increase substantially. As a result, in the event JFK IAT is required to seek replacement tenants for all or a significant portion of Delta's subleased space in Terminal 4, JFK IAT may be limited in the amount of replacement tenants with predominantly O&D passenger traffic that it could accommodate at Terminal 4 without additional investment in headhouse facilities. Such additional investment, moreover, would require additional approvals, time and funding, none of which can be assured.

As described above under "CERTAIN OPERATING AND FINANCIAL INFORMATION ABOUT TERMINAL 4 – Business Plan in Connection with the 2010 Expansion Project," the Anchor Tenant Agreement includes requirements applicable to Delta's "preferential" use of its subleased gates, which requirements could provide JFK IAT with some advanced ability to back-fill space not being fully utilized by Delta should Delta begin scaling back operations in Terminal 4 prior to any termination or modification of the Anchor Tenant Agreement. However, such requirements do not ensure JFK IAT's ability to schedule use of any such space for others for periods in excess of each semi-annual scheduling season, which might discourage potential replacement tenants whose interest or needs may be more long-term.

Certain Airport Regulatory Considerations

General

The Port Authority and JFK IAT are subject to various federal statutory, regulatory, and contractual requirements concerning the lease, construction, expansion, and operation of the existing Terminal 4 at the Airport. Specifically, certain approvals and consents of the FAA must be obtained before JFK IAT can construct the additional gates and related facilities as part of the planned expansion of Terminal 4. The U.S. Congress has also enacted various statutes, and the U.S. Department of Transportation ("DOT") and the FAA have adopted comprehensive regulations and policies, governing permissible airport rates and charges to airlines.

It is not possible to predict whether future legislation, regulations, policies, orders, restrictions or limitations on Airport operations, Terminal 4, the 2010 Expansion Project or JFK IAT will be imposed. The expanded Terminal 4 and the 2010 Expansion Project could be adversely affected if statutory or regulatory changes were implemented that (i) impose more comprehensive or stringent restrictions or requirements on the Airport and on the Airport's facilities (e.g., additional operating limitations, or safety, security, maintenance or other requirements) resulting in increased compliance costs, (ii) reduce certain benefits currently provided to JFK IAT, (iii) affect the availability of necessary permits or JFK IAT's ability to obtain necessary permits for the expanded Terminal 4 and the 2010 Expansion Project, or (iv) impair JFK IAT's ability to operate Terminal 4.

Fair and Reasonable Fees

Under applicable federal statutes, DOT/FAA policy, FAA grant assurances and judicial precedent, airport fees and rates and charges levied on air carriers for services and facilities at U.S. airports that receive federal grants, must be fair and reasonable and not unjustly discriminatory. Additionally, the DOT and the FAA have jointly adopted procedures by which air carriers may administratively challenge rates and charges that air carriers allege are not fair and reasonable. Under DOT/FAA policy, fees charged for the use of non-airfield aeronautical facilities, such as airport terminals, can be based on any reasonable methodology, so long as it is justified and consistently applied. Under DOT/FAA policy, airfield fees (i.e., for use of runways) are required to be based on historic costs but non-airfield aeronautical facility (i.e., terminal facilities) fees can be based on any reasonable methodology, including but not limited to direct negotiation with users, rates established by historic cost valuation, or an objective and justified determination of fair market value. The U.S. Court of Appeals for the D.C. Circuit remanded a DOT airport rates and charges decision involving another airport to the DOT, in part, to justify or abandon its disparate treatment of airfield and non-airfield facilities. The DOT has not concluded its remand review. JFK IAT is not an airport and is not directly governed by the federal grant assurances. JFK IAT has no direct agreement with or obligation to the FAA; the FAA has obtained assurances of compliance from the Port Authority, and would hold the Port Authority responsible for assuring compliance by its tenants and contractors.

The obligation to provide fair and reasonable fees and avoid unjust discrimination applies to JFK IAT at Terminal 4 solely pursuant to the Lease.

JFK IAT believes that its fee structure for airline use of the existing Terminal 4 and the 2010 Expansion Project facilities complies with applicable federal statutes and DOT/FAA policy. JFK IAT further believes that the fees that currently are or that are planned to be charged to airlines for their use of the existing Terminal 4 and the 2010 Expansion Project facilities are and will be competitively constrained because of the presence of several alternative terminals at the Airport as well as at nearby Newark Liberty International Airport. JFK IAT also plans to obtain the agreement of affected airlines to its proposed fees through direct negotiations with those airlines, thereby reducing the likelihood of an administrative challenge to those fees. Even if the DOT were to change its policy in response to the Court remand referred to above, it is unlikely that DOT would prohibit fees for use of non-airfield aeronautical facilities that are based on a negotiated agreement. Under applicable DOT/FAA policy and regulations, DOT/FAA generally do not permit air carriers to challenge airport fees to which they have contractually agreed.

However, there can be no assurance that (i) JFK IAT's fees will not be challenged by one or more air carriers as unfair or unreasonable, or (ii) the fees will be upheld in the event of a challenge. An adverse DOT/FAA determination regarding the fairness and reasonableness of JFK IAT's airline fees could require JFK IAT to develop alternative fees or an alternative fee methodology, and possibly to refund a portion of the challenged fees to the affected airlines, either of which events could adversely affect JFK IAT's ability to generate revenues to support its obligations with respect to the Terminal 4 Bonds, including the Series 8 Bonds.

Non-Discrimination Among Air Carriers and Peak-Hour Pricing

Under federal statutes and DOT/FAA regulations and policy, airport proprietors cannot subject air carriers to "unjust discrimination" in fees and operating conditions. This obligation requires that air carriers making similar use of the airport be charged substantially comparable rates and charges and receive similar treatment, although airports are permitted to make reasonable classifications among airlines such as classifications based on signatory or non-signatory status, and to offer reasonable price reductions to volume purchasers or users of airport services. Additionally, the DOT and the FAA have promulgated regulations and adopted procedures by which air carriers may administratively challenge rates and charges that air carriers allege are unjustly discriminatory.

Other than its arrangements with Delta under the Anchor Tenant Agreement, JFK IAT's current pricing structure has three basic classifications of air carriers (Signatory, Contract, and Ad Hoc/Charter), with differing rates to be charged to each class for peak-hour operations. JFK IAT believes that this pricing structure is not unjustly discriminatory because the carrier classifications are reasonably based on the differing financial and contractual commitments made to Terminal 4 by each classification. For example, Signatory Carriers are required to make a greater minimum revenue guarantee on a per-enplaned passenger basis than Contract or Ad Hoc/Charter Carriers. Ad Hoc/Charter Carriers are not required to make any minimum financial commitment. Signatory Carriers are also required to enter into longer General Use Agreements (3–10 years) than Contract Carriers (1 year to 7 years) or Ad Hoc/Charter Carriers (month-to-month). JFK IAT has used these three basic classifications at Terminal 4 since 2001 without receiving any complaints or determinations from DOT/FAA that they are unjustly discriminatory.

In addition, JFK IAT believes that, for the aforementioned reasons, it is appropriate for Signatory Carriers at Terminal 4 to be charged lower peak-hour rates than the other two classifications and that the peak/off-peak aspects of its proposed pricing structure are consistent with applicable federal statutes and DOT/FAA policy. Although peak-hour pricing is not widespread at U.S. airports, DOT/FAA policy permits airports to adopt properly structured peak pricing systems that are designed to allocate limited airport resources efficiently during periods of congestion. JFK IAT believes that its proposed pricing structure will attract operations during un-congested periods and thereby enhance the efficient use of the expanded Terminal 4 and the Airport. Furthermore, the U.S. Court of Appeals for the D.C. Circuit recently upheld an amendment to DOT/FAA airport rates and charges policy that allows airports to charge aircraft higher landing fees at peak times (so-called "congestion pricing").

Accordingly, JFK IAT believes its proposed airline fees and classifications are not unjustly discriminatory. However, there can be no assurance that (i) a challenge by one or more air carriers will not be made

or (ii) the fees and/or classifications will be upheld in the event of a challenge. If JFK IAT's fee structure were found to be unjustly discriminatory or otherwise in violation of federal law or DOT/FAA policy, JFK IAT would be required to develop alternative fees or pricing methodology, and possibly to refund a portion of the challenged fees to the affected airlines, either of which events could adversely affect JFK IAT's ability to generate revenues to support its obligations with respect to the Terminal 4 Bonds, including the Series 8 Bonds.

Anchor Tenant Agreement

As described above, JFK IAT and Delta will enter into the Anchor Tenant Agreement under which Delta, among other things, will agree to sublease at least twelve and up to 16 of the planned 19 total aircraft contact gates on Concourse B. Delta will have "preferential" use rights with respect to its subleased gates under the Anchor Tenant Agreement, such that Delta will have first priority for scheduling flights on those subleased gates for itself and Delta Affiliate Carriers. Delta's rents and charges for its subleased space and usage of facilities in Terminal 4 will be determined according to the specific pricing formulas set forth in the Anchor Tenant Agreement, which will have a term of more than 30 years. JFK IAT believes that the pricing and "preferential" use rights for Delta under the Anchor Tenant Agreement fully comply with DOT/FAA policy. However, there can be no assurance that (i) one or more other air carriers will not challenge that arrangement or (ii) the arrangement would be upheld in the event of such a challenge. If a complaint were filed by a carrier with the FAA against the Port Authority challenging the Anchor Tenant Agreement arrangement and as a result, the arrangement was found not to comply with or otherwise be in violation of federal law or DOT/FAA policy, the Port Authority would be required to terminate any such violation and non-compliance. Remedying the non-compliance would not necessarily require an amendment of the Anchor Tenant Agreement, if the Port Authority were to revise the terms offered to the complaining carrier. However, a finding of a violation against the Port Authority might result in the Port Authority requiring JFK IAT and Delta to revise the Anchor Tenant Agreement and such revision could adversely affect the resulting revenue stream and JFK IAT's commitments in connection with the Terminal 4 Bonds, including the Series 8 Bonds.

Certain Environmental, Health and Safety Considerations

As with any project of this size and nature, Terminal 4 is required to comply with numerous statutes, regulations and directives relating to environmental protection and the safety and health of its employees and the public during its operation, including: standards relating to the discharge or release of hazardous substances to the air, water and land, and the identification, generation, storage, handling, transportation, disposal, record keeping, labeling, reporting, emergency response and investigation, remediation or cleanup in connection with hazardous and toxic materials or other substances associated with the facility; limits on noise emissions; and safety and health standards, practices and procedures applicable to the further development or operation of Terminal 4. Compliance with such requirements may impose significant additional costs on Terminal 4, the 2010 Expansion Project and JFK IAT. Failure to comply with any such statutes, regulations and directives or any permits required thereunder could have adverse effects on the facility and/or JFK IAT, including civil or criminal liability, imposition of environmental liens and fines and expenditures of funds to bring the facility into compliance. In addition, changes in existing laws or regulations could have an adverse effect on operation of the facility.

In addition, soil and groundwater at the Terminal 4 site have been affected by releases of jet fuel and other hydrocarbons and contaminants. The construction area of the 2010 Expansion Project likely has also been affected by releases of jet fuel and other hydrocarbons and contaminants. In connection with the original development of Terminal 4, the Port Authority addressed jet fuel, other hydrocarbons and certain other contaminants pursuant to a consent order with the New York State Department of Environmental Conservation. The consent order required the Port Authority to remediate these substances to levels that are determined not to pose an unacceptable threat to human health or the environment. In addition, JFK IAT has conducted investigations and tests to supplement the Port Authority's investigations of environmental conditions, and JFK IAT is responsible for remediation of any increased levels of constituents in soil or groundwater in the tested area during the Lease term unless JFK IAT can prove that the condition existed before the beginning of the Lease term or as a result of the Port Authority's operations. The 2010 Expansion Project budget includes funds to address any soil and groundwater contamination encountered during construction. However, unexpected environmental liabilities or costs could adversely affect JFK IAT's ability to generate sufficient available revenues in support of its obligations with respect to the Terminal 4 Bonds, including the Series 8 Bonds.

Enforceability of Remedies

The remedies available to the Trustee and/or the holders of the Series 8 Bonds upon an event of default under the Series 8 and 9 Resolution, the Trust Indenture, the Trust Administration Agreement, the Lease, the Leasehold Mortgage, the Lease Assignment, the Personal Property Security Interest, the Guaranty and the other Financing Documents are in many respects dependent upon judicial actions that are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically the Bankruptcy Code, the remedies provided in such documents may not be readily available or may be limited by limitations imposed by the valid exercise of the constitutional powers of the State of New York and the United States of America, and bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally, and by general principles of equity. Additionally, in 1951, the States of New York and New Jersey adopted legislation consenting to a waiver of the Port Authority's immunities from suit and from liability subject to, among other requirements in specific cases, the filing of a valid and timely notice of claim in an action for money damages and commencement of suit in all actions within one year from the date the cause of action accrues and, with respect to actions for injunctive relief, limitations requiring that such actions may only be brought by the Attorney General of the State of New York or the State of New Jersey. Limitations or delays imposed in connection with the exercise of remedies by the Trustee and/or the holders of the Terminal 4 Bonds (and the Series 6 Bond Insurer, if applicable) following an event of default under the Lease or any Financing Document could further jeopardize the ultimate repayment of the Terminal 4 Bonds, including the Series 8 Bonds.

Adequacy of Insurance

JFK IAT is obligated under the Lease to obtain and keep in force, or cause to be maintained and kept in force, comprehensive insurance with respect to Terminal 4 and the 2010 Expansion Project, including all-risk property insurance covering, among other things, damage caused by fire, floods or hurricanes, general liability insurance, boiler and machinery coverage and business interruption insurance. The proceeds of casualty insurance may only be used to repair or replace Terminal 4 facilities and are not available under the Lease for repayment of any Terminal 4 Bonds, including the Series 8 Bonds. There can be no assurance that such comprehensive insurance coverage will be available in the future on commercially reasonable terms or that the amounts for which JFK IAT is insured or amounts which JFK IAT receives under such insurance coverage will cover all losses and, in particular, amounts payable with respect to the Series 8 Bonds in the event of a casualty loss as required under the Lease. Further, no assurances can be given that business interruption insurance would be available to cover payment of Facility Rental.

Limitation on Debt

JFK IAT is not permitted to create or incur debt except for "Permitted Debt" under the Lease, which includes any Terminal 4 Bonds (including the Series 6 Bonds, the Series 8 Bonds and any additional Terminal 4 Bonds that are issued in the future), subject to meeting the requirements set forth in the Financing Documents. Permitted Debt also includes certain subordinated debt, including the Subordinated Port Authority Investment. Any additional Terminal 4 Bonds will be secured ratably with the other Terminal 4 Bonds outstanding as described herein. The issuance of additional Terminal 4 Bonds (other than for refinancing purposes) would create additional claims against such security and could result in a reduction in JFK IAT's debt service coverage ratio and cash available to make payments of principal of and interest on the Terminal 4 Bonds, including the Series 8 Bonds. No assurances can be given that if JFK IAT requires funds for repairs, additional improvements or replacements of the Terminal 4 facility, funding will be available.

LEGALITY FOR INVESTMENT AND ELIGIBILITY FOR DEPOSIT

Under existing legislation in the States of New York and New Jersey, the Series 8 Bonds are legal for investment for state and municipal officers, banks and savings banks, insurance companies, trustees and other fiduciaries in the States of New York and New Jersey and are eligible for deposit with state or municipal officers or agencies of the States of New York and New Jersey for any purpose for which the bonds or other obligations of the States of New York and New Jersey may be deposited, to the extent and as set forth in the legal opinion of the General Counsel of the Port Authority, to be rendered on the date of delivery of the Series 8 Bonds and substantially

in the form set forth at “FORM OF LEGAL OPINION OF GENERAL COUNSEL OF THE PORT AUTHORITY” in Appendix H hereto.

RATINGS

Moody’s Investors Service, Standard & Poor’s Ratings Service (a division of The McGraw-Hill Companies, Inc), and Fitch Ratings have assigned ratings for the Series 8 Bonds of “Baa3,” “BBB-” and “BB,” respectively. These ratings reflect only the views of such respective organizations, and an explanation of the significance of such ratings may be obtained only from the rating agency furnishing such rating. There is no assurance that any or all of such ratings will continue for any given period of time or will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of the rating agencies circumstances so warrant. Any such downward revision or withdrawal could have an adverse effect on the market prices of the Series 8 Bonds.

UNDERWRITING

Pursuant to a Contract of Purchase (the “Contract of Purchase”) dated December 1, 2010, between Citigroup Global Markets Inc. (“Citi”), on its own behalf and as representative of the other underwriters named on the cover page of this Official Statement (collectively with Citi, the “Underwriters”), and the Port Authority, the Underwriters have agreed to purchase the Series 8 Bonds at a purchase price of \$782,994,209.15 (representing the aggregate principal amount of the Series 8 Bonds, less a net original issue discount of \$4,419,270.85 and less an Underwriters’ discount of \$8,866,520.00). In addition, in connection with the issuance of the Series 8 Bonds, Delta will make a cash payment of \$1,306,703.34 to the Underwriters on the date of issuance of the Series 8 Bonds, which shall not be part of the purchase price of the Series 8 Bonds. The public offering prices of the Series 8 Bonds may be changed from time to time by the Underwriters. The Contract of Purchase provides that the Underwriters will purchase all the Series 8 Bonds if any are purchased and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Contract of Purchase including, among other things, the approving of certain legal matters by their counsel.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and/or investment banking services for the Port Authority, JFK IAT, Delta and other users of Terminal 4, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the Port Authority, JFK IAT, Delta and other users of Terminal 4. The Underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Certain of the Underwriters have entered into distribution agreements with other broker-dealers (that have not been designated as Underwriters of the Series 8 Bonds) for the distribution of the Series 8 Bonds at the original public offering prices. Such agreements generally provide that each relevant Underwriter will share a portion of its underwriting compensation with such other broker-dealers.

FINANCIAL ADVISOR

Frasca & Associates, L.L.C. is the financial advisor to the Port Authority for the Series 8 Bonds and the 2010 Expansion Project.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the “Rule”), JFK IAT has undertaken in a written agreement with the Trustee for the benefit of the holders of the Series 8 Bonds to provide to the Trustee, within 120 days after the end of each fiscal year, commencing with the fiscal year ending December 31, 2010, financial information and operating data for such fiscal year (the “Annual Report”) and to provide notices of occurrence of certain enumerated events. The Trustee shall provide notice in writing to JFK IAT that such Annual Financial Information is required to be provided by such date, at least 45 days but not more than 60 days in advance of such date. Each Annual Report and any notices of the specified events will be filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (EMMA) system. The specific nature of the information to be contained in each Annual Report and in notices of the specified events is set forth in the “FORM OF CONTINUING DISCLOSURE AGREEMENT” at Appendix G attached hereto.

JFK IAT is a party to a Lessee Continuing Disclosure Agreement, which it executed in connection with the issuance of the Series 6 Bonds in 1997. JFK IAT failed to deliver the Annual Financial Information (as defined in such agreement) required to be delivered under that agreement for the fiscal years 2004 and 2005 in a timely fashion. That failure has since been rectified and JFK IAT has complied in all material respects with its undertakings under such agreement since 2006. Other than such failure, JFK IAT has never failed to comply in all material respects with any previous undertaking to provide annual reports or notices of enumerated events.

TAX EXEMPTION

Port Authority Tax Certificate

In connection with the issuance of the Series 8 Bonds, the Treasurer of the Port Authority shall provide, as part of the record of proceedings with respect to the issuance of the Series 8 Bonds, a certificate as to the use, investment and disposition of proceeds of, and other actions to be taken in connection with, the Series 8 Bonds (the “Tax Certificate”). Among other matters set forth therein, the Port Authority agrees in the Tax Certificate that, assuming compliance with certain representations and covenants in the Trust Administration Agreement by the Trustee and the Lessee, and subject to the Special Project Bond Resolution, the Series 8 and 9 Resolution, the Lease, the Trust Indenture and the Trust Administration Agreement, it will neither take any actions nor fail to take any actions as will cause interest on the Series 8 Bonds to be includible, for Federal income tax purposes, in the gross income of the recipients thereof (other than such a recipient that is a substantial user (or a related person) of the facilities provided from the proceeds of the Series 8 Bonds with the meaning of Section 147(a) of the Internal Revenue Code of 1986 (the “Code”) and the regulations thereunder) under Section 103(a) of the Code and the regulations thereunder, as such section and regulations may be applicable to the Series 8 Bonds, or to be treated as a preference item in calculating the alternative minimum tax under Section 57 of the Code and the regulations thereunder, as such section and regulations may be applicable to the Series 8 Bonds or be included in the adjustment to the corporate alternative minimum tax with respect to adjusted current earnings.

Opinion of General Counsel of the Port Authority

General Counsel of the Port Authority is of the opinion, on the basis of his examination into the validity of the Series 8 Bonds and in the light of the actions of the Port Authority contemplated by and described in certain materials examined, that under the existing Acts of Congress, the regulations thereunder, and judicial decisions, and assuming compliance with the Port Authority’s Tax Certificate and with certain representations and covenants in the Trust Administration Agreement by the Trustee and the Lessee, interest on the Series 8 Bonds is not includible, for Federal income tax purposes, in the gross income of the recipients thereof under Section 103(a) of the Code; provided, however, that no opinion is expressed with respect to the includibility of interest on any bond or bonds of this series, for Federal income tax purposes, in the gross income of the recipients thereof under Section 103(a) of the Code for any period during which such bond or bonds of this series are held by a substantial user (or a related person) of facilities provided from the proceeds of the Series 8 Bonds within the meaning of Section 147(a) of the Code and the regulations thereunder. Non-compliance with the Tax Certificate or with certain

representations and covenants in the Trust Administration Agreement by the Trustee and the Lessee may cause interest on the Series 8 Bonds to be includible, for Federal income tax purposes, retroactively in the gross income of the recipients thereof, irrespective of when such non-compliance may occur or be ascertained. General Counsel of the Port Authority is also of the opinion, on the basis of his examination into the validity of the Series 8 Bonds and in the light of the actions of the Port Authority contemplated by and described in certain materials examined, that the Series 8 Bonds and the interest thereon are exempt, under the Compact of April 30, 1921, between the States of New York and New Jersey, and supplementary legislation, from any and all taxation (except estate, inheritance and gift taxes) now or hereafter imposed directly thereon by or under authority of the States of New York and New Jersey or by any political subdivision thereof. In addition, General Counsel of the Port Authority is also of the opinion, on the basis of the foregoing, that interest on the Series 8 Bonds is neither treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations nor included in the adjustment to the corporate alternative minimum tax with respect to adjusted current earnings; provided, however, that no opinion is expressed concerning such treatment in the event of non-compliance with the Tax Certificate or with certain representations and covenants in the Trust Administration Agreement by the Trustee and JFK IAT.

Reference is made to Appendix H hereto for the proposed form of the approving opinion expected to be rendered by General Counsel of the Port Authority in connection with the Series 8 Bonds. See also “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT” in Appendix C-4 for a description of JFK IAT’s representations and covenants with respect to certain tax matters.

Certain Federal Tax Matters

The Code provides for interest (including that portion of any original issue discount accruing in any year) on state and local government obligations, such as the Series 8 Bonds, to be taken into account in computing certain elements of individual and corporate taxes, including without limitation the foreign corporations branch profits tax and income taxes on a portion of social security or railroad retirement benefits for individuals. The nature and extent of the Federal income tax consequences of these provisions, as well as the original issue discount provisions of the Internal Revenue Code of 1986, depend on the particular Federal income tax status of the individual or corporate taxpayer and the taxpayer’s other items of income or deduction. General Counsel of the Port Authority expresses no opinion regarding any such Federal income tax consequences.

OTHER LEGAL MATTERS

All proceedings pertaining to, and the issuance of, the Series 8 Bonds are subject to the sole unqualified approving opinion of Darrell Buchbinder, Esq., General Counsel of the Port Authority. In connection with the delivery upon original issuance of the Series 8 Bonds, General Counsel of the Port Authority will render an opinion relating to the Series 8 Bonds, substantially in the form set forth in Appendix H. Certain legal matters will be passed upon for JFK IAT by its counsel, Debevoise & Plimpton LLP, New York, New York, and for the Underwriters by their counsel, O’Melveny & Myers LLP.

MISCELLANEOUS

On November 29, 2010, JFK IAT, the Port Authority and Citi received an email from the owner of a business methods patent (U.S. Patent No. 7,840,497) that was issued on November 23, 2010, alleging that the financing structure for the Series 8 Bonds infringes that patent, and that, unless JFK IAT purchases a license to use such patent, the owner will sue JFK IAT for willful patent infringement. The allegations contained in the email do not challenge the validity or enforceability of the Series 8 Bonds, the Financing Documents, the Lease or the Anchor Tenant Agreement. JFK IAT, the Port Authority and Citi cannot predict the scope of any such litigation, if brought. JFK IAT, the Port Authority and Citi believe that the asserted patent infringement claim is without merit, and JFK IAT intends to defend vigorously against any resulting litigation.

The information and expressions of opinion in this Official Statement are subject to change without notice after the date of this Official Statement, and future use of this Official Statement shall not otherwise

create any implication that there has been no change in the matters referred to in this Official Statement since its date.

The Appendices are integral parts of this Official Statement and must be read together with all other parts of this Official Statement. Information in this Official Statement pertaining to Terminal 4 (other than with respect to the Report of the Airport Consultant) or the operation or financial condition of JFK IAT has been selected and prepared by JFK IAT. The Report of the Airport Consultant has been prepared by Ricondo & Associates, and the information therein has been provided by the sources indicated in such report.

Set forth in this Official Statement is information concerning, among other things, Terminal 4, JFK IAT, the Port Authority, certain other project participants, certain terms of the Series 8 Bonds, the Lease, the Financing Documents and certain applicable laws. All references herein to such laws and documents are qualified in their entirety by reference to such laws and to each such document as such document has been or will be executed and delivered on or prior to the issuance of the Series 8 Bonds, and all references to the Series 8 Bonds are qualified in their entirety by reference to the contracts with bondholders pertaining to the Series 8 Bonds, including definitive forms thereof, the Series 8 and 9 Resolution and the Special Project Bond Resolution. Neither any advertisement of the Series 8 Bonds nor this Official Statement is to be construed as constituting an agreement with the purchasers of the Series 8 Bonds. Insofar as any statements are made in this Official Statement involving matters of opinion, regardless of whether expressly so stated, they are intended merely as such and not as representations of fact.

Current drafts of the Financing Documents and the Lease may be obtained during the offering period by prospective purchasers from the Underwriters at Citigroup Global Markets Inc., 390 Greenwich Street, 2nd Floor, New York, NY, 10013. Following the date of issuance and delivery of the Series 8 Bonds, copies of the Financing Documents and the Lease, in the form executed by the respective parties, may be obtained from the Trustee at its principal corporate trust office at 101 Barclay Street, 7th Floor, New York, NY 10286.

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Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Port Authority and the purchasers or registered owners of any of the Series 8 Bonds.

The execution and delivery of this Official Statement have been duly authorized by the Port Authority.

THE PORT AUTHORITY OF
NEW YORK AND NEW JERSEY

By: /s/ Anne Marie Mulligan
Treasurer

The distribution of this Official Statement has been requested by:

JFK INTERNATIONAL AIR TERMINAL LLC

By: JFK IAT MEMBER LLC, its sole member

By: SCHIPHOL USA INC., its managing member

By: /s/ Joris Backer
President

Dated: New York, New York, December 1, 2010

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APPENDIX A

**JFK INTERNATIONAL AIR TERMINAL LLC FINANCIAL STATEMENTS,
DECEMBER 31, 2009 AND 2008**

The Port Authority did not assist in the preparation of JFK IAT's financial statements and the Port Authority is not responsible in any respect for any inaccuracies contained therein.

JFK International Air Terminal LLC

**Financial Statements
December 31, 2009 and 2008**

JFK International Air Terminal LLC

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December 31, 2009 and 2008

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Report of Independent Auditors

To the Members of JFK International Air Terminal LLC:

In our opinion, the accompanying statements of financial position and the related statements of operations, members' deficit and cash flows present fairly, in all material respects, the financial position of JFK International Air Terminal LLC (the "Company") at December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

April 20, 2010
New York, NY

JFK International Air Terminal LLC
Statements of Financial Position
December 31, 2009 and 2008

	2009	2008
Assets		
Cash and cash equivalents	\$ 107,438	\$ 41,639
Restricted cash and cash equivalents	61,699,501	48,705,210
Accounts receivable, net	18,371,837	17,659,988
Deferred tax assets	6,789,576	7,067,116
Prepaid expenses and other assets	712,228	676,323
Property and equipment, net	1,531,358	2,071,951
Total assets	<u>\$ 89,211,938</u>	<u>\$ 76,222,227</u>
Liabilities and Members' Deficit		
Accounts payable and accrued expenses	\$ 57,270,141	\$ 44,685,873
Rent payable	5,942,318	5,943,274
Deferred rent liability	167,650,998	175,496,448
Distributions payable to Members	5,909,000	4,615,000
Total liabilities	236,772,457	230,740,595
Members' deficit	(147,560,519)	(154,518,368)
Total liabilities and members' deficit	<u>\$ 89,211,938</u>	<u>\$ 76,222,227</u>

The accompanying notes are an integral part of these financial statements.

JFK International Air Terminal LLC
Statements of Operations
Years Ended December 31, 2009 and 2008

	2009	2008
Revenue		
Airline	\$ 186,459,029	\$ 173,342,360
Retail	30,868,891	33,583,126
Other	526,295	1,087,031
Contract	-	759,815
Total revenues	<u>217,854,215</u>	<u>208,772,332</u>
Expenses		
Rent	81,248,077	83,080,046
Repairs, maintenance and security	22,984,285	23,683,867
Port Authority fee	70,707,376	62,263,519
Utilities	10,432,550	9,964,616
Salaries and benefits	8,000,971	7,580,809
General and administrative	6,769,877	7,635,602
Depreciation and amortization	624,025	636,476
Cost of contract	-	759,815
Total expenses	<u>200,767,161</u>	<u>195,604,750</u>
Income before income tax provision	17,087,054	13,167,582
Income tax provision	<u>683,740</u>	<u>528,348</u>
Net income	<u>\$ 16,403,314</u>	<u>\$ 12,639,234</u>

The accompanying notes are an integral part of these financial statements.

JFK International Air Terminal LLC
Statements of Members' Deficit
Years Ended December 31, 2009 and 2008

	LCOR JFK Airport, LLC	Schiphol USA LLC	Lehman JFK LLC	Total
Members' deficit, December 31, 2007	\$ (63,758,455)	\$ (63,758,455)	\$ (31,879,226)	\$ (159,396,136)
Distributions declared	(3,104,586)	(3,104,586)	(1,552,294)	(7,761,466)
Net Income	<u>5,055,694</u>	<u>5,055,694</u>	<u>2,527,846</u>	<u>12,639,234</u>
Members' deficit, December 31, 2008	\$ (61,807,347)	\$ (61,807,347)	\$ (30,903,674)	\$ (154,518,368)
Distributions declared	(3,778,186)	(3,778,186)	(1,889,093)	(9,445,465)
Net Income	<u>6,561,326</u>	<u>6,561,326</u>	<u>3,280,662</u>	<u>16,403,314</u>
Members' deficit, December 31, 2009	<u>\$ (59,024,207)</u>	<u>\$ (59,024,207)</u>	<u>\$ (29,512,105)</u>	<u>\$ (147,560,519)</u>

The accompanying notes are an integral part of these financial statements.

JFK International Air Terminal LLC
Statements of Cash Flows
Years Ended December 31, 2009 and 2008

	2009	2008
Cash flows from operating activities		
Net Income	\$ 16,403,314	\$ 12,639,234
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	624,025	636,476
Decrease in deferred tax assets	277,540	250,759
Decrease in deferred rent liability	(7,845,450)	(6,325,794)
Provision for bad debts	494,885	725,221
Changes in assets and liabilities		
Increase in restricted cash and cash equivalents	(12,994,291)	(3,731,401)
(Increase) decrease in accounts receivable	(1,206,734)	1,531,674
(Increase) in prepaid expenses and other assets	(35,905)	(69,303)
(Decrease) increase in rent payable	(956)	19,426
Increase in accounts payable and accrued expenses	12,584,268	2,718,136
Decrease in advances from Trustee	-	(295,859)
Net cash provided by operating activities	<u>8,300,696</u>	<u>8,098,569</u>
Cash flows from investing activities		
Purchase of property and equipment	(83,432)	(257,825)
Leasehold improvements	-	(32,338)
Net cash used in investing activities	<u>(83,432)</u>	<u>(290,163)</u>
Cash flows from financing activities		
Distributions paid	(8,151,465)	(8,150,000)
Net cash used in financing activities	(8,151,465)	(8,150,000)
Net increase (decrease) in cash and cash equivalents	65,799	(341,594)
Cash and cash equivalents		
Beginning of year	41,639	383,233
End of year	<u>\$ 107,438</u>	<u>\$ 41,639</u>

The accompanying notes are an integral part of these financial statements.

JFK International Air Terminal LLC

Notes to Financial Statements

December 31, 2009 and 2008

1. Organization and Basis of Presentation

JFK International Air Terminal LLC (the "Company" or "JFK IAT") is a limited liability company organized under New York Limited Liability Company Law. The Company was formed on November 5, 1996 by LCOR JFK Airport, LLC ("LCOR JFK"), a New York limited liability company, Schiphol USA, Inc., a New York corporation (which assigned its rights to Schiphol USA LLC, ("SUSA"), a Delaware limited liability company, effective April 11, 1997), and Lehman JFK LLC ("Lehman JFK"), a Delaware limited liability company (collectively, the "Members" and each, individually, a "Member").

Effective April 2, 2010, SUSA acquired the interest of LCOR JFK Airport, LLC and Lehman JFK LLC ("Outgoing Members"). The 60% combined interests of the Outgoing Members were acquired for cash consideration. As a result, the Company will operate as a single member limited liability company (see Note 13 for further information).

The Company was organized for the purposes of (1) negotiating the terms of, and entering into a lease agreement with the Port Authority of New York and New Jersey (the "Port Authority") to lease, operate and maintain the International Arrivals and Wing Buildings (the "IAB") located at John F. Kennedy International Airport ("JFK Airport") in Jamaica, New York (referred to herein as the "Port Authority Lease"), and (2), within the terms of the Port Authority Lease, design and construct a new terminal (the "Project" or the "New Air Terminal"). On May 13, 1997, JFK IAT executed the Port Authority Lease. The Port Authority sold \$934,100,000 of Special Project, Series 6 Bonds (the "Bonds" or the "Bond") to fund the Project (see Note 5).

The Company can continue in operation until November 5, 2046, unless its operations are terminated earlier in accordance with the Amended and Restated Operating Agreement dated December 16, 1996, among the Members (the "Agreement").

SUSA, as the sole member of the Company, amended and restated the Agreement (as defined in the preceding paragraph) and created an Amended and Restated Operating Agreement dated April 2, 2010 in order to among other things, express all of the rights and obligations of SUSA as the sole member of the Company.

The accompanying consolidated financial statements have been prepared on a going concern basis in accordance with accounting principles generally accepted in the United States of America. This contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

In 2009, the Financial Accounting Standards Board ("FASB") issued "The FASB Accounting Standards Codification ("ASC" or the "Codification") and the Hierarchy of Generally Accepted Accounting Principles ("GAAP")." This statement is effective for the Company in 2009. Upon effect, the Codification became the source of authoritative U.S. GAAP recognized by the FASB and the Company's notes to the financial statements will no longer make reference to the Statement of Financial Accounting Standards ("SFAS") or other U.S. GAAP pronouncements. The adoption of the Codification had no impact on the Company's financial condition statements.

JFK International Air Terminal LLC

Notes to Financial Statements

December 31, 2009 and 2008

Contributions

Under the terms of the Agreement, SUSA and Lehman JFK (the "Preferred Equity Members") made aggregate capital contributions of \$16,532,304 in cash (the "Preferred Equity") in exchange for 40% (SUSA) and 20% (Lehman JFK) of the Company. LCOR JFK contributed certain non-monetary assets to the Company in exchange for a 40% investment in the Company.

The Preferred Equity Members are entitled to receive a return on their undistributed Preferred Equity contributions which is equal to the lesser of 12.5% per annum, compounded monthly, or the highest lawful rate (the "Preferred Equity Return"). All preferred equity balances were distributed by November 1999.

Income Allocations

Net income is allocated to the Members in the following order of priority: first, to those Members with deficit balances in their capital accounts so as to increase those balances to zero; then, to Preferred Equity Members until the balance in their capital accounts is equal to the amount of the Preferred Equity and Preferred Equity Return that is left to be distributed to each Member; and thereafter, to the Members pro rata in proportion to their membership interests. Net losses are allocated to the Members pursuant to a six-tier order of priority with priority allocations being made to certain Members with, inter alia, First and Second Excess Balances, Preferred Equity and Undistributed Subordinated Member Equity Returns, all as defined in the Agreement, and, thereafter, to the Members in proportion to their respective Membership interests. During 2009 and 2008, allocations were made in proportion to membership interests.

Distributions

The Company expects, from time to time, to make distributions of cash flows and capital proceeds to the Members, as and to the extent available, subject to the limitation specified in the Port Authority Lease as amended (see Note 3), and the maintenance of required reserve levels.

For the years ended December 31, 2009 and 2008, distributions declared to Members amounted to \$9,445,465 and \$7,761,466 of which \$5,909,000 and \$4,615,000 remained unpaid at December 31, 2009 and 2008, respectively.

The Members are not liable individually for any debt or other obligations of the Company and no Member is required to contribute any capital to the Company other than those contributions required by the Agreement.

2. Summary of Significant Accounting Policies

Cash and Cash Equivalents

The Company considers short term investments with original maturities of three months or less to be cash equivalents. The Company maintains its cash in bank accounts which, at times, may exceed federally insured limits. The Company believes it mitigates its risk by investing in or through major financial institutions. Recoverability of investments is dependent upon the performance of the issuer.

Restricted Cash

As of December 31, 2009 and 2008, \$61,699,501 and \$48,705,210, respectively, of cash and cash equivalents were deposited in certain reserve funds and were dedicated to the payment of, among other things, rent. For purposes of the Statement of Cash Flows, the Company has classified changes in the restricted cash balance as operating activities since it is restricted for such use.

JFK International Air Terminal LLC

Notes to Financial Statements

December 31, 2009 and 2008

Accounts Receivable

Accounts receivable are recorded at the invoiced amount, less an estimate made for doubtful receivables, and do not bear interest. The allowance for doubtful accounts represents the Company's best estimate of probable credit losses in its existing receivables. The Company determines its allowance by considering a number of factors including the length of time receivables are past due, previous loss history, the customers' ability to pay its obligations, and the general economy and industry as a whole. The Company writes off accounts receivable when they become fully uncollectible.

Property and Equipment

Property and equipment are stated at cost and depreciated by the straight-line method over the estimated useful lives of the assets, which range from 3 to 4 years. Leasehold improvements installed after May 9, 2001 (date of beneficial occupancy) are amortized by the straight-line method over the shorter of the lease term or the estimated useful life of the asset. Maintenance and repairs are charged to expense in the year incurred. Expenditures which significantly improve or extend the life of an asset are capitalized. Cost and accumulated depreciation of property retired or disposed of are removed from the respective accounts and the gain or loss, if any, is reflected in earnings.

Prepaid Expenses and Other Assets

Prepaid expenses and other assets include amounts paid by the Company for general business insurance coverage, maintenance contracts, and security deposits. The Company amortizes the expense of the insurance and maintenance over their related terms which range from one to three years.

Deferred Rent Liability

The Company's operating leases contain predetermined fixed escalations of the minimum rentals during the term of the lease. The Company recognizes the rental expense on a straight line basis over the life of the lease and records the difference between the amounts charged to operations and amounts paid as its deferred rent liability.

Contract Revenue and Costs

The Company includes in the financial statements pass-through Project costs on its cost plus contract with the Port Authority as the Company is responsible, on behalf of the Port Authority, for engineering specifications, procurement and management of such cost components. These Project costs, which include materials, equipment and subcontractor costs, are reimbursable by the Port Authority and by the Trustee under and pursuant to the Bond Indenture (the "Trustee") out of the Bond proceeds and completion financing (Note 3). In 2009 and 2008, there were no contract costs incurred and paid by the Company which were not reimbursable by the Trustee.

Revenue Recognition

Revenue is recognized when the event giving rise to the entitlement occurs or the service is performed and when the sales price is fixed and determinable and when collectibility is reasonably assured. The Company reports its revenue on a net basis, which is computed by deducting volume rebates issued to customers from gross revenue. Airline revenue includes enplanement fees from user airlines (fixed fees per departing and arriving passengers), utility and operating cost reimbursements, rent for space utilized in the New Air Terminal, including office and counter space, and handling fees.

JFK International Air Terminal LLC

Notes to Financial Statements

December 31, 2009 and 2008

Retail revenue is earned from operating leases of the retail operators, food and beverage concessions and service providers. The payment terms of the leases vary and include fixed rents, rentals based on square footage or a combination of minimum rentals and varying percentages of gross receipts. Percentage rentals are recorded as revenue when the gross receipts amounts are reported to the Company. Other revenue principally consists of income derived from interest and various photo shoots conducted at the Terminal.

Income Taxes

The Company, as a limited liability company, is not subject to Federal corporate income taxes on its taxable income. The members' include their pro-rata share of the Company's net income in their income tax returns.

The Company, however, is subject to certain taxes (principally unincorporated business taxes), and provides for such taxes using the asset and liability method under which deferred income taxes are recognized for the estimated future tax effects attributable to temporary differences that result from events that have been recognized either in the financial statements or the income tax returns, but not both. The measurement of current and deferred income tax liabilities and assets is based on provisions of enacted tax laws. Valuation allowances are recognized if, based on the weight of available evidence, it is more likely than not that all or some portion of any deferred tax asset will not be realized.

Effective for fiscal year 2009, the Company adopted the provisions of accounting principles generally accepted in the United States of America for uncertain tax positions, which prescribes a recognition threshold and a related measurement model for the financial statement recognition of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by the taxing authorities. The adoption did not have a material effect on the Company's financial statements and the Company does not expect the change to have a significant impact on its results of operations or financial position during the next twelve months.

Concentration of Credit Risk

The Company's financial instruments that are exposed to concentration of credit risk consist primarily of cash and cash equivalents, restricted cash and cash equivalents and certain accounts receivable. The Company places its cash in a high-credit-quality commercial bank where the cash balance, at times, is in excess of the federally insured deposit limits. The Company regularly monitors the financial stability of the commercial bank and believes they are not exposed to significant credit risk. Additionally, the majority of the Company's airline receivables and revenue are derived from major international air carriers. Approximately 50 air carriers operate out of the New Air Terminal, none of which individually represented more than 13% and 7% of airline revenue in 2009 and 2008, respectively.

JFK International Air Terminal LLC

Notes to Financial Statements

December 31, 2009 and 2008

Fair Value of Financial Instruments

The Company measures fair value as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering assumptions, generally accepted accounting principles establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of asset or liability as of the measurement date:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement dates for identical, unrestricted assets or liabilities.

Level 2 - Quoted prices for markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e. supported with little or no market activity).

Management estimates that the carrying value of cash and cash equivalents, accounts receivable, accounts payable and accrued expenses and rent and distribution payable were at amounts that reasonably approximate their fair value based on their short-term nature. Cash equivalents consisting of money market funds are reported at fair value utilizing Level 1 inputs.

Impairments and Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in business circumstances indicate the carrying value of the assets may not be recoverable. In reviewing for impairment, the Company compares the carrying value of the assets to the estimated undiscounted future cash flows expected from the use of the assets and their eventual disposition. When the estimated undiscounted future cash flows are less than their carrying amount, an impairment loss is recognized equal to the difference between assets' fair value and its carrying amount. The Company believes the future cash flows to be received from its long-lived assets exceed the assets' carrying value, and accordingly, the Company has not recognized any impairment losses for the years ended December 31, 2009 and 2008.

Risks and Uncertainties

The Company's future operating results may be affected by a number of factors, including the continuance of the leases with retail and other operators, arrangements with airlines and the Port Authority Lease and Project. Terrorist attacks, economic recession, bankruptcy of major airlines, the impact of war and political turmoil in the world, have had a negative impact on the airline industry and, in the past, have impacted the Company's operating results. While the Company has no reason to believe that its relationship with the airlines or the Port Authority will deteriorate, or that the current recessionary environment impacting the aviation industry will not be short-lived, any interruption of these relationships or other adverse events affecting the airline industry would adversely affect the Company.

The Company in its operation and management of the terminal is at times subject to various lawsuits. The Company has subcontracted the liability for these claims and believes the ultimate disposition of these matters will not have a material adverse effect on the Company's financial position or its results of operations.

JFK International Air Terminal LLC

Notes to Financial Statements

December 31, 2009 and 2008

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimates relate to the valuation of accounts receivable, the reimbursement of certain expenses, and valuation allowances on deferred tax assets. Actual results could differ from those estimates.

Subsequent Events

In 2009, the Company adopted a new generally accepted accounting principle, which provides guidance on the assessment of subsequent events. The new standard clarifies that the Company must evaluate, as of each reporting period, events or transactions that occur after the balance sheet date through the date that the financial statements are issued. The Company performed its assessment of subsequent events and all material events or transactions since December 31, 2009 have been integrated into the disclosures in the accompanying consolidated financial statements. Subsequent events have been evaluated through April 20, 2010, which is the date the financial statements were issued.

3. Port Authority Lease

The Port Authority's execution of the new lease with the City of New York for the operation of JFK Airport has confirmed the Port Authority Lease being extended to May 9, 2026 from December 30, 2015.

The date of beneficial occupancy ("DBO"), or the date which the Port Authority certified that the newly constructed terminal was substantially complete and was in compliance with the requirements of occupancy and use, occurred on May 9, 2001.

Under the terms of the Port Authority Lease, the Company assumed sole responsibility for the operation and management of the IAB and the New Air Terminal in compliance with all applicable governmental requirements and Port Authority rules and regulations.

Building, Ground Rental and Capital Funding

Effective with DBO, and through the termination date of the Port Authority Lease, as amended, rental payments are comprised of Building and Ground Rental as defined, calculated using revised formulas, and do not include Facility Rental Payments; however, the Company is obligated to make rental payments sufficient to pay the debt service on the Bonds.

The Port Authority Lease provides that if Building Rentals are insufficient to pay debt service, additional sources may be utilized by the Company to supplement the rental payments including use of cash from the debt service reserve fund and other restricted cash reserves. During 2009 and 2008, cash flows were sufficient to pay debt service on the Bonds.

Under the lease with the Port Authority as amended, Building Rental obligations are increased over the term of the agreement. Post DBO, such annual Building Rental obligations increase from \$55,551,773 (annualized) in 2001 to a maximum of \$77,641,098 in 2007 and continue at a fairly level amount of \$77,461,875 to 2025. In addition, Ground Rental obligations increase annually by the greater of (i) one half of the annual CPI percentage increase or (ii) four percent (4%).

JFK International Air Terminal LLC

Notes to Financial Statements

December 31, 2009 and 2008

The Company recognizes its rental obligation for the amended lease on a straight-line basis. Straight lined rental expense for each of the years ended December 31, 2009 and 2008 are as follows:

	2009	2008
Building Rental Lease Obligation	\$ 71,317,393	\$ 71,209,673
Ground Rental Lease Obligation	17,023,962	16,369,194
Additional Rent - Capital	752,171	1,826,973
Subtotal	89,093,526	89,405,840
Net movement in straight line rentals	(7,845,449)	(6,325,794)
Total rent expense	\$ 81,248,077	\$ 83,080,046

Supplemental Rental Payments

The Company anticipated that project costs would exceed those originally budgeted due to conditions and delays on the project, therefore, JFK IAT and the Port Authority executed Supplemental Lease Agreement (the "Supplement"), No. 1 dated August 10, 2001, pursuant to which the Port Authority agreed to provide up to \$180,000,000 of additional funding of Completion Financing, as defined, to complete the project. The Supplement was made a part of and terminates with expiration of the Port Authority Lease. On November 1, 2005, the Company received the final funding of Completion Financing resulting in total funding of \$173,300,000 which was used to pay for completion of the project. Under the Supplement, the repayment of Completion Financing will be an element of the aggregate lease rental payments but will be subordinate to payment of operating expenses, reserves, Ground Rental, and Building Rental. During 2003, as a result of continued weakness in the airline industry and in the economy in general, the Port Authority and the Company executed Supplemental Lease Agreement No. 2 to defer certain lease payment obligations, including payments on the Completion Financing otherwise coming due in 2003 and provided that such lease rentals be paid with interest from December 1, 2006 through December 1, 2014. Such deferrals bear interest at 8.75%. Under the terms of the Supplement No. 2, lease payments on the Completion Financing ("supplemental rentals") will be made on June 1 and December 1 of each year. Effective with Supplemental Agreement No. 3 entered into during 2004, the Company was allowed to defer its June 1, 2004 payment of supplemental rentals. The deferred payment was made fully in conjunction with the Company's December 1, 2004 supplemental rental payment.

During 2004 the Port Authority and the Company executed Supplemental Agreement No. 4 which changed the Company's obligations regarding payment of supplemental rentals. Most significantly, should Initial Available Net Cash Flow, as defined not be sufficient to pay in full amounts due to the Port Authority each June 1 and December 1, any balance due will either create, or be added to the Deferred APO Amount, as defined. Such Deferred APO Amount shall be payable as noted below, and shall accrue interest at an annual rate of 8.75%.

JFK International Air Terminal LLC

Notes to Financial Statements

December 31, 2009 and 2008

This same supplement obligates the Company to make supplemental rental payments on each June 1 and December 1, prior to the earlier of December 1, 2025 and the effective termination of the Lease, based upon and only to the extent of sufficient Initial Available Cash Flow, as defined. If payments are not made, due to the lack of Initial Available Cash Flow, the Company's non-payment shall not be an Event of Default.

Supplemental Agreement No. 4 requires the supplemental rentals as additional rental payments to be paid in the following priority:

1. The outstanding Deferred APO amount including accrued interest.
2. Interest on the outstanding Completion Financing.
3. Interest on the amounts deferred per Supplemental Agreement No. 2.
4. Amounts due on the Completion Financing and deferred amounts per Supplemental Agreement No. 2.

The following summarizes the future minimum lease payments due under the Port Authority Lease which correspond with the current debt service requirements:

	Amount
Year Ending December 31,	
2010	\$ 108,139,286
2011	109,311,405
2012	110,627,582
2013	111,741,055
2014	112,193,186
2015 and thereafter	1,205,304,479
	<u>\$ 1,757,316,993</u>

Subordinated Fundings

Prior to its amendment in 2004, the Port Authority Lease required additional payments to the Port Authority (defined as Subordinated Funding in the Port Authority Lease) to be made as and only to the extent available after payment of defined expenses, including Ground, Building and supplemental rentals as discussed herein in the following priority:

First Additional Land Rental	Set at an annual rate of \$2,350,000 commencing May 9, 2001, increasing to \$2,500,000 effective July 1, 2003.
Customer Service Concession Fees	20% of food and beverage retail revenue and 50% of non-food and beverage retail revenue.
Ground Handling Fees	100% of the Port Authority Handling Revenue collected, as defined.
Ramp Control Tower Rent	\$414,000 per year.

JFK International Air Terminal LLC

Notes to Financial Statements

December 31, 2009 and 2008

Second Additional Land Rental	Set at an annual rate of \$4,000,000, payable beginning January 1, 2006.
-------------------------------	--

Effective January 1, 2004, The Port Authority and the Company entered into Supplemental Agreement No. 3, which among other things, adjusted the Schedule of Subordinated Fundings as follows:

Payable to the Company	An amount not to exceed \$458,333.
To the Port Authority	The balance of Cash Flow available for Subordinated Fundings.

Effective December 1, 2004, The Port Authority and the Company entered into Supplemental Agreement No. 4. This supplement, among other things, adjusted the Schedule of Subordinated Fundings as follows (in order of priority):

Lessee Terminal Management Funds	An amount of \$2,500,000, increased annually based upon the annual CPI percentage increase. Payment is made to the Company in an amount not to exceed 90% of the Lessee Terminal Management Funds as calculated.
First Additional Land Rental	The annual rate was increased to \$2,750,000 effective January 1, 2004. Any Cash Flow Available for Subordinated Fundings will be used on a pari passu basis to pay First Additional Land Rent and the Lessee Retail Management Funds described herein.
Lessee Retail Management Funds	Represents 5% of all retail revenues as defined. Payable from Cash Flow Available for Subordinated Fundings on a pari passu basis with First Additional Land Rent.
Port Authority and Lessee Residual Funds	All remaining cash flows available will be allocated between the Port Authority and the Company on a 90/10 ratio in favor of the Port Authority.

During 2009 and 2008, aggregate payments of supplemental rentals and Subordinated Fundings to the Port Authority amounted to \$70,707,376 and \$62,263,519 respectively, are classified within the statements of operations as Port Authority fee, and are recognized only to the extent that available cash flows are probable.

JFK International Air Terminal LLC

Notes to Financial Statements

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4. Leases

The following summarizes the long-term future minimum noncancelable rentals receivable under long term leases with the tenants of the New Air Terminal:

	Amount
Year Ended December 31,	
2010	\$ 42,074,551
2011	15,973,272
2012	1,448,667
2013	1,239,742
2014	1,088,327
2015 and thereafter	3,743,689
	<u>\$ 65,568,248</u>

Total fixed rental income for the years ended December 31, 2009 and 2008 was \$36,529,811 and \$16,553,343, respectively.

5. Project

The Bonds were issued by the Port Authority, and are special limited obligations of the Port Authority payable solely from, and collateralized solely by a pledge and assignment of, facility rental (referred to herein as Building Rental Lease Obligation) derived under the Lease with the Company and certain related revenues and assets. The Bonds, together with the investment income earned prior to disbursements of the related proceeds, were intended to pay the estimated development and construction costs of the New Air Terminal. The Bond proceeds were deposited with the Trustee and controlled under the Trust Administration Agreement. The Bonds are insured by a Bond Insurance Policy obtained by the Port Authority which unconditionally and irrevocably guarantees all payments required to be made by or on behalf of the Port Authority. The Company (not its Members) has guaranteed to the Trustee and the Port Authority payment of debt service on the Bonds. The Company has assessed its exposure under these guarantees, and based on the expectation that the Port Authority will be able to meet its obligations, it has determined that it does not need to record a liability related to these guarantees at December 31, 2009.

Post-DBO, if the Company's Net Revenues, as defined, are insufficient to meet the minimum debt service requirements, the Company is required to use the Debt Service Reserve Fund held by the Trustee to fund the shortfall. The Debt Service Reserve Fund has been established at an amount of \$93,410,000 through the initial proceeds from the sale of Bonds. If the Company makes use of this reserve, it has one year to restore the reserve to its appropriate balance, otherwise an Event of Default will occur as noted in the Trust Administration Agreement. As of December 31, 2009 and 2008, no amounts have been drawn from the Debt Service Reserve Fund.

JFK IAT's ability to expend the revenues it generates in its management of the New Air Terminal is limited by the Trust Administration Agreement. In the absence of an event of default under the Trust Administration Agreement, the Company may use the revenues generated by it principally to pay all budgeted operating and maintenance expenses, plus 20% thereof, under certain circumstances.

JFK International Air Terminal LLC

Notes to Financial Statements

December 31, 2009 and 2008

As a result of the Company guaranteeing to the Trustee and the Port Authority payment of debt service on the Bonds, the Company is required to maintain a minimum average Debt Service Coverage Ratio of 1.25, as defined in the Trust Administration Agreement. As of December 31, 2009 and 2008, the Debt Service Coverage Ratio was 2.13 and 2.01, respectively.

The Company, as the Project Developer, was required to submit to the Trustee monthly applications for payment of costs incurred in connection with construction of the Project, together with evidence satisfactory to the Trustee. If such costs are rejected by the Trustee, then a process of arbitration could be triggered. The Company is also entitled to reimbursement of payroll expense of its site staff through June 30, 2002, in an amount not to exceed \$3,834,392. As of December 31, 2009, such accumulated payroll expense amounted to \$7,876,155. The overages have been funded by the Trustee. All such reimbursements are subject to review and audit by the Trustee and the Port Authority.

At DBO, the Company was required to establish an Operation and Maintenance Reserve Fund. Such fund would be funded by either a transfer of the balance, if any, from a Lessee Contingency Fund, or quarterly funding from Available Cash Flow through November 30, 2004 and, effective with, Supplement Agreement No. 4, semi-annually thereafter. The balance in this Fund was \$3,003,858 and \$2,859,627, which is included in restricted cash in the statement of financial position, respectively for the years ended December 31, 2009 and 2008.

Effective December 1, 2004, at each semi-annual funding date after DBO, the Company is required to fund a Major Maintenance and Renewal Fund from Available Cash Flow. The balance in this Fund was \$2,324,141 and \$2,057,019, which is held by the Trustee and is excluded from the Company's statements of financial position, respectively for the years ended December 31, 2009 and 2008.

Effective December 1, 2004, at each semi-annual funding date after DBO, the Company is required to fund a Capital Improvement Reserve Fund from Available Cash Flow. The balance in this Fund was \$6,972,422 and \$5,626,810 which is held by the Trustee and is excluded from the Company's statements of financial position for the years ended December 31, 2009 and 2008, respectively.

Effective December 1, 2007, the Company executed Supplemental Agreement No. 5 to its Trust Administration Agreement, in order to address the treatment of its anticipated capital expenditures. The supplement addresses the Major Maintenance and Renewal Reserve Fund as well as the Capital Improvements Reserve Fund. The result was a change in the treatment of interest earned on the funds, the treatment of the balances in the funds upon termination and a means to allow for replenishment, specifically of the Capital Improvements Reserve Fund, of the fund in anticipation of major capital expenditures.

In connection with the execution of Supplemental Agreement No. 5 the Company's required obligations to the Major Maintenance and Renewal Reserve Fund and the Capital Improvement Reserve Fund totaled \$752,171 and \$1,826,973 and were recognized as Additional Rent - Capital included in Rent expense for the year ended December 31, 2009 and 2008, respectively.

JFK International Air Terminal LLC
Notes to Financial Statements
December 31, 2009 and 2008

6. Property and Equipment

Property and equipment consisted of the following:

	Useful Life in Years	2009	2008
Leasehold improvements	Shorter of lease term or useful life	\$ 4,519,559	\$ 4,550,034
Computer and telephone equipment	3-4	596,966	865,229
Furniture and fixtures	3-4	262,060	479,431
Automobiles	3-4	218,035	218,035
		<u>5,596,620</u>	<u>6,112,729</u>
Less: Accumulated depreciation and amortization		<u>4,065,262</u>	<u>4,040,778</u>
		<u>\$ 1,531,358</u>	<u>\$ 2,071,951</u>

Depreciation and amortization expense relating to property and equipment at December 31, 2009 and 2008 amounted to \$624,025 and \$636,476, respectively.

7. Transactions with Members

An executive committee member during 2008 and a director of an affiliate of one of the Members during 2008 and 2009 were officers in an entity which was paid approximately \$284,645 and \$1,005,802 for the years ended December 31, 2009 and 2008, respectively, in connection with consulting services performed on behalf of the Company.

SUSA reimbursed the Company for salaries and benefit expenses \$58,300 and \$24,402 for the years ended December 31, 2009 and 2008, respectively. LCOR reimbursed the Company for salaries and benefit expenses \$19,214 and \$54,039 for the years ended December 31, 2009 and 2008, respectively. Amounts reimbursable to the Company by SUSA for salaries and benefit expenses were \$2,096 and \$2,904 for the years ended December 31, 2009 and 2008, respectively. Amounts reimbursable to the Company by LCOR for salaries and benefit expenses were \$673 and \$660 for the years ended December 31, 2009 and 2008, respectively.

8. Income Taxes

The components of the net income tax provision are as follow for the years ended December 31, 2009 and 2008.

	2009	2008
Current:		
New York City	\$ 406,200	\$ 277,589
	<u>406,200</u>	<u>277,589</u>
Deferred:		
New York City	\$ 277,540	\$ 250,759
	<u>277,540</u>	<u>250,759</u>
Net Income tax provision	<u>\$ 683,740</u>	<u>\$ 528,348</u>

JFK International Air Terminal LLC
Notes to Financial Statements
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The Company's effective tax rate for 2009 and 2008 differs from the statutory tax rate primarily due to permanent differences which are not deductible for income tax purposes.

The significant components of the Company's deferred tax assets (liabilities) are as follows:

	2009	2008
Deferred tax assets		
Deferred rent liability	\$ 6,706,040	\$ 7,019,858
Prepaid rent	10,117	11,004
Allowance for doubtful accounts	34,242	15,032
Accrued salary	28,212	19,615
Other	13,772	16,055
Deferred tax assets	<u>6,792,383</u>	<u>7,081,564</u>
Deferred tax liabilities		
Property and equipment	(2,807)	(14,448)
Net deferred tax asset	<u>\$ 6,789,576</u>	<u>\$ 7,067,116</u>

9. Employee Savings Plan

The Company has an employee savings plan which permits participants to make contributions by salary reduction pursuant to section 401(k) of the Internal Revenue Code. The Company can match individual contributions up to a maximum of the lesser of \$8,250 or 16% of compensation and may, at its discretion, make additional contributions to the plan. The Company's matching contributions to the plan were \$182,755 and \$180,814 for the years ended December 31, 2009 and 2008, respectively. No additional discretionary contributions were made by the Company to the plan in 2009 or 2008.

10. Accounts Receivable

At December 31, accounts receivable included the following:

	2009	2008
Airlines	\$ 16,137,326	\$ 14,661,945
Port Authority	187,343	217,220
Retail tenants	2,322,148	2,237,809
Ground handling	787,934	915,250
Other	2,769	3,564
Total receivables	<u>19,437,520</u>	<u>18,035,788</u>
Less: Allowance for doubtful accounts	<u>(1,065,683)</u>	<u>(375,800)</u>
Accounts receivable, net	<u>\$ 18,371,837</u>	<u>\$ 17,659,988</u>

11. Accounts Payable and Accrued Expenses

At December 31, 2009 and 2008 accounts payable and accrued liabilities included the following:

JFK International Air Terminal LLC
Notes to Financial Statements
December 31, 2009 and 2008

	2009	2008
Port Authority Subordinated Fundings	\$ 43,623,704	\$ 31,211,294
Trade Accounts Payable	2,194,001	5,234,964
Accrued Liabilities	7,710,184	3,735,963
Tenant Security Deposits	1,645,707	1,547,808
Accrued Payroll	1,385,342	1,384,258
Subordinated Fundings - Capital Improvement Reserve Fund	533,402	1,318,531
Subordinated Fundings - Major Maintenance and Renewal Reserve Fund	177,801	253,055
	<u>\$ 57,270,141</u>	<u>\$ 44,685,873</u>

12. Operating Leases

The following summarizes the future minimum lease payments due under terminal equipment leases at December 31, 2009.

Year Ending December 31,

2010	\$ 2,179,840
2011	1,955,144
2012	1,822,236
2013	513,784
2014	97,146
	<u>\$ 6,568,150</u>

Rent expense for the years ended December 31, 2009 and 2008 was \$2,090,253 and \$1,968,670, respectively. These amounts are included within repairs, maintenance and security in the statement of operations.

13. Subsequent Events

In connection with the election to proceed with the terms of the Buy-Out Agreement SUSA acquired the interests of the Outgoing Members for cash considerations. Concurrent with the acquisition of the Outgoing Members interest, a major airline (the "airline") acquired a Class B Unit interest of a new class of membership interest in SUSA. Schiphol USA, Inc. (Class A, Managing Member) and the airline (Class B, non-managing member), together the members of SUSA, with the Company desire to set forth certain agreements regarding the proposed expansion of Terminal 4, financing arrangements related to such expansion and redevelopment and the airline's proposed use and occupancy of certain premises at Terminal 4.

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APPENDIX B

REPORT OF THE AIRPORT CONSULTANT

The Port Authority of New York and New Jersey
Special Project Bonds, Series 8
(JFK International Air Terminal LLC Project)

Report of the Airport Consultant

Ricondo & Associates, Inc.
105 East Fourth Street, Suite 1700
Cincinnati, OH 45202
513.651.4700 telephone
513.412.3570 facsimile

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November 12, 2010

Mr. Alain Maca
President
JFK International Air Terminal LLC
Terminal 4
Room 161.022
John F. Kennedy International Airport
Jamaica, New York 11430

**Re: *The Port Authority of New York and New Jersey
Special Project Bonds, Series 8
JFK International Air Terminal LLC Project
Appendix B: Report of the Airport Consultant***

Dear Mr. Maca:

This report sets forth the findings of Ricondo & Associates, Inc. (R&A), including the economic analysis, the passenger activity analysis and forecast, the financial analyses and forecast and the assumptions used therein, in regard to the planned issuance by The Port Authority of New York and New Jersey (the Port Authority) of its Special Project Bonds, Series 8, JFK International Air Terminal LLC Project (the Series 8 Bonds). This report is intended for inclusion in the Official Statement for the Series 8 Bonds as Appendix B, *Report of the Airport Consultant*. All capitalized terms in this report are used as defined in the Official Statement, except as otherwise defined herein.

John F. Kennedy International Airport (JFK or the Airport) is an integral part of the U.S. air transportation system, ranking as the nation's sixth busiest airport in terms of total passengers, and as the nation's largest international gateway as measured by international passengers, in 2009.¹ Furthermore, JFK plays an important role in the economy of the New York metropolitan area, the nation's largest metropolitan area based on population. JFK International Air Terminal LLC (JFK IAT) operates Terminal 4 at JFK under a lease with the Port Authority (the JFK IAT / Port Authority Lease) that expires in 2026 and is expected to be extended through 2043 upon the financial closing of the Series 8 Bonds. JFK IAT, an independent, non-airline, terminal operator, is owned by JFK IAT Member LLC, an indirect subsidiary of N.V. Luchthaven Schiphol, a Netherlands company that manages and operates Amsterdam Airport Schiphol and other international airports. Delta Air Lines, Inc. (Delta) acquired a non-controlling membership interest in JFK IAT Member LLC in April 2010.

JFK IAT serves a vital function at the Airport by offering services at Terminal 4 to the numerous airlines that operate at JFK. In 2009, Terminal 4 served a total of 38 airlines (the Contract Carriers) and 4.6 million enplaned passengers, representing 19.9 percent of total enplaned passengers at the Airport. In order to maintain its competitive position at JFK, provide stability to its operations, and take advantage of the increasingly important role major airline alliances play in international commercial aviation, JFK IAT made the determination to enter into a long term arrangement with Delta, the world's largest airline, a leading member of the Sky Team alliance, and the second largest carrier at the Airport in 2009 in terms of enplaned passengers.

¹ Airports Council International – North America, "2009 North American Final Rankings"



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As part of this arrangement, JFK IAT will finance an expansion of Terminal 4, primarily through the issuance of the Series 8 Bonds, to accommodate the relocation of Delta's mainline international and certain mainline domestic JFK operations from Terminal 3 to Terminal 4 (the 2010 Expansion Project). As a result of this arrangement Delta will lease a minimum of 12, and a maximum of 16, of the Terminal 4's 25 aircraft gates on a preferential basis. JFK IAT will continue to serve Contract Carriers at the remaining gates and manage the entire facility to maximize its utilization.

Delta currently operates from Terminals 2 and 3 at the Airport, which are supplemented by three gates at Terminal 4 it leased in 2009 to accommodate its growing schedule. Terminals 2 and 3 cannot accommodate Delta's current or future needs, with Terminal 3 considered to be functionally obsolete. In order to address its facility requirements at JFK while maintaining a full operating schedule and continuing its growth at the Airport, Delta will enter into an Anchor Tenant Agreement (the Anchor Tenant Agreement) with JFK IAT to undertake the 2010 Expansion Project and relocate its mainline international and certain of its mainline domestic operations to the enlarged Terminal 4 from Terminal 3 to improve passenger handling and the overall efficiency of its operations at the Airport. As Delta plans to close Terminal 3 once it has relocated its operations to the enlarged Terminal 4, and plans to enter an agreement with the Port Authority concurrent with the financial closing of the Series 8 Bonds under which it will be obligated to demolish Terminal 3 by 2017, there will not be a net increase in gate capacity at JFK as a result of the 2010 Expansion Project.

The Anchor Tenant Agreement contains provisions for an annual budgeting process and the semi-annual development of a schedule of terminal activity to optimize the use of gates at Terminal 4. In this latter process, Delta will submit its schedule to JFK IAT, to which JFK IAT will add the schedules of the Contract Carriers and develop an overall schedule of activity for Terminal 4. As provided in the Anchor Tenant Agreement, JFK IAT will have the ability to place Contract Carriers on unused or underused Delta gates as long as the current semi-annual schedule shows the gate is available for the time period desired. JFK IAT will benefit from the difference in charges received from the Contract Carrier and a credit to Delta for the use of the gate. JFK IAT may place a carrier on a Delta gate for periods longer than the current semi-annual schedule with the approval of Delta. Delta may also request to use unused or underutilized gates controlled by JFK IAT for a per turn charge as outlined in the Anchor Tenant Agreement.

2010 Expansion Project

The 2010 Expansion Project consists of a 348,000 square foot nine gate addition to Concourse B and a 108,000 square foot addition to the terminal headhouse to relocate the security check points and incorporate an in-line baggage screening system, along with related improvements to other facilities within the terminal to enhance overall service levels and accommodate the expected increase in passenger traffic. In addition to the Series 8 Bonds, funding for the 2010 Expansion Project will come from Transportation Security Administration (TSA) grants and a Delta equity contribution. Under the terms of the Anchor Tenant Agreement, Delta will design, construct and complete the 2010 Expansion Project subject to the approval of JFK IAT and the Port Authority. Upon the Date of Beneficial Occupancy (DBO) of the 2010 Expansion Project, anticipated to be in mid-2013, Delta will lease between 12 and 16 of the 19 gates on Concourse B on a preferential basis, consisting of the nine new gates related to the expansion, the three gates it currently leases, and up to four additional gates in the existing facility based on their availability. JFK IAT will continue to operate the remaining gates on Concourse B and the six gates on Concourse A for its Contract Carrier business. JFK IAT will also continue to manage, maintain and operate the entire Terminal 4 facility to maximize its utilization.



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Series 8 Bonds

The Series 8 Bonds are being issued under, and will be secured in the manner and to the extent provided by, the Special Project Bond Resolution adopted by the Port Authority on June 9, 1983 (the Special Project Bond Resolution), and the resolution establishing and authorizing the issuance of the Series 8 Bonds (the Series Resolution), adopted by the Port Authority on August 5, 2010. The Series 8 Bonds are issued on a parity basis in respect to Terminal 4 revenues with the Port Authority's Special Project Bonds, Series 6, JFK International Air Terminal LLC Project (the Series 6 Bonds), of which \$792.1 million remain outstanding as of November 1, 2010. The Series 6 Bonds financed, in part, the original construction of the existing Terminal 4. Under the JFK IAT / Port Authority Lease, JFK IAT is absolutely and unconditionally obligated to make Facility Rental payments, which are required to be sufficient, together with any other monies that may be available therefor in the accounts in the Bond Fund, to pay when due the debt service on the Series 6 Bonds and the Series 8 Bonds and on any additional parity bonds that may be issued under appropriate future resolutions authorizing their issuance. The obligation to make Facility Rental payments is solely an obligation of JFK IAT, and is not an obligation of Delta or any other tenant or affiliate of JFK IAT. The Series 8 Bonds are not secured by a pledge or lien on, and bondholders do not have any recourse to, any assets or revenues of Delta or the Port Authority. Please refer to Section 6.5, the section entitled "Security and Sources of Payment" in the Official Statement for the Series 8 Bonds, or Appendix C-1, "Summary of Certain Provisions of the Special Project Bond Resolution" and Appendix C-2, "Summary of Certain Provisions of the Series 8 Resolution" in the Official Statement for the Series 8 Bonds.

Summary of Analyses and Findings

R&A's examination of the underlying economic base of the Airport's Air Trade Area (defined below); historical and projected passenger activity in the Air Trade Area, the Airport and Terminal 4; and financial analyses and projections for Terminal 4, including debt service coverage, for the projection period extending from 2010 through 2020 are presented in this report and are summarized as follows:

Economic Base for Air Transportation

- For purposes of this report, the primary air trade area (the Air Trade Area) for the Airport is defined as the New York-Newark-Bridgeport Combined Statistical Area (CSA), which encompasses 30 counties over a four-state area including portions of Connecticut, New Jersey, New York, and Pennsylvania and is the largest CSA in the nation.
- In addition, reflecting the presence of Newark Liberty International Airport (Newark Liberty) and LaGuardia Airport (LaGuardia) which also serve domestic passengers in the Air Trade Area, R&A has defined a smaller core domestic air trade area for JFK that consists of a 13-county area encompassing portions of New York, New Jersey and Connecticut, which is considered the primary market from which the Airport derives demand for domestic service.
- The Air Trade Area's population is projected to grow at a compounded annual growth rate of 0.5 percent between 2009 and 2020, identical to the projected growth rate for the surrounding three state region of New York, New Jersey, and Connecticut (the Region), but below the 0.9 percent compounded annual growth rate projected for the United States.



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- The Air Trade Area has double the percentage of foreign born population and a significantly higher percentage of people with post-secondary degrees than the nation as a whole, both indicators of increased propensity for air travel.
- Historically the Air Trade Area's per capita personal income has remained substantially higher than equivalent measures for the Region and the United States, and this trend is expected to continue throughout the projection period. This suggests that, generally, the ability of the Air Trade Area's population to draw on discretionary income to spend money on air travel is greater than for the populations of the Region and the United States.
- The average non-seasonally adjusted unemployment rates for the Air Trade Area have been either below or equal to those for the United States from 2005-2009. For August 2010, the most recent month for which statistics are available, the Air Trade Area unemployment rate was 8.8 percent, which was below the United States' 9.5 percent rate. Relatively low unemployment rates are indicative of more potential opportunities for business travel and higher disposable income levels that facilitate leisure travel.
- Non-agricultural employment in the Air Trade Area grew by a compounded annual growth rate of 0.2 percent during the 1999-2009 period compared with 0.1 percent growth for the United States during this period. Air Trade Area non-agricultural employment decreased at a less rapid rate than the United States between 2008 and 2009 during the onset of the recent economic recession.
- The Air Trade Area continues to be a global leader in international trade, supported by its aeronautical and maritime facilities as well as by its financial and professional and business services industries.
- The Air Trade Area offers a variety of cultural, recreational and educational resources that stimulate demand for both inbound and outbound air travel.

The economic base of the Air Trade Area is strong and diversified and is capable of supporting the forecasted air travel activity at the Airport.

Air Traffic

- JFK ranks as the largest of the three airports that primarily serve New York City - JFK, LaGuardia and Newark Liberty - with 43.4 percent of total Air Trade Area enplanements in 2009. The Airport served the most domestic passengers among the three New York City area airports at 35.3 percent of total area passengers in 2009, and is the largest in terms of international passengers as well, serving twice the number of international passengers of Newark Liberty in 2009.
- Terminal 4 plays a critical role in the international operations of the Airport, offering the only federal inspection services (FIS) (customs and immigration) facility that is open 24-hours per day, seven days a week. Terminal 4 served the highest number of international passengers and second highest number of passengers, behind JetBlue Airways (JetBlue) at Terminal 5, among the Airport's seven operating unit terminals in 2009.



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- Total enplaned passengers at the Airport increased at a 3.9 percent compounded annual rate between 1999 and 2009, as domestic passenger volume increased at a 5.9 percent compounded annual rate, while international volume increased at a 1.9 percent compounded annual rate.
- Terminal 4 experienced an 8.6 percent compounded annual gain in enplaned passengers between 2002, its first full year of operations, and 2009.
- Delta maintains a significant presence in the New York market and at JFK in particular. Delta's (including Delta Connection) enplaned passenger activity at the Airport grew at a 9.7 percent compounded annual rate between 1999 and 2009. JFK is Delta's fifth largest U.S. domestic hub airport and its second largest U.S. airport in terms of international passengers, trailing only Hartsfield-Jackson Atlanta International Airport. As of August 2010, Delta operated an average of 173 daily departures from the Airport to 96 destinations: 46 domestic and 50 international. Delta is the largest provider of international service from the Airport in terms of departures and destinations served, and the second largest airline at the Airport in terms of total passengers, behind JetBlue.
- Based on year-to-date activity and published airline schedules, total enplanements at the Airport are projected to decrease by 1.2 percent in 2010. Based on a regression analysis as described in the report, total enplanements are projected to increase by 2.2 percent in 2011, and then increase at a 2.0 percent annual rate from 2012 through 2020.
- The volume of enplaned passengers at Terminal 4 is projected to decrease by 1.7 percent in 2010, then increase at a 1.8 percent compounded annual rate through 2012. Total enplaned passengers are projected to increase by 16.5 percent in 2013, the year of the anticipated DBO for the 2010 Expansion Project, and 23.5 percent in 2014, the anticipated first full year of Delta's operations in the expanded facility. From 2015 through 2020, total enplaned passengers using Terminal 4 are projected to increase at a 1.9 percent annual rate.
- While the volume of enplaned passengers at Terminal 4 is projected to increase significantly in 2013 and 2014, this primarily reflects the relocation of Delta's operations from Terminal 3. Delta's passenger traffic at the Airport is projected to increase by 3.2 percent in 2010, by 3.0 percent in 2011 and by 2.8 percent in 2012. From 2012 through 2020, Delta's passenger volume is projected to increase at a 2.4 percent annual rate. However, the improved efficiency and increased capacity of the gates at Terminal 4 compared to Terminal 3 will accommodate future growth in Delta's international operations.

Financial Analysis

- JFK IAT generates revenue from the airlines using Terminal 4 principally under individual contracts (including a contract with Delta for its current use of three gates) with each airline, as well as non-airline revenue sources including, but not limited to, concessions activity in the facility. Revenues generated by Terminal 4 provided 2.15 times(x) coverage of annual debt service on the Series 6 Bonds in 2009 (fiscal year ended December 31).
- Under the terms of the Anchor Tenant Agreement, JFK IAT will continue to receive rental payments from Delta for the three gates it currently uses under terms similar to an existing lease between the two parties through the DBO of the 2010 Expansion Project. After DBO, Delta's annual rental



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payment will be determined under a cost allocation formula contained in the Anchor Tenant Agreement, subject to certain minimums. JFK IAT's Contract Carriers will continue to operate under their individual agreements.

- JFK IAT's airline related revenues are projected to increase by 1.7 percent in 2010 and a 2.4 percent compounded annual rate from 2010 through 2012. Airline related revenues are projected to increase by 17.3 percent in 2013, the year of anticipated DBO for the 2010 Expansion Project and an additional 20.4 percent in 2014, the anticipated first full year of operations in the expanded facility. From 2014 through 2020, airline related revenues are projected to increase at a 3.1 percent compounded annual rate.
- Revenue generated from non-airline sources is projected to increase at a 3.4 percent compounded annual rate from 2010 through 2012, then increase by 19.3 percent in 2013 and 30.4 percent in 2014 as the expanded facilities come on line. From 2014 through 2020, non-airline revenues are projected to increase at a 3.7 percent compounded annual rate.
- Operating and Maintenance (O&M) expense is projected to increase at a 4.8 percent compounded annual rate from 2010 through 2012, then increase by 25.3 percent in 2013 and 11.7 percent in 2014 reflecting the completion of the 2010 Expansion Project. From 2014 on, operating and maintenance expenses are projected to increase at 4.8 percent compounded annual growth rate. Ground rent grows at a 4.0 percent annual rate, as provided for in the JFK IAT / Port Authority Lease.
- Debt service coverage is projected to decline from 2.20x in 2012, the year prior to DBO, to 1.80x in 2014, the first full year of operations for the expanded facility. As net revenues are projected to increase in each subsequent year debt service coverage increases to 1.88x in 2017, then declines to 1.81x in 2018 as principal amortization begins. As debt service remains stable thereafter, debt service coverage increases to 1.89x in 2020.
- R&A created two sensitivity analyses to explore the effects of reduced activity, and consequently revenues, on the financial performance of JFK IAT. Sensitivity Analysis 1 reviews the effect of a 10 percent decline in general passenger activity at the Airport on the financial operations of Terminal 4. Reflecting the nature of the Anchor Tenant Agreement, and the relatively constant Delta payment regardless of passenger activity, annual debt service coverage was projected to remain above 1.67x in Sensitivity Analysis 1.
- Sensitivity Analysis 2 seeks to determine the amount of enplaned international passengers JFK IAT would need to recover should the downturn in Sensitivity Analysis 1 be accompanied by events that cause Delta to file for protection under Chapter 11 of the United States Bankruptcy Code (Chapter 11), indicate it may reject the Anchor Tenant Agreement and negotiate with JFK IAT to reduce the number of gates it leases at Terminal 4 to 8 from 16 and reduce its total annual payment by 45 percent. Under this analysis Delta is assumed to lease or sell its excess slots so other carriers can enter the market, and JFK IAT is assumed to market its available gates to these carriers. This analysis indicates that JFK IAT is projected to continue to generate revenues sufficient to maintain at least 1.0x debt service coverage without attracting additional enplaned international passengers, and would need to attract approximately 314,300 replacement enplaned international passengers in 2016, and a further 143,000 replacement enplaned international passengers in 2018 when principal amortization begins, to



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President
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November 12, 2010

meet the 1.25x minimum rate covenant without consideration of reductions in operating and maintenance expense or other adjustments that are likely to occur.

- R&A is of the opinion that the recapture of 314,300 enplaned international passengers in 2016 by JFK IAT under the conditions presented in Sensitivity Analysis 2 is reasonable and achievable based on several factors:
 - That there would be strong demand from the Air Trade Area for replacement service and other carriers would respond to meet this demand;
 - That due to the high level of international origination and destination (O&D) activity at JFK, replacement service is as likely to be generated from foreign flag airlines as from domestic carriers;
 - JFK IAT has a demonstrated history of successfully attracting carriers to Terminal 4 that includes at least three occasions when passenger volume increased by more than 500,000 enplanements in a single year;
 - The fact that the 314,300 additional enplaned international passengers represents a recapture rate of:
 - 41.4 percent of Delta's foregone Terminal 4 O&D traffic (assuming a 50/50 split O&D to connecting);
 - a 26.6 percent recapture rate of Delta's foregone Terminal 4 international enplanements; or,
 - a recapture rate of 21.0 percent of Delta's total foregone Terminal 4 enplanement volume under the conditions presented in Sensitivity Analysis 2;
 - The fact that 314,300 recovered enplaned international passengers represents 10.6 percent of JFK IAT's projected Contract Carrier enplanement volume for 2016 in Sensitivity Analysis 2;
 - The fact that 314,300 recovered enplaned international passengers represents an addition of approximately 6 daily flights, based on an average of 150 enplaned passengers per departure. Furthermore, the recovery of an additional 143,000 enplaned international passengers required to maintain compliance with the rate covenant in 2018 represents an additional 3 flights per day; and,
 - The potential for new carriers entering the market to stimulate O&D demand for international travel; and,
 - That there should be sufficient capacity at Terminal 4, in terms of gates, remote parking locations and the headhouse area, to accommodate airlines providing replacement service and their passengers.
- R&A is of the opinion that Delta's slots and terminal facilities at the Airport would be valuable assets that other airlines would seek to acquire if Delta were to retrench for any reason from JFK. Interested airlines would include both those currently serving JFK as well as carriers looking to enter the market. While the incumbent domestic carriers may seek slots to enhance connecting activity, most carriers



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would be seeking to serve the O&D activity in the market. As international service plays an important role at JFK, international airlines are as likely to seek slots and gates at JFK as domestic carriers.

- R&A is of the opinion that due to the limited number of gates at the Airport, particularly during peak periods, JFK IAT would be able to attract additional carriers to Terminal 4, be they new entrants to the market that obtain slots due to Delta's retrenchment, or airlines from other terminals that can no longer serve the needs of individual airlines due to a carrier's additional flight activity or the activity of other airlines using that particular terminal, to replace any reduction in Delta's activity.

Based on the findings presented above, which are detailed in the attached Report of the Airport Consultant, R&A is of the opinion that the projected net revenues of JFK IAT are sufficient to meet or exceed the annual debt service payments due on the Series 6 and Series 8 bonds and the covenants made by JFK IAT pursuant to the Trust Administration Agreement through the projection period. Specifically, based on its financial forecast for JFK IAT, R&A is of the opinion that the net revenues generated by JFK IAT are sufficient to meet or exceed the Rate Covenant as set forth in the Trust Administration Agreement.

The techniques and methodologies used in preparing this report are consistent with industry practices for similar studies in connection with airport revenue bond sales. While R&A believes that the approach and assumptions used are reasonable, some assumptions regarding future trends and events detailed in this report including, but not limited to, the implementation schedule, enplanement projections, and the financial projections may not materialize. Achievement of the projections presented in this report, therefore, is dependent upon the occurrence of future events, which cannot be assured, and the variations may be material.

Sincerely,

RICONDO & ASSOCIATES, INC.

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I. Economic Base for Air Transportation

The demand for air transportation at a particular airport is, to a large degree, a function of the demographic and economic characteristics of its air trade area (i.e., the geographical area served by an airport). The correlation between demand at JFK and the economic vitality of the surrounding area is particularly strong as most of the Airport's passenger activity is origin and destination (O&D) in nature, indicating that passengers either begin or end their trips at the Airport (whether they reside, work, commute for work in the New York City area, or travel to the New York City area for business or vacation), as opposed to connecting through the Airport to reach another destination.¹ Therefore, passenger activity at the Airport reflects demand generated through local, national, and international economic conditions, and the airlines' ability to serve this demand, rather than the operational and scheduling decisions of a particular airline.

This chapter profiles New York City's regional economy, including current conditions and trends. As discussed further in Chapter 5, some of the data presented in this chapter (e.g., population, income and employment) were used as inputs to the statistical linear regression modeling used for the projections of aviation activity at the Airport. The data presented in this chapter indicates that the economic base of the Airport's air trade area is capable of generating increased demand for air travel at the Airport during the projection period.

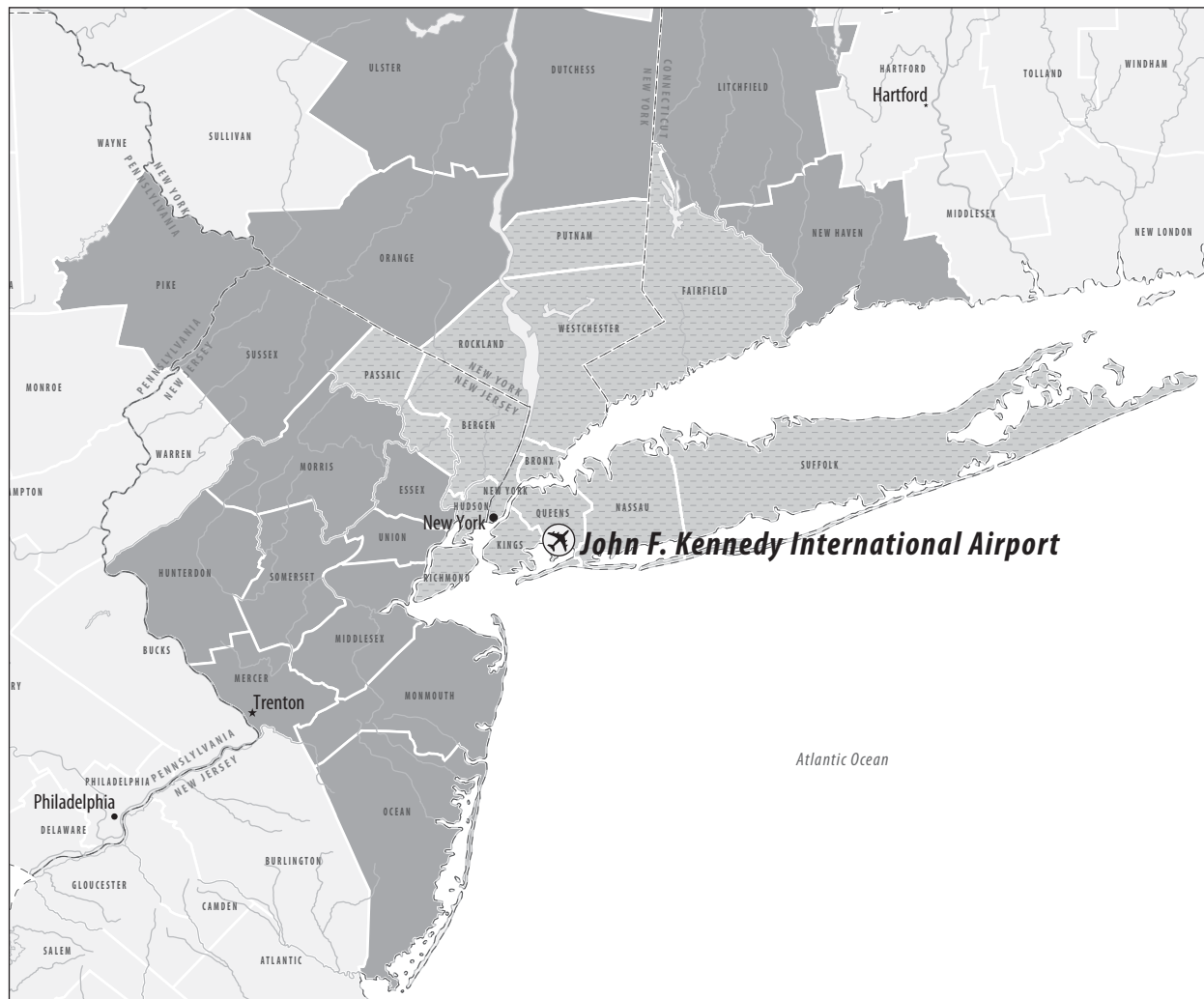
1.1 Air Trade Area

An airport's air trade area represents the region from which it draws the majority of its O&D passengers, with the borders of this region being influenced by the location of other metropolitan areas and their associated airport facilities. For purposes of this report, the Air Trade Area for the Airport is defined as the New York-Newark-Bridgeport CSA, which encompasses 30 counties over a four-state area including portions of Connecticut, New Jersey, New York, and Pennsylvania. While the Airport draws passengers from this entire region (particularly for international service) R&A has also defined a smaller, core domestic air trade area for the Airport, reflecting the competition provided by nearby LaGuardia and Newark Liberty airports for domestic passengers. This core domestic air trade area consists of a 13-county area² in the eastern half of the Air Trade Area, which is considered the primary market from which the Airport derives demand for domestic service. Both the primary air trade area and the core domestic air trade area are illustrated in **Exhibit I-1**.



Exhibit I-2 depicts the Airport's proximity to alternative airports in the Air Trade Area. In addition to the Airport, the Port Authority also operates LaGuardia and Newark Liberty. These three airports comprise the three principal commercial airports serving the Air Trade Area. They are supplemented by three smaller airports located further from New York City: (1) Westchester County Airport located in White Plains, New York, northeast of New York City; (2) Long Island MacArthur Airport located on Long Island, east of New York City; and (3) Stewart International Airport, located in Newburgh, New York, north of New York City (also operated by the Port Authority). Other competing international airports located less than 150 miles from New York City include Philadelphia International Airport in Pennsylvania and Bradley International Airport near Hartford, Connecticut.

¹ Based on estimates contained in the Port Authority's August 2010 traffic report for the Airport, O&D passengers account for approximately 73 percent of total passengers at the Airport.

² The core domestic air trade area consists of the Bridgeport-Stamford-Norwalk, CT Metropolitan Statistical Area, the Nassau-Suffolk, NY Metropolitan Division and the New York-White Plains-Wayne, NY-NJ Metropolitan Division.



Legend

-  Core Domestic Air Trade Area
-  Primary Air Trade Area

Source: Map Resources, 2007.
Prepared by: Ricondo & Associates, Inc., May 2010.

Exhibit I-1

Air Trade Area



Driving Distances from Midtown Manhattan	
LaGuardia Airport	8 mi
Newark Liberty International Airport	16 mi
John F. Kennedy International Airport.....	18 mi
Westchester County Airport.....	33 mi
Long Island MacArthur Airport.....	52 mi
Stewart International Airport.....	65 mi
Philadelphia International Airport.....	109 mi
Bradley International Airport.....	127 mi

- PORT AUTHORITY AIRPORTS**
- LaGuardia Airport
 - Newark Liberty International Airport
 - John F. Kennedy International Airport
 - Stewart International Airport
- COMPETING INTERNATIONAL AIRPORTS**
- Philadelphia International Airport
 - Bradley International Airport
- OTHER NEW YORK CITY REGION AIRPORTS**
- Westchester County Airport
 - Long Island MacArthur Airport

Source: Map Resources, 2007.
 Prepared by: Ricondo & Associates, Inc., June 2010.

Exhibit I-2

New York City Region Airports and Competing International Airports

1.2 Demographic Profile

1.2.1 Population Growth

Actual and projected population growth in an area is a leading indicator for assessing demand for air travel. **Table I-1** presents historical and projected population for the Air Trade Area, the New York/New Jersey/Connecticut region and the United States. As illustrated in **Table I-2**, the Air Trade Area, with approximately 22.2 million people in 2009, is the largest of the 124 Combined Statistical Areas in the United States (4.4 million more people than the next largest CSA, the Los Angeles-Long Beach-Riverside, CA CSA).

The Air Trade Area's population increased at a compounded annual growth rate of 0.6 percent between 1990 and 2009, which exceeded the 0.5 percent compounded annual growth rate for the Region but trailed the 1.1 percent compound annual growth rate for the United States as a whole. The Air Trade Area's share of population within the Region remained relatively stable between 1990 and 2009 at approximately 70 percent.

Woods & Poole Economics, Inc.³ (Woods & Poole) projects the Air Trade Area's population to grow at a compounded annual growth rate of 0.5 percent between 2009 and 2020, identical to the Region's growth rate but below the 1.0 percent compounded annual growth rate projected for the United States. Four counties clustered around the northern periphery of the Air Trade Area, Dutchess, Orange and Ulster counties in New York and Litchfield in Connecticut, are projected to experience above-trend population growth over the period from 2009 to 2020.

1.2.2 Population Diversity

The New York City region boasts a diverse ethnic population, with approximately 26 percent of the population in the Air Trade Area being foreign-born as of 2008, more than double the United States average of 12 percent. As shown in **Table I-3**, according to U.S. Census Bureau data, almost half of the foreign-born population residing in the Air Trade Area comes from Latin America, while over one-quarter was born in Asia. The Dominican Republic is the most represented country of birth of the Air Trade Area's foreign-born residents, followed by China and Mexico. Research demonstrates that foreign-born residents have an increased propensity to use air travel to return home to visit friends and relatives.⁴

1.2.3 Education

Educational attainment of residents can also be a key indicator of an area's demand for air service, as evidenced by a 2007 study by Arbitron Inc. that found that persons with a college degree are more likely to travel by air.⁵ The survey data indicates that 60 percent of air travelers are college graduates.

³ Woods & Poole Economics, Inc. is a data vendor located in Washington D.C. that specializes in long-term economic and demographic projections for the United States, all 50 states, 3,091 counties and the District of Columbia. The firm's database contains approximately 900 variables for every county in the United States including population, age, race, ethnicity, income, and employment by industry. The firm's demographic projections are revised annually to reflect both new computational techniques and new data sources. Woods & Poole's clients include the U.S. Department of Defense, the National Institutes of Health, the U.S. Census Bureau, and numerous counties and municipalities.

⁴ The Brattle Group, *The Impact on the U.S. Economy of Lifting Restrictions on Travel to Cuba*, July 2002.

⁵ Arbitron, Inc., *The Arbitron Airport Television Study: Getting TV Commercials Out of the House and in Front of Affluent Consumers*, June 2007.

Table I-1

Historical and Projected Population

Area	Historical		Projected 2009	Projected			Historical		Projected	
	1990	2000		2020	1990-2000	2000-2009	1990-2009	2009-2020	1990-2009	2009-2020
Bridgeport-Stamford-Norwalk, CT Metro	828,860	884,481	901,208	931,619	1.0%	0.2%	0.4%	0.3%	0.4%	0.3%
Kingston, NY Metro	166,049	177,881	181,440	196,180	0.7%	0.2%	0.5%	0.7%	0.5%	0.7%
New Haven-Milford, CT Metro	805,366	824,985	848,006	877,332	0.2%	0.3%	0.3%	0.3%	0.3%	0.3%
New York-Northern New Jersey-Long Island, NY-NJ-PA Metro	16,888,900	18,353,350	19,069,796	20,194,440	0.8%	0.4%	0.6%	0.5%	0.6%	0.5%
Poughkeepsie-Newburgh-Middletown, NY Metro	569,041	624,086	677,094	763,910	0.9%	0.9%	0.9%	1.1%	0.9%	1.1%
Torrington, CT Micro	174,462	182,614	188,728	207,412	0.5%	0.4%	0.4%	0.9%	0.4%	0.9%
Trenton-Ewing, NJ Metro	326,477	351,534	366,222	389,903	0.7%	0.5%	0.6%	0.6%	0.6%	0.6%
Air Trade Area	19,759,155	21,398,931	22,232,494	23,560,796	0.8%	0.4%	0.6%	0.5%	0.6%	0.5%
NY/NJ/CT Region	29,075,730	30,841,020	31,767,480	33,399,420	0.6%	0.3%	0.5%	0.5%	0.5%	0.5%
United States	249,622,800	282,171,900	307,006,550	341,343,900	1.2%	0.9%	1.1%	1.0%	1.1%	1.0%

Source: Woods and Poole Economics, Inc., 2010 *Complete Economic and Demographic Data Source (CEDDS)*, 2009 (projected) and U.S. Department of Commerce, Bureau of the Census, Population Estimates, April 2010 (historical).
Prepared by: Ricondo & Associates, Inc., August 2010.

Table I-2

Combined Statistical Areas Ranked By Population (2009)

Combined Statistical Area	Ranking	Population
New York-Newark-Bridgeport, NY-NJ-CT-PA	1	22,232,494
Los Angeles-Long Beach-Riverside, CA	2	17,820,893
Chicago-Naperville-Michigan City, IL-IN-WI	3	9,804,845
Washington-Baltimore-Northern Virginia, DC-MD-VA-WV	4	8,440,617
Boston-Worcester-Manchester, MA-RI-NH	5	7,609,358
San Jose-San Francisco-Oakland, CA	6	7,427,757
Dallas-Fort Worth, TX	7	6,805,275
Philadelphia-Camden-Vineland, PA-NJ-DE-MD	8	6,533,122
Houston-Baytown-Huntsville, TX	9	5,968,586
Atlanta-Sandy Springs-Gainesville, GA-AL	10	5,831,778

Source: U.S. Department of Commerce, Bureau of the Census, Population Estimates, August 2010.
Prepared by: Ricondo & Associates, Inc., August 2010.

Table I-3

World Region of Birth of Foreign-Born Population in the Air Trade Area (2008)

Region	Population	Percent
Latin America	2,874,078	49.8%
<i>Dominican Republic</i>	490,934	8.5%
<i>Mexico</i>	340,193	5.9%
<i>Jamaica</i>	271,577	4.7%
Asia	1,523,741	26.4%
<i>China</i>	437,457	7.6%
<i>India</i>	305,020	5.3%
<i>Philippines</i>	161,482	2.8%
Europe	1,087,579	18.8%
<i>Italy</i>	164,492	2.8%
<i>Poland</i>	133,974	2.3%
<i>Russia</i>	122,931	2.1%
Africa	220,200	3.8%
North America	55,047	1.0%
Oceania	14,265	0.2%
Total	5,774,910	100.0%

Source: U.S. Department of Commerce, Bureau of the Census, American Community Survey 2008.
Prepared by: Ricondo & Associates, Inc., August 2010.

In absolute terms, the Air Trade Area is home to a large number of highly educated adults. According to 2008 U.S. Census Bureau data, more than 6.2 million people, or approximately 41.8 percent of the Air Trade Area population over the age of 25, hold a post-secondary degree (associate's, bachelor's, graduate or professional). This percentage is higher than that of the Region, 40.5 percent, and significantly higher than the 35.2 percent of the population over the age of 25 that have a post-secondary degree in the United States as a whole.

1.2.4 Income

Another key indicator regarding demand for air travel is air trade area wealth, which can be measured by assessing levels of personal income. Personal income is the sum of wages and salaries, other labor income, proprietors' income, rental income of persons, dividend income, personal interest income, and transfer payments less personal contributions for social insurance.⁶ Personal income is a composite measurement of market potential; and indicates the general level of affluence of local residents, which corresponds to an area's ability to afford air travel, as well as an area's attractiveness to business and leisure travelers (lower income areas often have weaker business ties to the rest of the nation and a less developed tourism infrastructure).

Table I-4 presents historical per capita personal income between 2002 and 2009 for the Air Trade Area, the Region and the United States. Per capita personal income for the Air Trade Area was significantly higher, on an absolute basis, than equivalent measures for the Region and the United States each year between 2002 and 2009. Per capita personal income for the Air Trade Area increased at a compounded annual growth rate of 4.5 percent between 2002 and 2009, compared with annual growth rates of 4.4 percent for the Region and 3.9 percent for the United States during this same period.

Table I-4 also presents projections of per capita personal income for 2020. According to data from Woods & Poole per capita personal income for the Air Trade Area is projected to increase at a compounded annual growth rate of 4.7 percent, from 2009 to 2020. The projection for the Air Trade Area compares favorably to both the Region, which is projected to grow at the same 4.7 percent annual rate, and the United States as a whole, which is projected to grow at a slower 4.6 percent annual rate.

An additional indicator of wealth, and thus a market's potential to generate demand for air transportation, is the percentage of households in the higher income categories. An examination of this indicator is important in that as household income increases, air transportation becomes more affordable and, therefore, is used more frequently. Table I-4 presents percentages of households in selected household income categories for 2009. As shown, 36.0 percent of households in the Air Trade Area had household incomes of \$75,000 or more in 2009, which was significantly higher than the 32.6 percent of households in this income category for the Region and the 25.6 percent of households in this income category nationwide.

⁶ Personal income is not adjusted for the cost of living in a particular area.

Table I-4

Per Capita Personal Income

Year	Per Capita Personal Income (in current dollars)			Per Capita Personal Income Differential	
	Air Trade Area	NY/NJ/CT Region	United States	Between Air Trade Area and NY/NJ/CT Region	Between Air Trade Area and United States
Historical					
2002	\$40,525	\$37,282	\$30,838	\$3,243	\$9,687
2003	\$41,012	\$37,879	\$31,530	\$3,133	\$9,482
2004	\$43,571	\$40,167	\$33,157	\$3,404	\$10,414
2005	\$46,183	\$42,371	\$34,690	\$3,812	\$11,493
2006	\$49,807	\$45,444	\$36,794	\$4,363	\$13,013
2007	\$53,025	\$48,179	\$38,615	\$4,846	\$14,410
2008	\$54,734	\$49,759	\$39,755	\$4,975	\$14,979
2009	\$55,136	\$50,254	\$40,255	\$4,882	\$14,881
Projected					
2020	\$91,120	\$83,374	\$65,861	\$7,746	\$25,259
Compounded Annual Growth Rate					
2002-2009	4.5%	4.4%	3.9%		
2009-2020	4.7%	4.7%	4.6%		
Percentage of Households in Income Categories (2009)					
Income Category (in 2000 \$)	Air Trade Area	NY/NJ/CT Region	United States		
Less than \$29,999	27.1%	28.1%	30.4%		
\$30,000 to \$59,999	26.0%	27.9%	32.2%		
\$60,000 to \$74,999	11.0%	11.5%	11.8%		
\$75,000 to \$99,999	13.4%	13.1%	11.7%		
\$100,000 or More	22.6%	19.5%	13.9%		

Source: Woods and Poole Economics, Inc., 2010 Complete Economic and Demographic Data Source (CEDDS), 2009.
Prepared by: Ricondo & Associates, Inc., August 2010.

1.3 Employment

1.3.1 Labor Force Trends and Unemployment Rates

A growing labor force and low unemployment rates are indicators of demand for air travel in an air trade area. A growing labor force and low unemployment rates are indicative of more potential opportunities for business travel and higher disposable income levels that facilitate leisure travel.

As shown in **Table I-5**, the Air Trade Area's civilian labor force experienced moderate growth between 1999 and 2009. Over the 10-year period from 1999 to 2009, the compounded annual growth rate for the Air Trade Area civilian labor force was 0.8 percent, compared to 0.6 percent and 1.0 percent for the Region and the United States, respectively, during this same period. The period from 2006 to 2009 showed signs of faster growth in the Air Trade Area's civilian labor force, with a compounded annual growth rate of 0.9 percent outpacing the Region and the United States during this period.

The Air Trade Area's annual average unemployment rates (non-seasonally adjusted) were above or equal to the Region's rates from 1999 through 2005 and below or equal to the Region's rates from 2006-2009. Annual average unemployment rates (non-seasonally adjusted) for the Air Trade Area

Table I-5

Civilian Labor Force and Unemployment Rates

Year	Civilian Labor Force (000's)		
	Air Trade Area	NY/NJ/CT Region	United States
1999	10,401	15,161	139,368
2000	10,451	15,192	142,583
2001	10,497	15,250	143,734
2002	10,638	15,449	144,863
2003	10,644	15,458	146,510
2004	10,667	15,511	147,401
2005	10,777	15,668	149,320
2006	10,919	15,837	151,428
2007	10,990	15,887	153,124
2008	11,109	16,052	154,287
2009	11,208	16,164	154,142
Compounded Annual Growth Rate			
1999 - 2009	0.8%	0.6%	1.0%
2006 - 2009	0.9%	0.7%	0.6%
Year	Non-Seasonally Adjusted Unemployment Rates		
	Air Trade Area	NY/NJ/CT Region	United States
1999	4.8%	4.7%	4.2%
2000	4.2%	4.0%	4.0%
2001	4.7%	4.5%	4.7%
2002	6.2%	5.9%	5.8%
2003	6.4%	6.1%	6.0%
2004	5.6%	5.5%	5.5%
2005	4.9%	4.9%	5.1%
2006	4.5%	4.6%	4.6%
2007	4.4%	4.5%	4.6%
2008	5.3%	5.5%	5.8%
2009	8.5%	8.5%	9.3%
August 2010	8.8%	8.7%	9.5%

Source: U.S. Department of Labor, Bureau of Labor Statistics, October 2010.
Prepared by: Ricondo & Associates, Inc., October 2010.

were above or equal to the national rates from 1999 through 2004 and below the national rates from 2005-2009. The Air Trade Area's unemployment rate (non-seasonally adjusted) was 8.8 percent in August 2010, the most recent data available. This rate was slightly above the unemployment rate experienced by the Region (8.7 percent) and less than the unemployment rate experienced by the United States during the same period (9.5 percent).

1.3.2 Major Employers in the Air Trade Area

The Air Trade Area is headquarters for 77 companies on the 2010 list of Fortune 500 companies, and the Area's 39 largest companies are listed in **Table I-6**. The activities of the Fortune 500 companies headquartered in the Air Trade Area extend to a network of overseas offices, manufacturing plants and other facilities throughout the United States, Asia, Europe, and other international locations. Additionally, in New York City alone, there are over 2,600 internationally-based businesses employing over 275,000 people. According to the New York City Economic Development Corporation, 168 banks from 50 countries have offices in New York City, including the United States headquarters of 18 of the top 20 international banks. The reliance of these companies, and their suppliers, customers and partners, on face-to-face meetings and conferences suggest that they will continue to represent a significant source of demand for air travel within the Air Trade Area over the long term.

1.4 Major Industry Sectors

This section assesses the strength of industry sectors and subsectors, such as professional and business services, financial, and manufacturing, which are significant potential generators of air travel demand within the Air Trade Area.

An analysis of nonagricultural employment trends by major industry sector is presented in **Table I-7**, which compares the Air Trade Area's employment trends to those for the United States for 1999, 2008 and 2009. Between 1999 and 2009, nonagricultural employment in the Air Trade Area grew at compounded annual rate of 0.2 percent, outpacing the 0.1 percent growth rate for the nation overall. While the Air Trade Area experienced a 2.2 percent annual decline in nonagricultural employment between 2008 and 2009, as the current economic recession took hold, this rate compares favorably to the 4.3 percent decrease experienced by the nation overall during this period.

Three major industry sectors in the Air Trade area - services, construction, and government - experienced strong growth in employment between 1999 and 2009, while the manufacturing sector experienced a significant 4.6 percent compounded annual decline in employment. The decline in manufacturing employment was not unique to the Air Trade Area, as manufacturing employment nationwide decreased by 3.7 percent annually during this period. These trends resulted in manufacturing's share of the Air Trade Area's employment base declining to 5.2 percent in 2009 from 8.5 percent in 1999, while services increased to 45.1 percent of total employment in 2009 from 40.4 percent in 1999. The trends in the Air Trade Area were consistent with those of the nation overall, as manufacturing employment decreased nationwide by 4.3 percentage points and services employment increased nationwide by 4.7 percentage points during this same period. Manufacturing represents a smaller percentage of the employment base in the Air Trade Area than in the United States as a whole, while the financial and services sectors represent a larger share of the employment base.

Table I-6

Fortune 500 Companies Headquartered in the Air Trade Area in 2009

U.S Rank	Company	Industry	Headquarters	Revenues (\$ millions)
4	General Electric	Technology and Services	Fairfield, CT	\$156,779
9	JPMorgan Chase and Co.	Financial Services	New York, NY	\$115,632
12	Citigroup	Financial Services	New York, NY	\$108,785
13	Verizon Communications	Telecommunications	New York, NY	\$107,808
16	American International Group	Financial Services	New York, NY	\$103,189
20	IBM	Information Technology	Armonk, NY	\$95,758
33	Johnson and Johnson	Health Care	New Brunswick, NJ	\$61,897
35	Medco Health Solutions	Health Care	Franklin Lakes, NJ	\$59,804
39	Goldman Sachs Group	Financial Services	New York, NY	\$51,673
40	Pfizer	Health Care	New York, NY	\$50,009
50	PepsiCo	Food and Beverage	Purchase, NY	\$43,232
51	MetLife	Financial Services	New York, NY	\$41,098
64	New York Life Insurance	Financial Services	New York, NY	\$34,014
65	Prudential Financial	Financial Services	Newark, NJ	\$32,688
70	Morgan Stanley	Financial Services	New York, NY	\$31,515
74	Honeywell International	Aerospace	Morris Township, NJ	\$30,908
76	News Corp.	Media and Entertainment	New York, NY	\$30,423
79	Hess	Energy	New York, NY	\$29,569
82	Time Warner	Media and Entertainment	New York, NY	\$28,842
85	Merck	Health Care	Whitehouse Station, NJ	\$27,428
88	American Express	Financial Services	New York, NY	\$26,730
90	TIAA-CREF	Financial Services	New York, NY	\$26,278
94	Philip Morris International	Consumer Products	New York, NY	\$25,035
98	Travelers Cos.	Insurance	New York, NY	\$24,680
114	Bristol-Myers Squibb	Health Care	New York, NY	\$21,634
127	Alcoa	Metals	New York, NY	\$18,745
131	Time Warner Cable	Telecommunications	New York, NY	\$17,868
148	L-3 Communications	Defense Systems	New York, NY	\$15,615
151	Colgate-Palmolive	Consumer Products	New York, NY	\$15,327
152	Xerox	Document Management	Norwalk, CT	\$15,179
157	Arrow Electronics	Technology and Services	Melville, NY	\$14,684
165	Loews	Diversified Holding Company	New York, NY	\$14,733
170	Viacom	Media and Entertainment	New York, NY	\$14,123
171	Toys "R" Us	Retail Sales	Wayne, NJ	\$13,619
174	Pepsi Bottling	Food and Beverage	Somers, NY	\$13,219
175	Consolidated Edison	Energy	New York, NY	\$13,031
177	CBS	Media and Entertainment	New York, NY	\$13,014
186	Public Service Enterprise Group	Energy	Newark, NJ	\$12,406
198	Omnicom Group	Advertising	New York, NY	\$11,720
Between 200 and 500	38 additional companies			\$256,653
Total				\$1,825,344

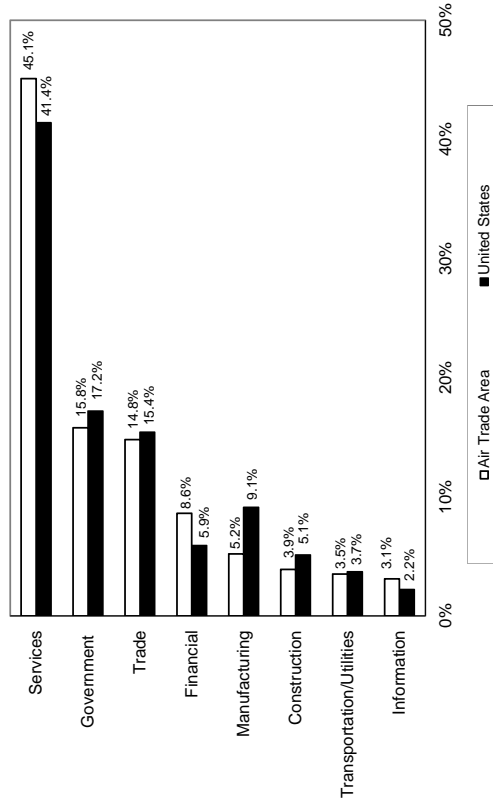
Source: Fortune Magazine, *Fortune 500 2010*, April, 2010.
Prepared by: Ricondo & Associates, Inc., August 2010.

Table I-7

Employment Trends by Major Industry Sector

Industry	Nonagricultural Employment (000's)				Air Trade Area				United States			
	2008		2009		Compounded Annual Growth Rate		Compounded Annual Growth Rate		Nonagricultural Employment (000's)		Compounded Annual Growth Rate	
	1999	2008	2009		1999-2009	2008-2009	1999-2009	2008-2009	1999	2008	2009	1999-2009
Services ^{1/}	3,842.4	4,418.0	4,392.3		1.3%	(0.6%)			47,385	55,524	54,236	1.4%
Government	1,424.0	1,538.5	1,537.0		0.8%	(0.1%)			20,307	22,509	22,544	1.1%
Trade	1,468.5	1,499.9	1,446.1		(0.2%)	(3.6%)			20,863	21,226	20,152	(0.3%)
Financial	889.4	867.1	835.4		(0.6%)	(3.7%)			7,648	8,145	7,758	0.1%
Manufacturing	811.7	545.7	507.3		(4.6%)	(7.0%)			17,322	13,406	11,883	(3.7%)
Construction ^{2/}	347.2	412.2	375.2		0.8%	(9.0%)			7,143	7,929	6,737	(0.6%)
Transportation/Utilities	369.4	359.0	342.7		(0.7%)	(4.5%)			4,909	5,067	4,795	(0.2%)
Information ^{3/}	349.9	316.2	303.2		(1.4%)	(4.1%)			3,419	2,984	2,807	(2.0%)
Total	9,502.5	9,956.6	9,739.2		0.2%	(2.2%)			128,995	136,790	130,912	0.1%

Percent of 2009 Nonagricultural Employment



Notes:

- 1/ The nonagricultural employment for the services sector includes outsourcing from the manufacturing sector.
- 2/ Includes mining employment.
- 3/ The information sector includes communications, publishing, motion picture and sound recording, and on-line services.

Source: U.S. Department of Labor, Bureau of Labor Statistics, April 2010.
 Prepared by: Ricondo & Associates, Inc., August 2010.

1.4.1 Services

The services sector is the largest source of employment within the Air Trade Area, representing 45.1 percent of total nonagricultural employment as of 2009, a significantly higher level than the comparable 41.1 percent figure for the nation as a whole. Employment in the services sector in the Air Trade Area increased at a compounded annual growth rate of 1.3 percent between 1999 and 2009, compared with a 1.4 percent increase for the nation. Of the service subsectors, education and health (40.0 percent); professional and business (32.5 percent); and leisure and hospitality (17.8 percent) combined represent over 95 percent of total sector employment. Education and health services were the only subsectors, outside of the government sector, to add jobs in the Air Trade Area in 2009.

1.4.1.1 Education

The Air Trade Area's higher education institutions contribute to the Area's high level of educational attainment (see Section 1.2.3) and help generate air travel demand through academic meetings and conferences, visiting professorships, study-abroad programs, and individual student and faculty travel. Employment in the education subsector is also an important source of jobs in the Air Trade Area.

In the New York City Area alone, nearly 600,000 students are enrolled at the City's 110 higher education institutions. These institutions employ approximately 110,000 people, making up approximately 4.1 percent of the City's workforce.⁷ Notable public and private colleges and universities in the Air Trade Area include: Barnard College, Columbia University, Fordham University, The Julliard School, New York University, Princeton University, Rutgers University and Yale University. Additionally, there are almost 135,000 full-time employees in New York City's public primary and secondary school system, making it the largest public school system in the United States.

The Air Trade Area also benefits from a research and development infrastructure that is particularly strong in the emerging field of bioscience. The Air Trade area has a large concentration of scientific and clinical talent based at nine major academic research institutions, and 26 additional research institutions and medical centers. The Air Trade Area has the largest bioscience workforce in the country, is home to over 120 bioscience companies, and has received over \$1.3 billion in National Institutes of Health research funding (second most in the nation behind Boston in federal FY 2007).⁸ The new East River Science Park, set for completion in late 2010, will provide commercial science and lab space to bioscience firms considering expanding in the Air Trade Area.

1.4.1.2 Healthcare

The Air Trade Area has a strong concentration of health care facilities including diagnostic and treatment facilities, clinics and hospitals. New York City has the most developed medical infrastructure in the United States, with approximately 58 hospitals including the Hospital for Special Surgery, Memorial Sloan-Kettering Cancer Center, and New York-Presbyterian Hospital. Prominent academic medical centers in the Air Trade Area include Columbia University, Weill Cornell Medical College, New York University Medical Center, Albert Einstein College of Medicine, and The Rockefeller University. Approximately 46,000 physicians practice in the Air Trade Area.

⁷ New York City Economic Development Corporation, *Higher Education in New York City: Industry Snapshot*, 2010.

⁸ New York City Economic Development Corporation, *New York City Bioscience Cluster: Industry Snapshot*, 2010.

Following a nationwide trend, in recent years, healthcare subsector employment in the Air Trade Area has grown more rapidly than total nonagricultural employment. According to recent research, since 2002, the Air Trade Area job growth in this subsector has been driven by the expansion of the home health care industry.⁹

The impact of the recent passing of national health care reform legislation on future Air Trade Area job growth in the healthcare subsector is uncertain. While hospitals will benefit from reductions in the amount of uncompensated care they provide, there will be significant cuts in the funding that large urban hospitals get for charity care—so-called Medicare disproportionate-share payments—that may negatively impact employment at these hospitals in the Air Trade Area.¹⁰

1.4.1.3 Professional and Business Services

The professional and business services subsector generates more travel spending, including demand for air travel services, than the average industry sector or subsector (third highest travel spend by industry sector or subsector in 2009 according to the National Business Travel Association). The industries that make up the professional and business services subsector are among the most important to the Air Trade Area economy and are often export services, bringing money into the Air Trade Area economy. New York City has notable concentrations of headquarters of accounting firms (e.g., Deloitte Touche Tohmatsu, Ernst & Young, KPMG and PricewaterhouseCoopers), law firms (e.g., Skadden, Arps, Slate, Meagher & Flom, White & Case, Dewey & LeBoeuf, and Weil, Gotshal & Manges), management consulting firms (e.g., Booz & Company, McKinsey and Company, and Mercer) and architectural and engineering services firms (e.g., Skidmore, Owings & Merrill, and Parsons Brinkerhoff).

Air Trade Area employment levels in the professional and businesses services subsector have decreased over the past two years as a consequence of the turmoil in the financial sector, to which professional and business services firms provide goods and services (e.g., legal and accounting services).¹¹ However, according to an economist with the New York State Labor Department, hiring in the New York City professional and business services subsector recently turned positive and is relatively strong in areas such as advertising and management of computer systems.¹² This recovery is expected to continue as this subsector of the Air Trade Area's economy typically expands early in an economic recovery.

1.4.1.4 Recreation and Tourism

In 2009, 45.3 million tourists visited New York City (compounded annual growth rate of 3.6 percent since 2002) making the City the most popular tourist destination in the United States for the first time since 1990. A 4.2 percent increase in visitors to 47.5 million visitors is expected in 2010 due to the gradual recovery in the nation's economy.¹³ New York City remained the most popular destination

⁹ BLS Monthly Labor Review, *Health Care Industries and the New York City Labor Market*, September 2009.

¹⁰ Crain's New York Business.com, *Net Gain of \$2.1B for NY In Health Care Reform Deal*, March 22, 2010. Large urban hospitals that provide large amounts of charity care already face significant financial pressures as indicated by the recent closing of St. Vincent's Hospital in New York City.

¹¹ New York State Department of Labor, *Turmoil on Wall Street: The Impact of the Financial Sector Meltdown on New York's Labor Market*, June 2009.

¹² New York Times, *City Unemployment Rate Dropped to 10% in March*, April 15, 2010. This trend continued in the August 2010 data, the most recent data available.

¹³ City of New York, *Press Release: Mayor Bloomberg, Governor Patterson and Delta Airlines Unveil Plans for Expanding Terminal 4 at JFK Airport as New Data Shows New York City is on Pace to Break Tourism Record*, August 11, 2010.

in the nation for international visitors with 8.7 million international tourists in 2009 – twice as many as the nearest competitor, Los Angeles. International tourists are particularly important to the Air Trade Area's economy as they spend nearly five times as much as their domestic counterparts. **Table I-8** shows the top 20 countries that generate the largest amount of inbound tourists to New York City.

Table I-8

New York City's Top Inbound International Tourist Markets in 2009

Market	Visitors
United Kingdom	1,096,000
Canada	880,000
Germany	568,000
France	520,000
Italy	432,000
Australia	420,000
Spain	357,000
Eastern Europe	357,000
All Middle East	355,000
Scandinavia (Sweden, Denmark, Norway, Finland)	345,000
Brazil	338,000
BeNeLux (Belgium, Netherlands, Luxembourg)	306,000
Ireland	268,000
Mexico	234,000
Japan	216,000
South Korea	203,000
PR China/Hong Kong	183,000
Argentina	175,000
Israel	169,000
India	147,000

Source: NYC & Company, Inc., *NYC Statistics*, August 2010.
Prepared by: Ricondo & Associates, Inc., August 2010.

The Air Trade Area has a wide range of recreational and cultural resources that contribute to the quality of life in the Area and help attract visitors from around the globe. New York City offers many outdoor and indoor activities and attractions including over 100 museums, 40 Broadway theaters, art galleries and parks. Specific attractions include:

- Times Square
- Central Park
- Museum Mile (including the Metropolitan Museum of Art, one of the largest and most comprehensive art museums in the world, and the Solomon R. Guggenheim Museum)
- Empire State Building
- Statue of Liberty
- The United Nations Headquarters
- Coney Island
- Brooklyn Bridge
- Staten Island Ferry

Numerous professional sports teams call the Air Trade Area home including teams in the following sports:

- Baseball: New York Mets, New York Yankees
- Basketball: New Jersey Nets, New York Knicks, New York Liberty
- Football: New York Giants, New York Jets
- Hockey: New Jersey Devils, New York Islanders, New York Rangers
- Soccer: New York Red Bulls, Sky Blue FC

Notable annual sporting events held in the Air Trade Area include the U.S. Open Tennis tournament (held in August and September over a two-week period), and the New York City Marathon (held in November).

The Air Trade Area's main convention facility is the Jacob K. Javits Convention Center (Javits Center), one of the largest event venues in the United States. The Javits Center has the ability to create up to 11 halls from 814,400 total square feet of exhibit space. The Center also has 65,000 square feet of dedicated registration space. New York City's approximately 90,000 hotel rooms and their associated meeting facilities offer additional convention and meeting opportunities in the Air Trade Area. A notable convention complex is the NY 5000, offering 5,000 guest rooms (at Sheraton and Hilton hotels), 100 meeting rooms and a total of 225,000 square feet of meeting space—all in the span of one square block in Midtown Manhattan.

Approximately 320,000 people are currently employed in the leisure and hospitality subsector in New York City, surpassing the previous employment peak in this subsector in late 2007. The gains in employment in 2009, though moderate, touched all areas of the subsector with employment at food service/restaurants and bars growing by 1.1 percent and employment in hotels growing by 2.6 percent compared to 2008. The Air Trade Area, outside of New York City, is also starting to experience rebounding employment levels in the leisure and hospitality subsector.

1.4.2 Trade

The trade sector represented 14.8 percent of total Air Trade Area nonagricultural employment in 2009, a slightly lower level than the comparable 15.4 percent figure for the nation as a whole. Employment in the trade sector in the Air Trade Area decreased at a compounded annual rate of 0.2 percent between 1999 and 2009, compared with a 0.3 percent decrease for the nation. Of the Air Trade Area employees in the trade sector, approximately 66 percent were engaged in retail trade.

One indicator of growth in the trade sector is retail sales, defined as all net sales (gross sales minus refunds and allowances for returns) for establishments engaged primarily in retail trade. **Table I-9** presents total retail sales for the Air Trade Area, the Region, and the nation between 2002 and 2009. As shown in Table I-9, between 2002 and 2007, total retail sales in the Air Trade Area grew at a compounded annual growth rate, 1.8 percent, that was greater than the growth the Region experienced during this period but less than the nation's comparable growth rate. Between 2007 and 2009, as the economic recession took hold, Air Trade Area retail sales decreased at a compounded annual rate of 6.1 percent, less than the decrease the Region experienced during this period but greater than the decrease the nation experienced.

Table I-9

Total Retail Sales (In 2004 Dollars, Amounts in Millions)

Year	Air Trade Area	NY/NJ/CT Region	United States
Historical			
2002	\$258,469	\$373,023	\$3,536,043
2003	\$263,350	\$379,872	\$3,616,903
2004	\$271,623	\$391,501	\$3,749,550
2005	\$278,131	\$400,502	\$3,864,722
2006	\$282,052	\$406,070	\$3,950,657
2007	\$282,367	\$406,109	\$3,980,329
2008	\$270,695	\$388,950	\$3,834,703
2009	\$248,943	\$357,507	\$3,554,629
Projected			
2020	\$300,863	\$429,692	\$4,508,809
Compounded Annual Growth Rate			
2002 – 2007	1.8%	1.7%	2.4%
2007 – 2009	-6.1%	-6.2%	-5.5%
2009 – 2020	1.7%	1.7%	2.2%

Source: Woods and Poole Economics, Inc., *2010 Complete Economic and Demographic Data Source (CEDDS)*, 2009.
 Prepared by: Ricondo & Associates, Inc., August 2010.

Table I-9 also presents projections of total retail sales for 2020. According to data from Woods & Poole, total retail sales for the Air Trade Area are projected to increase at a compounded annual growth rate of 1.7 percent during this period, compared to an identical rate for the Region and 2.2 percent for the nation.

The economic development of the Air Trade Area has become progressively more linked to the global economy and relies heavily on air cargo and passenger service to move goods and people. In 2009, according to U.S. Census Bureau trade data, total trade activity (both imports and exports) between the New York City Customs District and the rest of the world was valued at \$288.9 billion. Businesses in the Air Trade Area have taken advantage of overseas markets and expanded their operations internationally. Many Air Trade Area companies depend on offshore plants and suppliers for manufacturing and assembly as well as raw materials.

In 2009, approximately \$139.5 billion in trade through the New York City Customs District was conveyed by air. This represents 48.3 percent of all trade through the New York Customs District, and more than eighty percent of the Northeast's total value of trade by air. The Air Trade Area's high rate of trade by air reflects the prevalence of just-in-time inventory management of high value goods (e.g., pharmaceuticals) as well as an expanding global network of suppliers and manufacturers. As Air Trade Area companies continue to develop new international markets for their goods and services, their reliance on international air freight and passenger service at JFK will increase in the future.

1.4.3 Financial

The financial sector comprises financial, insurance and real estate services. The financial sector (e.g., investment banking) generated the second highest amount of travel spending, including demand for air travel services, of any industry sector or subsector in 2009 according to the National Business Travel Association. The financial sector represented 8.6 percent of total Air Trade Area nonagricultural employment in 2009, a significantly higher level than the comparable 5.9 percent figure for the nation. Employment in the financial sector in the Air Trade Area decreased at a compounded annual rate of 0.6 percent between 1999 and 2009, compared with a 0.1 percent increase for the nation as a whole.

The health of New York City's financial sector has a significant impact on the Air Trade Area economy and employment levels. Many financial sector companies, for example, JPMorgan Chase and Co. and Citigroup, are among the Air Trade Area's largest employers as shown in Table I-6. The average securities industry wage is six times the average non-financial sector wage in New York City. The New York State Comptroller estimates that each securities industry job generates two other jobs in New York City and one other job in the rest of the Air Trade Area. Additionally, many jobs in the professional and business services subsector depend on the robustness of the financial sector as well as the health of state and local budgets.

According to City of New York's Executive Budget for Fiscal Year 2011 (released in May 2010), there is significant uncertainty regarding the future of the Air Trade Area's financial industry. As the U.S. and global economies recover, demand for financial services should strengthen. For the past few years financial services activities have been muted, but are expected to return as overall economic confidence builds. However, projected growth will likely cause the Federal Reserve to begin tightening monetary policy by late 2011 or 2012 (futures currently suggest that interest rate increases are not likely to occur until 2Q 2012). Higher interest rates will increase borrowing costs, lowering profits. The industry's international competitiveness is also uncertain given the tighter regulatory environment anticipated as a result of the recent passage of financial regulatory reform legislation. Any regulation that increases the relative costs of doing business in the United States and specifically in the Air Trade Area, may impact Wall Street's global competitiveness. However, assuming a moderate impact on Wall Street's global competitiveness and low interest costs, financial services firms are projected to generate \$21 billion in profits in 2010, and \$12 billion in 2011.

Even as firms return to profitability, they continue to reduce their workforces. Securities industry firms have eliminated approximately 31,000 jobs. Further losses are expected as firms continue to consolidate, resulting in a projected peak-to-trough decline of 35,000 securities industry jobs. The financial sector as a whole is projected to lose 54,000 jobs. Air Trade Area job growth in this sector is expected to turn slightly positive in 2010, followed by a subdued expansion through 2013.

Table I-10 presents total bank deposits for the Air Trade Area, the Region and the United States between 1999 and 2009. Total bank deposits represent an indicator of the economic activity of the financial sector. As shown, total bank deposits for the Air Trade Area increased at a compounded annual growth rate of 6.9 percent during this period, compared to 6.5 percent for the Region and 7.2 percent for the United States.

Table I-10

Total Bank Deposits

Fiscal Year ^{1/}	Total Bank Deposits (\$000,000)		
	Air Trade Area	NY/NJ/CT Region	United States
1999	\$502,809	\$621,687	\$3,783,554
2000	\$538,117	\$658,689	\$4,003,744
2001	\$567,977	\$692,439	\$4,326,207
2002	\$624,202	\$761,105	\$4,606,092
2003	\$699,943	\$850,740	\$5,132,110
2004	\$775,525	\$922,751	\$5,464,782
2005	\$833,486	\$994,987	\$5,933,763
2006	\$927,737	\$1,092,637	\$6,449,864
2007	\$852,550	\$1,026,204	\$6,702,053
2008	\$897,969	\$1,073,696	\$7,025,791
2009	\$981,964	\$1,167,293	\$7,559,616
Compounded Annual Growth Rate			
1999 – 2009	6.9%	6.5%	7.2%

Note:

1/ Twelve months ending June 30

Source: Federal Deposit Insurance Corporation (FDIC), October 2009.

Prepared by: Ricondo & Associates, Inc. August 2010.

1.4.4 Manufacturing

The manufacturing sector generated the highest amount of travel spending, including demand for air travel services, of any industry sector or subsector in 2009 according to the National Business Travel Association. As discussed in Section 1.4 above, manufacturing employment in the Air Trade Area between 1999 and 2009 declined at a slightly more rapid pace than the nation as whole over the same time period.

New York City is home to more than 10,000 manufacturing and industrial firms. However, the Air Trade Area's manufacturing base is concentrated in northern New Jersey, particularly in the counties of Bergen, Essex, Hudson, Passaic and Union. Employing over 100,000 workers, the greatest clusters of employment are in pharmaceuticals and medicines, computer and electronic products and food manufacturing.¹⁴ According to the New Jersey Business and Industry Association, traditional manufacturing continues to be outsourced overseas, but the northern New Jersey area has had success in retaining employers specializing in "value-added" or precision manufacturing (e.g., Passaic-based Falstrom Company manufactures custom metal enclosures for the U.S. military).

Despite its downward secular trend, conditions for manufacturing in the Air Trade Area continued to improve in October 2010. The Federal Reserve Bank of New York's Empire State Manufacturing Survey's general business conditions index stood at 15.7 in October 2010, the fifteenth consecutive month of growth,¹⁵ and employment indexes were also suggestive of continued growth in employment. Future conditions indexes in the Survey also generally conveyed a sense of optimism about the six-month outlook.

¹⁴ New Jersey Policy Research Organization Foundation, *Why Manufacturing Counts in New Jersey*, Fall 2008.

¹⁵ In the Survey, index readings greater than zero signal gains.

1.5 Economic Outlook

According to the Fiscal Policy Institute, a New York-based think tank, the pace of national economic growth is the main determinant of the Air Trade Area's overall economic outlook. Severe problems related to housing and consumer debt burdens are likely to keep the pace of recovery slower than what has typically been experienced following previous recessions. However, according to the New York Federal Reserve Bank, compared with the national economy, the Air Trade Area has recovered faster than in past recessions. After the last two deep recessions, the Air Trade Area's recovery did not begin for a year or more after the national economy began to grow again.¹⁶

For both the Air Trade Area and the U.S., most projections foresee a weak and gradual recovery for the job market with the unemployment rate not reaching pre-recession levels for several years. The non-partisan New York City Independent Budget Office (IBO) projects total employment in the Air Trade Area to grow in the second half of 2010, but for growth to remain slow for several quarters.¹⁷ The previous employment peak seen in Q3 2008 is not projected be reached until Q3 2013. As lost jobs are recouped, more than half of the growth is projected to come from health and education (30.4 percent of the jobs added through Q3 2013) and business services (22.7 percent). Smaller contributions are projected to come from leisure and hospitality (14.1 percent of the jobs added) and financial activities (13.2 percent). Manufacturing is projected to continue to shrink as it has during past recoveries, but the sector makes up such a small part of the Air Trade Area economic base that it is not predicted to exert as much of a drag on the Air Trade Area economy as in past recoveries.

1.6 Summary

Table I-11 provides an overview of some of the key economic indicators presented in Tables I-1 through I-7. A summary of the socioeconomic trends in the Air Trade Area includes the following:

- The Air Trade Area's population is anticipated to increase in line with the Region, but slower than the nation overall, through 2020. This should have a positive effect on the growth of the Airport's O&D passenger base over this same period.
- The Air Trade Area has double the percentage of foreign-born population and a significantly higher percentage of people with post-secondary degrees than the nation as a whole, both indicators of increased propensity for air travel.
- Historically the Air Trade Area maintains a higher per capita personal income compared to the Region and the United States, and is expected to maintain this difference throughout the projection period. This suggests, generally, that the population of the Air Trade Area has a greater ability to use discretionary income to spend money on air travel and that the Air Trade Area will remain attractive to business and leisure travelers (lower income areas often have weaker business ties to the rest of the nation and a less developed tourism infrastructure).

¹⁶ New York Times, *After the Recession, a Gradual Recovery in the City*, July 22, 2010.

¹⁷ New York City Independent Budget Office, *Analysis of the Mayor's Preliminary Budget for 2011*, March 2010.

Table I-11

Summary of Key Economic Indicators

	Air Trade Area	NY/NJ/CT Region	United States
Population			
2000	21,398,931	30,841,020	282,171,900
2009	22,232,494	31,767,480	307,006,550
2020	23,560,796	33,399,420	341,343,900
Population Growth ^{1/}			
2000-2009	0.4%	0.3%	<u>0.9%</u>
2009-2020	0.5%	0.5%	<u>1.0%</u>
Per Capita Personal Income			
2009	<u>\$55,136</u>	\$50,254	\$40,255
2020	<u>\$91,120</u>	\$83,374	\$65,861
% 2009 Households in \$75,000-Above	<u>36.0%</u>	32.6%	25.6%
Growth In Civilian Labor Force ^{1/}			
1999-2009	<u>1.4%</u>	<u>1.4%</u>	1.1%
Unemployment Rate ^{2/}			
1999	4.8%	4.7%	<u>4.2%</u>
2005	<u>4.9%</u>	<u>4.9%</u>	5.1%
2009	<u>8.5%</u>	<u>8.5%</u>	9.3%
August 2010	8.8%	<u>8.7%</u>	9.5%
Growth in Nonagricultural Employment ^{1/}			
1999-2009	<u>0.2%</u>	N/A	0.1%
2008-2009	<u>-2.2%</u>	N/A	-4.3%
Employment by Industry Sector, 2009			
Services	<u>45.1%</u>	N/A	41.4%
Government	15.8%	N/A	<u>17.2%</u>
Trade	14.8%	N/A	<u>15.4%</u>
Financial	<u>8.6%</u>	N/A	5.9%
Manufacturing	5.2%	N/A	<u>9.1%</u>
Construction	3.9%	N/A	<u>5.1%</u>
Transportation/Utilities	3.5%	N/A	<u>3.7%</u>
Information	<u>3.1%</u>	N/A	2.1%

Notes:

Highest/best values or rates in each row are shown in bold and underlined font.

1/ Compounded annual growth rate.

2/ Non-seasonally adjusted rate.

Sources: Various sources indicated on Tables I-1 through I-7 of this chapter.

Prepared by: Ricondo & Associates, Inc., October 2010.

- Average non-seasonally adjusted unemployment rates for the Air Trade Area have been either below or equal to those for the Region and the United States from 2005-2009. Relatively low unemployment rates are indicative of more potential opportunities for business travel and higher disposable income levels that facilitate leisure travel.
- Non-agricultural employment in the Air Trade Area grew by a compounded annual growth rate of 0.2 percent during the 1999-2009 period compared with 0.1 percent growth for the United States during this period. Air Trade Area non-agricultural employment decreased at a less rapid rate than the United States between 2008 and 2009 during the onset of the recent economic recession.
- The Air Trade Area continues to be a global leader in international trade, supported by its aeronautical and maritime facilities as well as by its financial and professional and business services industries.
- The Air Trade Area offers a variety of cultural, recreational and educational resources that stimulate demand for both inbound and outbound air travel.

The economic base of the Air Trade Area is strong and diversified and is capable of supporting the forecasted air travel activity at the Airport, as shown in Table V-2 of this report. This potential demand is supported by strong per capita personal income, the significant percentage of households in higher income categories and the presence of numerous Fortune 500 companies headquartered in the Air Trade Area.

II. Air Trade Area Airports

This chapter provides an overview of the six airports that serve the Air Trade Area. It begins with an introduction to the Port Authority, which operates four of the six commercial airports serving the Air Trade Area: JFK, LaGuardia, Newark Liberty and Stewart International Airport (Stewart). The chapter continues with a description of the four Port Authority airports and the two airports operated by other governmental entities in the Air Trade Area, Westchester County Airport and Long Island MacArthur Airport. The chapter concludes with a discussion of the operating restrictions in place at several of the Air Trade Area airports, including the slot restrictions in place at JFK, Newark Liberty and LaGuardia.

Note: The information in Chapter 2 is provided to describe the role of the Port Authority in the oversight of four of the Air Trade Area's six airports and the competitive aspects of the local air travel market. The Series 8 Bonds are secured solely from the facility rentals of JFK IAT derived from the operation of Terminal 4. Bondholders do not have recourse to the resources of the Port Authority or any of the individual airports for payment of the Series 8 Bonds. (Please refer to Section 6.5 and the section entitled "Security and Sources of Payment" in the Official Statement for the Series 8 Bonds.)

2.1 The Port Authority of New York and New Jersey

The Port Authority was established in April 1921. It is responsible for the construction, operation and maintenance of critical transportation infrastructure to support the New York – New Jersey region's trade and transportation network. Its jurisdictional area is called the Port District and encompasses an area within a radius of approximately 25 miles of the Statue of Liberty in New York Harbor. In addition to four of the region's commercial airports, the Port Authority also owns or operates Teterboro Airport (a general aviation facility), six tunnels and bridges between New York and New Jersey, marine terminals and ports throughout the New York Harbor region, the Port Authority Trans Hudson (PATH) rail transit system, the Port Authority Bus Terminal in Manhattan, and the World Trade Center. The Port Authority is governed by a 12-member Board of Commissioners, with the governor of each state appointing six members with the advice and consent of the respective state senate.

2.1.1.1 The Port Authority Lease with the City of New York

The Port Authority has operated both JFK and LaGuardia airports under a lease with the City of New York since 1947. The lease was most recently amended and restated in November 2004, with a term extending through December 31, 2050. In addition to the establishment of rental payments due from the Port Authority to the City of New York, the lease provides the Port Authority the right to enter into subleases regarding the development of facilities at the two airports, including the lease with JFK IAT.

2.2 The Airports in the Air Trade Area

The Air Trade Area is served by six commercial airports, each of which has established its own role in the market. While the Port Authority operates all three airports that are located in, or immediately adjacent to, New York City – JFK, LaGuardia, and Newark Liberty – the competitive nature of the airline industry naturally creates a competitive environment among the airports as well. Furthermore, while each airport draws the majority of its passengers from specific underlying regions of the Air Trade Area (e.g. the "core domestic air trade area" described in Chapter 1), factors such as the

airlines serving the airport, the markets served from the airport, air fares, level of service, access to / from the point of origination / destination within the Air Trade Area, and air traffic congestion / potential for travel delays, all factor into a passenger's selection of an airline and airport for use for a particular trip. Additionally, while farther from the densely populated core surrounding Manhattan and enplaning fewer passengers, the outlying airports have increased their share of the market over the past 10 years. Below are descriptions of the key physical aspects of each of the six airports.

2.2.1 John F. Kennedy International Airport

JFK ranked as the nation's sixth busiest airport in 2009 based on data from Airports Council International – North America (ACI-NA), as shown in **Table II-1**.¹ The ACI-NA data also indicates that the Airport is the nation's largest international gateway, serving 21.8 million international passengers (total enplaned and deplaned) in 2009, exceeding the nation's second and third largest international gateways, Miami International Airport and Los Angeles International Airport, respectively, by more than 6 million passengers.² The Airport also ranks as the twelfth busiest airport in the world in 2009 in terms of total passengers, as shown in **Table II-2**.³

The Airport occupies approximately 4,930 acres located on Jamaica Bay in Queens County, approximately 15 miles from midtown Manhattan, and is accessible via the Van Wyck Expressway (Interstate 678) and the Nassau Expressway, as well as by AirTrain JFK that connects the Airport to the Long Island Railroad and New York City subway and bus lines at stations in Jamaica, Queens and Howard Beach, Queens. The Airport has seven operating unit passenger terminals which are described more fully in Chapter 4. The airfield consists of two pairs of parallel runways aligned at right angles. The runways range in length from 8,400 feet to 14,600 feet and are connected to the terminal and cargo facilities via 25 miles of taxiways.

JFK is currently served by approximately 75 scheduled passenger airlines that provide non-stop service to approximately 60 domestic and 102 international destinations. A further discussion of air service offered from JFK is provided in Chapter 4.

2.2.2 LaGuardia Airport

LaGuardia ranked as the nation's 21st busiest airport in 2009.⁴ LaGuardia occupies approximately 680 acres in the Borough of Queens, approximately eight miles from midtown Manhattan, and is accessible via the Grand Central Parkway, which connects to the Robert F. Kennedy (formerly the Tri-Borough) Bridge and the Brooklyn-Queens Expressway (Interstate 278). LaGuardia's proximity to the business districts of midtown and downtown Manhattan, and frequent service to short- to medium-haul business markets, makes it popular with traditionally higher fare paying business travelers. While LaGuardia provides competition to both JFK and Newark Liberty for domestic passengers, the airport plays a complementary role as well by serving the Air Trade Area's demand for domestic O&D service. This allows JFK and Newark Liberty to direct resources to service the Air Trade Area's demand for international service and long-haul domestic service.

¹ Airports Council International – North America, "2009 North American Airports Traffic"

² Airports Council International – North America, "2009 North American Airports Traffic"

³ Airports Council International, "2009 Worldwide Airports Traffic"

⁴ Airports Council International – North America, "2009 North American Airports Traffic"

Table II-1

2009 Airports Council International - North America United States Airport Activity Rankings

Rank	Airport	Total Passengers	Airport	International Passengers	Airport	Airline Operations
1	Atlanta (ATL)	88,032,086	New York - JFK (JFK)	21,899,689	Atlanta (ATL)	962,088
2	Chicago - O'Hare (ORD)	64,158,343	Miami (MIA)	15,970,380	Chicago - O'Hare (ORD)	792,975
3	Los Angeles (LAX)	56,520,843	Los Angeles (LAX)	15,100,930	Denver (DEN)	585,425
4	Dallas/Fort Worth (DFW)	56,030,457	Newark (EWR)	10,617,081	Houston - Intercontinental (IAH)	516,414
5	Denver (DEN)	50,167,485	Chicago - O'Hare (ORD)	10,405,036	Los Angeles (LAX)	503,007
6	New York - JFK (JFK)	45,915,069	Atlanta (ATL)	8,832,195	Charlotte (CLT)	484,100
7	Las Vegas (LAS)	40,469,012	San Francisco (SFO)	8,321,146	Dallas/Fort Worth (DFW)	472,345
8	Houston - Intercontinental (IAH)	40,007,354	Houston - Intercontinental (IAH)	7,809,943	Las Vegas (LAS)	463,854
9	Phoenix (PHX)	37,824,982	Washington DC - Dulles (IAD)	6,246,415	Philadelphia (PHL)	450,725
10	San Francisco (SFO)	37,338,942	Dallas/Fort Worth (DFW)	5,085,007	Detroit (DTW)	425,584
11	Charlotte (CLT)	34,536,666	Philadelphia (PHL)	4,140,837	Phoenix (PHX)	411,205
12	Miami (MIA)	33,886,025	Honolulu (HNL)	3,653,993	Minneapolis (MSP)	394,996
13	Orlando (MCO)	33,693,649	Boston (BOS)	3,385,692	New York - JFK (JFK)	394,465
14	Newark (EWR)	33,399,207	Fort Lauderdale (FLL)	3,027,412	Newark (EWR)	378,107
15	Minneapolis (MSP)	32,378,599	Orlando (MCO)	2,977,920	New York - LaGuardia (LGA)	345,379
16	Detroit (DTW)	31,357,388	Seattle (SEA)	2,633,730	San Francisco (SFO)	342,658
17	Seattle (SEA)	31,227,512	Detroit (DTW)	2,354,503	Boston (BOS)	326,406
18	Philadelphia (PHL)	30,669,564	Las Vegas (LAS)	2,298,775	Seattle (SEA)	314,754
19	Boston (BOS)	25,512,086	Charlotte (CLT)	2,178,085	Miami (MIA)	298,741
20	Washington DC - Dulles (IAD)	23,073,665	Minneapolis (MSP)	2,167,620	Washington DC - Dulles (IAD)	288,679

Source: Airports Council International - North America, June 2010.
Prepared by: Ricondo & Associates, Inc., June 2010.

Table II-2

2009 Airports Council International Worldwide Airport Activity Rankings

Rank	Airport	Total Passengers	Airport	Total Operations	Airport	Total Cargo (tons)
1	Atlanta (ATL)	88,032,086	Atlanta (ATL)	970,235	Memphis (MEM)	3,697,054
2	London (LHR)	66,037,578	Chicago (ORD)	827,899	Hong Kong (HKG)	3,385,313
3	Beijing (PEK)	65,372,012	Dallas (DFW)	638,782	Shanghai (PVG)	2,543,394
4	Chicago (ORD)	64,158,343	Denver (DEN)	634,383	Seoul (ICN)	2,313,001
5	Tokyo (HND)	61,903,656	Houston (IAH)	607,019	Anchorage (ANC)	2,054,515
6	Paris (CDG)	57,906,866	Los Angeles (LAX)	538,168	Louisville (SDF)	1,994,629
7	Los Angeles (LAX)	55,520,843	Paris (CDG)	525,314	Dubai (DXB)	1,949,528
8	Dallas (DFW)	56,030,457	Las Vegas (LAS)	511,064	Frankfurt (FRA)	1,927,520
9	Frankfurt (FRA)	50,932,840	Charlotte (CLT)	509,448	Tokyo (NRT)	1,887,686
10	Denver (DEN)	50,167,485	Beijing (PEK)	488,505	Paris (CDG)	1,851,972
11	Madrid (MAD)	48,250,784	Philadelphia (PHL)	472,668	Singapore (SIN)	1,660,724
12	New York (JFK)	45,915,069	London (LHR)	466,393	Miami (MIA)	1,557,401
13	Hong Kong (HKG)	45,558,807	Frankfurt (FRA)	463,111	Los Angeles (LAX)	1,509,236
14	Amsterdam (AMS)	43,570,370	Phoenix (PHX)	457,207	Beijing (PEK)	1,475,649
15	Dubai (DXB)	40,901,752	Madrid (MAD)	435,179	Taipei (TPE)	1,358,304
16	Bangkok (BKK)	40,500,224	Minneapolis/St Paul (MSP)	432,589	London (LHR)	1,349,571
17	Las Vegas (LAS)	40,469,012	Detroit (DTW)	432,395	Amsterdam (AMS)	1,317,120
18	Houston (IAH)	40,007,354	New York (JFK)	416,945	Chicago (ORD)	1,144,894
19	Phoenix (PHX)	37,824,982	Newark (EWR)	411,607	New York (JFK)	1,047,917
20	San Francisco (SFO)	37,338,942	Toronto (YYZ)	407,352	Bangkok (BKK)	1,045,194

Source: Airports Council International (results are preliminary), June 2010.
Prepared by: Ricondo & Associates, Inc., June 2010.

LaGuardia has 74 aircraft gates, 38 of which are located in the Central Terminal Building. The US Airways Terminal and adjacent Shuttle Terminal together have 20 gates, Delta's main terminal has 10 gates, and the Marine Air Terminal, which is used by Delta for its shuttle operations, has 6 gates. As LaGuardia does not have a federal inspection services (FIS) facility (customs and immigration) to serve arriving international passengers, the only inbound international service currently offered is from certain Canadian and Caribbean airports that have FIS facilities to pre-clear passengers bound to the U.S. The airfield consists of two intersecting main runways, each of which is 7,000 feet long.

The Port Authority has undertaken a feasibility study regarding the redevelopment of the Central Terminal Building and other facilities. While definitive plans for the project have not been announced, the Port Authority does not plan to build an FIS facility at LaGuardia. Future growth at LaGuardia is expected to result from the utilization of larger aircraft and improvements in the air traffic control system.

LaGuardia is presently served by over 20 airlines, which are listed in **Table II-3**, that provided an average of 523 daily flights in August 2010 to 79 non-stop destinations.

Table II-3

Passenger Airlines Serving LaGuardia Airport

Domestic Airlines

Air Tran Airways
American Airlines
 American Eagle
Continental Airlines
 Continental Express
Delta Air Lines
 Comair
 Delta Connection
 Delta Shuttle
Frontier Airlines
JetBlue Airways
Southwest Airlines
Spirit Airlines
United Airlines
 United Express
US Airways
 Colgan
 US Airways Express

International Airlines

Air Canada

Source: Port Authority of New York and New Jersey, Official Airline Guide, September 2010.
Prepared by: Ricondo & Associates, Inc., September 2010.

2.2.3 Newark Liberty International Airport

Newark Liberty ranked as the nation's 14th busiest airport in 2009 and is the location of the second largest connecting hub in the network of Continental Airlines. Furthermore, the airport is the nation's fourth largest international gateway, serving approximately one-half the international passengers of JFK in 2009, and is the primary competitor to JFK for international traffic in the Air Trade Area. Like JFK, it draws international O&D passengers from throughout the Air Trade Area, but tends to draw domestic O&D passengers from the western half of the Air Trade Area. An international passenger's decision to use JFK or Newark Liberty is primarily driven by the ease of access to either airport from their point of origin, the airlines serving the airport, the destinations served from the airport, flight schedules and air fares.

Newark Liberty is operated by the Port Authority under a lease with the City of Newark that extends through 2065. The airport occupies approximately 2,027 acres in Newark and Elizabeth, New Jersey, 16 miles from midtown Manhattan, and is accessible from the New Jersey Turnpike, Interstate 78, and U.S. Routes 1 and 9, as well as by rail (both New Jersey Transit and Amtrak's Northeast Corridor) via AirTrain Newark. The airfield consists of two primary commercial parallel runways that measure 9,980 feet and 11,000 feet in length, respectively, with a third runway primarily used by commuter aircraft.

The airport's central terminal area consists of three terminals providing access to a total of 109 aircraft gates. Complementing the passenger activity, the airport serves as the overnight small package center for the New York – New Jersey region, and offers a total of 1.3 million square feet of cargo facilities. The terminal and cargo areas are connected to the airfield by over 12 miles of taxiways. The airport's parking facilities can accommodate up to 19,000 automobiles.

The Port Authority has implemented a modernization program for Terminal B, which will create new ticket counters, a domestic baggage claim, updated inline baggage and passenger screening systems, and add shops and restaurant. The Port Authority is also in preliminary planning to replace the existing Terminal A with a new facility. The preliminary plans include the potential for an FIS facility, but the planned initial phase of the project does not include the FIS facility, which could be incorporated in later phases. Furthermore, the potential exists to expand Terminal C. Future growth at Newark Liberty is expected to be the result of the increased size of aircraft used at the airport, adjustments in the mix of international and domestic service, and future improvements to the air traffic control system.

The airport is served by more than 70 airlines, which are listed in **Table II-4**. These airlines provided an average of approximately 544 daily flights in August 2010 to 156 destinations.

Table II-4

Passenger Airlines Serving Newark Liberty International Airport

Domestic Airlines	International Airlines
Alaska Airlines	Air Canada
American Airlines	Air France
American Eagle	Air India
Continental Airlines	Alitalia
Continental Express	British Airways
Express Jet - Continental	El Al
Delta Air Lines	EVA Airways
Comair	Jet Airways
Delta Express	KLM Royal Dutch Airlines
JetBlue Airways	L'Avion
Midwest	Lot Polish
United Airlines	Lufthansa
United Express	Malaysia
US Airways	OpenSkies
US Airways Express	Porter Airlines
	Qantas
Charter Airlines	SAS
Miami Air	Singapore Airlines
	Swiss
	TAP Portugal
	Virgin Atlantic
	WestJet

Source: Port Authority of New York and New Jersey, Official Airline Guide, September 2010.
Prepared by: Ricondo & Associates, Inc., September 2010.

2.2.4 Stewart International Airport

Stewart was the first commercial airport privatized under the FAA's pilot program in March 2000, when the New York State Department of Transportation entered into a 99-year lease agreement with National Express. The Port Authority purchased the rights to operate Stewart for the remaining 93-years of the lease in November 2007. The airport is located in Newburgh / New Windsor, New York, approximately 60 miles north of New York City. Stewart occupies a 2,400 acre site at the intersection of the New York State Thruway (Interstate 87) and Interstate 84. Several bus companies link the airport with nearby rail stations where service is offered to New York City's Grand Central Terminal and other regional destinations via Metro North and Amtrak. The airfield consists of two intersecting runways, the longest of which is 11,818 feet with the other measuring 6,006 feet. The terminal has seven passenger gates, with a project currently underway to add a FIS facility that is expected to be completed in the fall of 2010. Airlines serving the airport include JetBlue, with service to Orlando and Ft. Lauderdale; Delta Connection with service to Atlanta and Detroit; and US Airways Express with service to Philadelphia.

2.2.5 Other Airports in the Air Trade Area

In addition to the Port Authority airports, the New York City region is also served by Westchester County Airport (Westchester County) in White Plains, New York, approximately 37 miles north of New York City, and Long Island MacArthur Airport (Long Island MacArthur) in the Town of Islip,

New York, approximately 54 miles east of New York City. Westchester County is served by eight scheduled airlines, Air Canada, AirTran, American, Cape Air, Delta, JetBlue, United, and USAirways. These airlines, or their regional affiliates, provide nonstop service to approximately 20 destinations on approximately 55 day flights.⁵ Long Island MacArthur Airport is served by Southwest and USAirways, which combined offer approximately 60 flights per day to eight non-stop destinations.⁶

2.2.6 Operating Restrictions at the Airports in the Air Trade Area

The high demand for access to the three New York City area airports, which are all located within a 25-mile radius of one another, the proximity of the three other commercial airports serving the Air Trade Area, and the presence of several general aviation airports throughout the region combine to make the airspace around New York City some of the most congested in the nation. The problem is exacerbated by the conflicting arrival and departure streams to each of the airports, which require close coordination by the FAA's air traffic control system. Furthermore, each airport's runway capacity is limited, with minimal opportunities for physical expansion. As a result, all three New York City area airports are prone to delays, as indicated in **Table II-5**.

Table II-5

Airport On-Time Performance Comparison

Percentage of domestic arrivals operating on time	2005	2006	2007	2008	2009	2010 ^{1/}	National Rank ^{2/}
JFK	70%	69%	63%	69%	74%	74%	26
Newark Liberty	64%	63%	59%	62%	66%	71%	29
LaGuardia	67%	64%	58%	63%	69%	73%	28

Percentage of domestic departures operating on time	2005	2006	2007	2008	2009	2010 ^{1/}	National Rank ^{2/}
JFK	77%	75%	69%	75%	79%	77%	24
Newark Liberty	75%	72%	68%	69%	74%	75%	27
LaGuardia	78%	75%	71%	75%	78%	80%	17

Notes:

1/ June 2009 - May 2010

2/ Rank among the 30 largest U.S. airports for the period June 2009 - May 2010 (1=least delayed)

Source: www.transtats.bts.gov (US Dept. of Transportation) accessed July 2010, July 2010.

Prepared by: Ricondo & Associates, Inc., July 2010.

2.2.6.1 Operating Restrictions at JFK

Delays at the New York City area airports, and their implications for the national air transportation system, are not a recent phenomenon. The FAA first attempted to address the persistent delays at major airports across the United States in 1969 through the implementation of the High Density Rule,⁷ which limited the number of operations (each take-off or landing is considered one operation) per hour at several airports, including JFK and LaGuardia. At all airports where the High Density

⁵ Westchester County Airport, www.airport.westchestergov.com, access June 29, 2010

⁶ Long Island MacArthur Airport, www.flylima.com, accessed June 29, 2010

⁷ 33 Federal Register 17,896 (1968)

rule was in effect, airlines were required to have a reservation, or “slot,” for each scheduled flight during certain hours. For JFK, the restrictions were in place between 3:00 p.m. and 7:59 p.m.

The FAA phased out the High Density Rule at JFK between 2000 and 2007, after which there were no restrictions on the number of operations at the Airport. However, delays soon began to increase, culminating in the reinstitution of slot controls at the Airport in 2008. In its order on “Operating Limitations at John F. Kennedy International Airport”⁸ the U.S. Department of Transportation (USDOT) found the Airport had a runway capacity of 81 operations per hour while in recent years, the airlines had scheduled more than 110 operations per hour during the late afternoon peak, and more than 90 operations per hour in the hours before and after the peak.

Accordingly, in 2008 the FAA began to limit operations at the Airport between 6:00 a.m. and 10:59 p.m. to 81 (slots) per hour in an effort to reduce delays. In the Order establishing the limits, the FAA also granted itself the authority to approve flight schedules. While the FAA has not bound itself to the limit of 81 operations per hour, it states that it will evaluate and approve schedule changes based on that goal. Also, the FAA is working to realign the use of airspace in the Air Trade Area and to implement the “next generation” of air traffic control technology that may lead to greater efficiencies in the movement of air traffic and increase the capacity of JFK and other Air Trade Area airports. The slots are granted for a specific half hour period and are directional (i.e. either an arrival or departure). Carriers can move a flight time from one half hour period to another only with FAA approval. Airlines with slot positions may buy (effectively a short term lease because the slot controls are temporary), sell or trade slots as long as the trade agreement between the airlines does not go beyond the expiration date of the Order, currently scheduled for October 2011, subject to extension until the FAA issues an Order that revises or supersedes the existing Order. FAA retained the right to review and approve all transactions, but the extent of their review has historically related to assuring that the result of the transactions maintain the limit of 81 operations per hour.

In establishing the order, the FAA met with all interested carriers to balance operations and allocate slots based on 2008 schedules. **Table II-6** presents the initial slot allocation, through which JetBlue, Delta and American received the majority of the slots. Airlines seeking to initiate or increase service at the Airport must buy (lease) or trade for slots in the periods when all slots have been allocated, or obtain an unused slot for a less popular period of the day. International carriers do not receive any preference in the slot allocation process and there is no provision to rebalance the slot allocations unless new capacity is created. The Order also establishes a minimum usage requirement for each slot, or it reverts to the FAA as unallocated. As discussed in greater detail in Chapter 4, flight activity at JFK is currently at or above 75 operations per hour between 2:00 p.m. and 8:59 p.m., therefore limiting potential growth in number of passengers using the Airport during the most popular hours of the day to increases in aircraft size and passenger load factor on existing flights.

⁸ USDOT, FAA, Docket No. FAA-2007-29,320, 74 Federal Register 27,059 (June 5, 2009)

Table II-6

Initial JFK Slot Allocations for American, Delta and JetBlue Airlines

Hour	Slots per Hour				% of Slots per Hour			
	American ^{1/}	Delta	JetBlue ^{1/}	Other	American	Delta	JetBlue	Other
6:00 AM	7	9	23	42	9%	11%	28%	52%
7:00 AM	13	24	24	20	16%	30%	30%	25%
8:00 AM	8	32	28	13	10%	40%	35%	16%
9:00 AM	8	20	34	19	10%	25%	42%	24%
10:00 AM	8	10	12	51	10%	12%	15%	63%
11:00 AM	10	19	16	36	12%	23%	20%	44%
12:00 PM	9	27	21	24	11%	33%	26%	30%
1:00 PM	12	31	19	19	15%	38%	23%	24%
2:00 PM	15	27	21	18	19%	33%	26%	22%
3:00 PM	13	31	15	22	16%	38%	19%	27%
4:00 PM	14	26	14	27	17%	32%	17%	33%
5:00 PM	17	26	16	22	21%	32%	20%	27%
6:00 PM	9	28	18	26	11%	35%	22%	32%
7:00 PM	13	30	17	21	16%	37%	21%	26%
8:00 PM	13	23	26	19	16%	28%	32%	24%
9:00 PM	13	14	35	19	16%	17%	43%	24%
10:00 PM	7	19	27	28	9%	23%	33%	34%
11:00 PM	0	4	0	77	0%	5%	0%	95%
Total	189	400	366	503	13%	27%	25%	34%

Note:

1/ In April 2010, American and JetBlue entered into a transaction whereby American obtained 12 of JetBlue's JFK slots. This transaction is not reflected in the table.

Source: Federal Aviation Administration, U.S. DOT, Docket FAA-2007-29320, January 2008.
Prepared by: Ricondo & Associates, Inc., July 2010.

2.2.6.2 Operating Restrictions at Newark Liberty

Similar to JFK, Newark Liberty has limited airspace capacity with respect to the demand placed on the airfield by the airlines. This has led to significant delays that affect the level of air service at Newark Liberty, with repercussions across the nation as well. According to the USDOT's order on "Operating Limitations at Newark Liberty International Airport"⁹ the airport had a runway capacity of 83 operations per hour, while in recent years the airlines had scheduled more than 90 operations per hour during peaks. Beginning in 2008, the FAA limited the number of operations between 6:00 a.m. and 10:59 p.m. to 81 (slots) per hour in an effort to reduce delays. These operations were allocated to the airlines according to typical flight activity at the time the rule was implemented, with Continental Airlines granted up to 70 of the 81 hourly slots during peak periods.

2.2.6.3 Operating Restrictions at LaGuardia

Like JFK, operations at LaGuardia were restricted under the High Density Rule until it was eliminated in 2007. However, as the restrictions began to be lifted the airport experienced a rapid increase in daily flight activity and a resultant increase in delays. As a result, slot controls were reinstituted in 2007, thus the restrictions were never fully rescinded at LaGuardia as scheduled.

⁹ USDOT, FAA, Docket No. FAA-2008-0221, 73 Federal Register 14,552 (March 18, 2008)

According to the DOT's order on "Operating Limitations at New York LaGuardia Airport,"¹⁰ the airport's runway capacity necessitates a limit of 75 scheduled operations per hour (which, under a supplemental order, the FAA plans to reduce to 71 scheduled operations per hour as slots are returned to the FAA) between 6:00 a.m. and 9:59 p.m. weekdays and on Sunday afternoons in order to control the resulting delays. These operations were allocated to the airlines according to procedures under the earlier High Density Rule.

In addition to the slot restrictions, flight activity at LaGuardia is restricted geographically by the Perimeter Rule established by the Port Authority in 1984. Under this rule, no markets beyond a non-stop trip length of 1,500 nautical miles can be served from LaGuardia, with a specific exemption for Denver, Colorado, from Sunday afternoon through Friday. The Perimeter Rule does not apply on Saturdays, when Delta offers service to Salt Lake City. The rule is intended to encourage airlines to use the airport efficiently, using larger aircraft and serving the markets with the greatest demand, and to balance demand at the New York City airports, given the closer proximity of LaGuardia to Manhattan and the slightly higher runway capacities at JFK and Newark Liberty.

2.2.6.4 Operating Restrictions at Westchester County Airport

Westchester County Airport has instituted local restrictions that involve both a voluntary curfew on operations between the hours of midnight and 6:30 am, and an operating quota which imposes a limit of four scheduled aircraft operations (enplaning or deplaning) per half hour period, and a maximum of 240 passengers per half hour through four of the six gates in the terminal. Two gates may only be used during the morning and evening peak hours.

2.2.7 The United / Continental Merger

United Airlines and Continental Airlines closed their merger on October 1, 2010, creating the world's leading airline. The combined company has 10 hubs, including hubs in the four largest cities in the United States. The combined carrier continues to serve all the communities each carrier currently serves. Together, Continental and United serve more than 144 million passengers per year as they fly to 370 destinations in 59 countries. The name of the merged airlines will be United Airlines. The new company's corporate and operational headquarters will be in Chicago and it will maintain a significant presence in Houston, which will be the combined company's largest hub. Continental provides the new merging entity with a significant presence in the greater New York metropolitan area through its Newark Liberty hub. However, it is not expected that the merger will have any major effects at JFK as Continental does not serve the Airport and United only provides service to JFK from three of its hubs.

On August 27, 2010, the U.S. Department of Justice announced that in light of the agreement by United and Continental to transfer takeoff and landing rights (slots) and other assets at Newark Liberty Airport to Southwest Airlines, that it has closed its investigation into the proposed merger of United and Continental. United and Continental entered into the arrangement with Southwest in response to the department's principal concerns regarding the competitive effects of the proposed merger. The move increases competition for Continental at its Newark hub, as well as for United.

¹⁰ USDOT, FAA, Docket No. FAA-2006-25,755, 71 Federal Register 77,854 (December 27, 2006) and 74 Federal Register 2,646 (January 15, 2009)

Continental and United currently operate 442 daily round-trip flights into and out of Newark Liberty. The leasing of the first of the 18 daily slot pairs will begin in late March 2011 and the leasing arrangement will be fully implemented in June 2011. The slots Southwest would receive are spread throughout the day and would allow Southwest the ability to integrate Newark service into its extensive national route network. Currently, Southwest operates a few flights at New York's LaGuardia Airport but none at Newark Liberty or JFK.

III. Air Trade Area Air Service

This chapter presents information regarding historical passenger trends and the level of air service provided in the Air Trade Area. The chapter begins with an overview of the air service trends and the competitive aspects of the Air Trade Area overall. The second part provides a comprehensive review of air service at JFK, including the airlines that serve the Airport and their market share, leading markets for the Airport and the level of service provided by the airlines, and historical passenger activity (for both the Airport and Terminal 4) and airline operating trends. The final section of the chapter presents an overview of Delta's operations in the New York City market including the importance of JFK in its route network, its service and route network from the Airport, and a comparison of its operations at the other New York City airports with those at JFK. The section also includes a review of the global airline alliances and how they influence the operating decisions of the airlines at JFK. The historical level of activity, for the region overall, JFK, and Terminal 4, is a key factor in the development of the forecasts found in Chapter 5.

3.1 Regional Demand for Air Service

Table III-1 presents enplaned passenger data from 1998 to 2009 for the six airports that serve the Air Trade Area. While enplaned passenger volume in the Air Trade Area region increased at a 1.7 percent compounded annual growth rate over this 11-year period, this time frame was marked by periods of both rapid growth and significant declines in demand for air service.

The nationwide economic expansion of the late 1990s generated strong demand for air service, with the Air Trade Area airports recording a 4.2 percent compound annual growth rate in enplaned passengers from 1998 to 2000. A series of events, including the economic recession of 2001 – 2002, the September 11, 2001 terrorist attacks (September 11th), and the outbreak of Severe Acute Respiratory Syndrome (SARS) depressed demand for air travel, leading to a 6.2 percent compounded annual decline in passenger volume within the Air Trade Area between 2000 and 2002. Passenger activity rebounded strongly beginning in 2003, with passenger volume at the Air Trade Area airports experiencing a compound annual growth rate of 6.4 percent from 2002 to 2007 due to the expanding economy, the growth of JetBlue, and the increased focus of American and Delta on the New York City market. After reaching a peak of 57.0 million enplaned passengers in 2007, passenger activity in the Air Trade Area subsequently declined at a 3.7 percent annual rate through 2009, primarily due to the national and international economic recessions that began in December 2007. During this period the domestic air carriers reduced capacity in an effort to lower their operating costs and increase air fares to offset rising fuel prices by matching supply to demand.

3.1.1 New York City Area Airports

The three airports in the New York City area, JFK, LaGuardia and Newark Liberty, consistently accounted for between 96 percent and 98 percent of total passenger volume in the Air Trade Area over the past 11 years. Among these three airports, JFK experienced the largest gain in passenger volume between 1998 and 2009 with a compounded annual growth rate of 3.7 percent. As a result, JFK surpassed Newark Liberty in 2002 to become the busiest airport in the Air Trade Area in terms of passenger volume, representing 43.4 percent of total Air Trade Area enplanements in 2009 compared to 35.0 percent in 1998. Specific events that fostered the passenger growth at JFK during this period are detailed in later in this chapter.

Table III-1

Air Trade Area Airport Enplaned Passengers

	JFK	EWB	LGA	SWF	HPN	ISP	Total Region
1998	15,349,833	16,330,260	11,406,168	259,224	285,289	241,033	43,871,807
1999	15,613,362	16,837,163	11,952,284	181,551	303,766	763,369	45,651,495
2000	16,256,457	17,125,979	12,676,586	206,138	360,666	984,412	47,610,238
2001	14,570,929	15,537,159	11,305,202	141,879	356,938	930,249	42,842,356
2002	14,859,918	14,562,582	11,020,812	139,816	376,035	912,588	41,871,751
2003	15,767,282	14,745,064	11,267,068	200,655	424,087	939,839	43,343,995
2004	18,685,504	15,914,974	12,235,825	248,827	460,444	984,988	48,530,562
2005	20,342,159	16,511,971	12,961,438	199,538	458,220	1,055,464	51,528,790
2006	21,235,889	17,824,017	12,902,834	155,385	502,364	1,137,994	53,758,483
2007	23,762,344	18,235,331	12,534,208	453,704	816,311	1,166,682	56,968,580
2008	23,852,095	17,700,115	11,568,204	381,378	900,208	1,048,377	55,450,377
2009	22,917,781	16,719,932	11,122,390	196,595	963,071	929,811	52,849,580
Compound Annual Growth Rates							
1998 - 2009	3.7%	0.2%	-0.2%	-2.5%	11.7%	13.1%	1.7%
1998 - 2000	2.9%	2.4%	5.4%	-10.8%	12.4%	102.1%	4.2%
2000 - 2002	-4.4%	-7.8%	-6.8%	-17.6%	2.1%	-3.7%	-6.2%
2002 - 2007	9.8%	4.6%	2.6%	26.5%	16.8%	5.0%	6.4%
2007 - 2009	-1.8%	-4.2%	-5.8%	-34.2%	8.6%	-10.7%	-3.7%
Air Trade Area Airport Market Share by Percent of Total Enplaned Passengers							
	JFK	EWB	LGA	SWF	HPN	ISP	
1998	35.0%	37.2%	26.0%	0.6%	0.7%	0.5%	
1999	34.2%	36.9%	26.2%	0.4%	0.7%	1.7%	
2000	34.1%	36.0%	26.6%	0.4%	0.8%	2.1%	
2001	34.0%	36.3%	26.4%	0.3%	0.8%	2.2%	
2002	35.5%	34.8%	26.3%	0.3%	0.9%	2.2%	
2003	36.4%	34.0%	26.0%	0.5%	1.0%	2.2%	
2004	38.5%	32.8%	25.2%	0.5%	0.9%	2.0%	
2005	39.5%	32.0%	25.2%	0.4%	0.9%	2.0%	
2006	39.5%	33.2%	24.0%	0.3%	0.9%	2.1%	
2007	41.7%	32.0%	22.0%	0.8%	1.4%	2.0%	
2008	43.0%	31.9%	20.9%	0.7%	1.6%	1.9%	
2009	43.4%	31.6%	21.0%	0.4%	1.8%	1.8%	

Notes:

JFK = John F. Kennedy International Airport
 EWB = Newark Liberty International Airport
 LGA = LaGuardia Airport
 SWF = Stewart International Airport
 HPN = Westchester County Airport
 ISP = Long Island MacArthur Airport

Sources: Port Authority of New York and New Jersey (JFK, EWB, LGA, SWF), US Dept. of Transportation T-100 Data (HPN, ISP); May 2010.
 Prepared by: Ricondo & Associates, Inc., May 2010.

While 2009 passenger volume at both Newark Liberty and LaGuardia was essentially unchanged from the levels recorded in 1998, passenger activity at both airports fluctuated in line with national and regional trends in the intervening years. Newark Liberty is the second largest airport in the Air Trade Area in terms of passengers, accounting for 31.6 percent of total enplanements in 2009, down from 37.2 percent in 1998. LaGuardia's share of Air Trade Area passengers declined by five percentage points during this time frame, to 21.0 percent in 2009 from 26.0 percent in 1998.

Table III-2 presents historical data on domestic enplaned passengers for the three New York City area airports from 1998 – 2009. The data demonstrates the strong growth in domestic enplaned passenger activity at JFK stemming from the development of JetBlue Airways which established its base of operations at the Airport in February 2000. As a result, the number of domestic enplaned passengers using the Airport nearly doubled, reaching a peak of 13.1 million in 2007 from 6.6 million in 1998. Furthermore, JFK's share of domestic enplaned passengers in the New York City area market increased to 35.3 percent in 2009 from 21.8 percent in 1998. While fluctuating over the period, the number of domestic enplaned passengers using Newark Liberty declined to 11.4 million in 2009 from 12.9 million in 1998, while at LaGuardia the domestic enplanement activity was essentially unchanged in 2009 compared to 1998. Newark Liberty's share of domestic enplaned passengers among the New York City area airports declined to 33.5 percent in 2009 from 42.6 percent in 1998, while LaGuardia's share of domestic enplaned passengers declined to 31.1 percent from 35.6 percent.

Table III-3 presents historical data for international enplaned passengers at the three New York City area airports from 1998 – 2009. While JFK retains the largest share of international enplaned passengers among the three New York City area airports at 65.3 percent in 2009, double the 31.7 percent share of Newark Liberty, the latter airport experienced a higher rate of growth in international enplaned passengers over the past 11 years as Continental built up its international operations and several international carriers initiated service at the airport. International enplaned passenger volume increased at a 4.2 percent compounded annual growth rate at Newark Liberty from 1998 to 2009, while at JFK international enplaned passenger volume grew at a 1.9 percent rate. As a result, Newark Liberty's share of international enplaned passengers for the New York City area increased by 5.7 percentage points, from 26.0 percent in 1998, while JFK's share declined by 3.9 percentage points from 69.2 percent in 1998. LaGuardia, which has a modest share of international activity due to the lack of an FIS facility, experienced a slight decline in its share of international passengers, to 3.0 percent in 2009 from 4.8 percent in 1998.

3.1.2 Outlying Airports

The three outlying airports in the Air Trade Area, Long Island MacArthur, Westchester County, and Stewart increased their combined share of Air Trade Area enplanements to 3.9 percent in 2009 from 1.8 percent in 1998. Long Island MacArthur recorded the highest growth rate of the six Air Trade Airports between 1998 and 2009 at 13.1 percent. Most of this growth occurred in 1999 and 2000 following the inauguration of service by Southwest at the airport in March 1999. Since 2000, enplanements at Long Island MacArthur have remained stable at approximately 1 million annually. As a result, Long Island MacArthur consistently accounted for approximately 2.0 percent of Air Trade Area passenger volume during this period and was the fourth busiest airport in the Air Trade Area until it was surpassed by Westchester County Airport in 2009.

Westchester County recorded an 11.7 percent compounded annual growth rate from 1998 – 2009, with most of this growth experienced toward the end of this time frame as AirTran Airways began serving the airport in April 2006, followed by JetBlue in April 2007. As a result, Westchester County's share of Air Trade Area passengers increased from 0.7 percent in 1998 to 1.8 percent in

2009. Stewart, the airport farthest from Manhattan and the smallest of the Air Trade Area airports, experienced significant volatility in passenger activity between 1998 and 2000 as airlines adjusted their service levels at the airport. During the 11-year period Stewart's share of the market peaked at 0.8 percent in 2007, with its 2009 share of the market declining to 0.4 percent of enplaned passengers.

Table III-2

New York City Area Airports Domestic Enplaned Passengers

	JFK	EWR	LGA	Total
1998	6,607,284	12,928,404	10,785,398	30,321,086
1999	6,751,924	12,956,285	11,296,030	31,004,239
2000	7,079,940	12,894,247	12,006,920	31,981,107
2001	6,680,740	11,741,623	10,687,632	29,109,995
2002	7,301,439	10,923,905	10,434,788	28,660,132
2003	8,218,429	10,890,941	10,717,623	29,826,993
2004	10,044,211	11,517,628	11,595,805	33,157,644
2005	11,045,777	11,856,734	12,209,131	35,111,642
2006	11,501,750	12,802,726	12,248,491	36,552,967
2007	13,086,846	12,807,055	11,899,683	37,793,584
2008	12,703,341	12,111,152	10,970,696	35,785,189
2009	12,007,690	11,391,063	10,571,507	33,970,260
Compound Annual Growth Rates				
1998 - 2009	5.6%	-1.1%	-0.2%	1.0%
1998 - 2000	3.5%	-0.1%	5.5%	2.7%
2000 - 2002	1.6%	-8.0%	-6.8%	-5.3%
2002 - 2007	12.4%	3.2%	2.7%	5.7%
2007 - 2009	-4.2%	-5.7%	-5.7%	-5.2%

New York City Area Airport Market Share by Percent of Domestic Enplaned Passengers

	JFK	EWR	LGA
1998	21.8%	42.6%	35.6%
1999	21.8%	41.8%	36.4%
2000	22.1%	40.3%	37.5%
2001	22.9%	40.3%	36.7%
2002	25.5%	38.1%	36.4%
2003	27.6%	36.5%	35.9%
2004	30.3%	34.7%	35.0%
2005	31.5%	33.8%	34.8%
2006	31.5%	35.0%	33.5%
2007	34.6%	33.9%	31.5%
2008	35.5%	33.8%	30.7%
2009	35.3%	33.5%	31.1%

Notes:

JFK = John F. Kennedy International Airport

EWR = Newark Liberty International Airport

LGA = LaGuardia Airport

Source: Port Authority of New York and New Jersey, May 2010.

Prepared by: Ricondo & Associates, Inc. May 2010.

Table III-3

New York City Area Airports International Enplaned Passengers

	JFK	EWR	LGA	Total
1998	8,922,264	3,359,534	620,570	12,902,368
1999	9,102,292	3,855,059	667,432	13,624,783
2000	9,333,992	4,200,104	673,098	14,207,194
2001	7,994,286	3,808,623	572,306	12,375,215
2002	7,668,167	3,686,483	558,552	11,913,202
2003	7,649,816	3,834,317	523,762	12,007,895
2004	8,743,518	4,429,059	630,797	13,803,374
2005	9,400,216	4,682,503	735,565	14,818,284
2006	9,812,892	5,014,624	656,811	15,484,327
2007	10,772,061	5,376,550	613,451	16,762,062
2008	11,200,568	5,569,272	565,832	17,335,672
2009	10,949,845	5,308,541	505,112	16,763,498
Compound Annual Growth Rates				
1998 - 2009	1.9%	4.2%	-1.9%	2.4%
1998 - 2000	2.3%	11.8%	4.1%	4.9%
2000 - 2002	-9.4%	-6.3%	-8.9%	-8.4%
2002 - 2007	7.0%	7.8%	1.9%	7.1%
2007 - 2009	0.8%	-0.6%	-9.3%	0.0%
New York City Area Airport Market Share by Percent of International Enplaned Passengers				
	JFK	EWR	LGA	
1998	69.2%	26.0%	4.8%	
1999	66.8%	28.3%	4.9%	
2000	65.7%	29.6%	4.7%	
2001	64.6%	30.8%	4.6%	
2002	64.4%	30.9%	4.7%	
2003	63.7%	31.9%	4.4%	
2004	63.3%	32.1%	4.6%	
2005	63.4%	31.6%	5.0%	
2006	63.4%	32.4%	4.2%	
2007	64.3%	32.1%	3.7%	
2008	64.6%	32.1%	3.3%	
2009	65.3%	31.7%	3.0%	

Notes:

JFK = John F. Kennedy International Airport

EWR = Newark Liberty International Airport

LGA = LaGuardia Airport

Source: Port Authority of New York and New Jersey, May 2010.

Prepared by: Ricondo & Associates, Inc. May 2010.

3.2 Air Service at JFK

This section describes historical activity at the Airport in terms of passenger air service and commercial passenger aircraft operations, the key factors affecting these activity levels, and the assumptions and methodologies analyzed and incorporated in the development of the projections of Airport activity presented in Chapter 5.

It should be noted that some tables and exhibits in this chapter reflect federal fiscal year (Oct – Sep) information and others reflect calendar year information, depending upon the availability of data.

3.2.1 Airlines serving the Airport

As of August 2010, 7 U.S. flag air carriers (excluding regional affiliates) and 66 foreign flag carriers provided scheduled passenger service at the Airport, with nonscheduled service provided by five carriers. A complete list of airlines serving the Airport as of August 2010 is provided in **Table III-4**.

3.2.2 Scheduled U.S. Flag Air Carrier Base

The U.S. flag air carrier base at the Airport includes eight of the nation's 16 major passenger airlines (defined by the U.S. Department of Transportation as airlines having annual operating revenues of over \$1.0 billion): American, American Eagle, Atlantic Southeast (operating as Delta Connection), Comair (operating as Delta Connection), Delta, JetBlue, United, and US Airways. The Airport historically has benefited from a stable base of scheduled U.S. flag carriers, with some of the nation's largest carriers (notably American, Delta, Northwest, United, and US Airways¹) having served the Airport in each of the last ten years. Low cost carrier JetBlue has served the Airport since 2000 and Virgin America initiated service in 2007. In 2009, scheduled U.S. flag carriers enplaned approximately 71.3 percent of the Airport's total enplaned passengers, an increase from approximately 64.1 percent in 1999. Notable U.S. carriers that do not serve the Airport include: AirTran, Alaska, Continental, Frontier, Spirit, and Southwest, although Continental (including regional affiliates) did provide scheduled passenger service at the Airport from 1999 to 2008. Scheduled U.S. carriers are listed in Table III-4.

3.2.3 Scheduled foreign flag air carrier base

As the largest international gateway to the United States, the Airport has consistently been served by numerous foreign flag carriers. As shown in Table III-4, 60 foreign flag carriers provided scheduled service at the Airport in August 2010. Nine of the ten largest foreign flag carriers, based on enplaned passengers, serving the airport in 2009 - Aer Lingus, Air France, Air Jamaica, British Airways, Cathay Pacific, El Al, KLM, Lufthansa, and Virgin Atlantic - have operated at the Airport in each of the last ten years. The tenth, Emirates, initiated service at the Airport 2004. In 2009, these ten carriers, along with the next five largest foreign flag carriers, enplaned approximately 16.0 percent of the Airport's total enplanements. Additional foreign flag carriers that have served the Airport in each of the past ten years include, but are not limited to: Aeroflot, Aeromexico, Air India, Alitalia, ANA, Austrian, Avianca, China, Egypt Air, Finnair, Icelandair, Iberia, Japan, Korean, Kuwait, LACSA, LAN, LOT, Olympic, Pakistan, Qantas, Royal Air Maroc, Royal Jordanian, Saudi Arabian, South African, TACA, Turkish, and Uzbekistan Airways.

¹ Includes service by America West, which merged with US Airways in 2007.

Table III-4

Airlines Serving the Airport ^{1/}

Scheduled U.S. Carriers (7) ^{2/}	Foreign Flag Carriers (66)	Nonscheduled Carriers (5)
American	Aer Lingus	Miami Air
Delta	Aeroflot	North American
JetBlue	Aerogal	Omni Air International
Sun Country	Aeromexico	Sky King, Inc.
United	Aerosur	Vision Air
US Airways	Aerosvit	
Virgin America	Air Berlin	
	Air Canada	
	Air China	
	Air Europa	
	Air France	
	Air India	
	Air Jamaica	
	Alitalia Compagnia Aerea	
	All Nippon Airways (ANA)	
	Arik Air	
	Asiana	
	Austrian	
	Avianca	
	British Airways	
	Caribbean	
	Cathay Pacific	
	Cayman Airways	
	China	
	China Eastern	
	CSA Czech Airlines	
	COPA	
	Egyptair	
	El Al Israel	
	Emirates	
	Etihad	
	Eurofly	
	Finnair	
	Iberia	
	Icelandair	
	Japan	
	Jet Airways	
	KLM Royal Dutch	
	Korean	
	Kuwait	
	LACSA	
	LAN	
	LanEcuador	
	LOT	
	LTU	
	Lufthansa	
	Meridiana	
	Mexicana	
	Odessa	
	Olympic	
	Openskies	
	Pakistan	
	Qantas	
	Qatar	
	Royal Air Maroc	
	Royal Jordanian	
	Saudi Arabian	
	Singapore	
	South African Airways	
	Swiss	
	TACA	
	TAM	
	Turkish	
	Uzbekistan	
	Virgin Atlantic	
	XL Airways	

Note:

1/ As of August 2010.

2/ Excludes regional affiliates

Source: Port Authority of New York & New Jersey, August 2010.

Prepared by: Ricondo & Associates, Inc., August 2010.

3.2.4 Historical Total Passengers by Airline

Table III-5 presents the historical share of total passengers by airline at the Airport between 2005 and 2009. The Airport has a diverse carrier base, with no single airline serving more than 27.6 percent of total passengers at the Airport during the years depicted. The Airport's three largest carriers, JetBlue, Delta, and American combined represented 55.9 percent of total passengers at the Airport in 2009. The combined market share of these three carriers has ranged from a low of 55.9 percent in 2008 and 2009 to a high of 58.1 percent in 2005. Delta Connection carriers and American Eagle, a regional affiliate for American, accounted for an additional 6.8 percent (3.2 million) of total passengers at the Airport in 2009. British Airways was the largest foreign flag carrier, in terms of total passengers, in each of the past five years, and accounted for 2.4 percent of total passengers at the Airport in 2009. In 2009, the top ten airlines represented 71.1 percent of the Airport's total passengers.

Table III-6 presents the historical share of total passengers by airline at Terminal 4 between 2005 and 2009. Terminal 4's current mix is even more diverse than that of the Airport, with no single airline serving more than 9.7 percent of total passengers at Terminal 4 during the years depicted. In 2009, the three largest airlines at Terminal 4 were U.S. flag carriers, Virgin America, JetBlue (international arrivals), and Delta, which combined represented 24.8 percent of the facility's total passengers. The combined passengers of the three largest foreign flag carriers, Virgin Atlantic, Aer Lingus, and El Al, combined represented 14.7 percent of Terminal 4 passengers in the same period. Terminal 4's share of total Airport passengers has increased from 15.2 percent in 2005 to 19.8 percent in 2009.

3.2.5 Top 50 domestic O&D passenger markets & nonstop markets

An important airport characteristic is the distribution of its O&D markets, which is a function of air travel demands and available services and facilities. **Table III-7** presents historical data on the Airport's top 50 domestic O&D markets for 2004 and 2009. As shown, many markets along the East and West Coast corridors occupy the highest ranks during both years depicted. The two largest domestic O&D markets, Los Angeles and San Francisco, along with San Diego, account for approximately 24.1 percent of the total domestic O&D passengers. The five largest Florida markets, Orlando, Fort Lauderdale, Tampa, Miami, and West Palm Beach, account for approximately 18.7 percent of the total domestic O&D passengers at the Airport.

Nonstop scheduled domestic air service available from the Airport is presented in **Table III-8**. As shown, 60 domestic cities are served with a total of 2,463 weekly nonstop flights. In 2009, 48 of the Airport's top 50 domestic O&D markets were served with nonstop flights on a weekly basis. Los Angeles, the Airport's largest domestic O&D market, was provided 222 weekly nonstop flights. Other domestic markets with significant weekly nonstop service include San Francisco (159), Boston (142), and Orlando (105). **Exhibit III-1** graphically illustrates the Airport's nonstop domestic markets, as of the week ending August 14, 2010.

3.2.6 Top 50 international O&D passenger markets & nonstop markets

Table III-9 presents historical data on the Airport's top 50 international O&D markets for 2009, which are widely distributed among Mexico, Central and South America, the Caribbean, Europe, Asia, and the Pacific. Based on these data, approximately 65.9 percent of international traffic at the Airport was O&D traffic in 2009, indicating that approximately 34.1 percent of all international passengers arriving at the Airport are connecting to other flights. Nonstop scheduled international air service available from the Airport is presented in **Table III-10**. As shown, 103 international cities are

Table III-5

Historical Total Passengers by Airline - JFK Airport

	Airline	2005			2006			2007			2008			2009			Operations at Terminal 4 ^{1/}
		Passengers	Share		Passengers	Share		Passengers	Share		Passengers	Share		Passengers	Share		
1	JetBlue	10,068,949	24.0%		11,646,090	26.6%		13,495,966	27.6%		12,177,265	24.8%		11,738,127	24.8%		•
2	Delta ^{2/}	6,159,038	14.7%		5,697,561	13.0%		6,849,219	14.0%		7,897,794	16.1%		8,295,520	17.5%		•
3	American	8,124,823	19.4%		7,867,804	18.0%		7,641,610	15.6%		7,390,406	15.0%		6,424,746	13.6%		
4	Comair ^{3/}	978,264	2.3%		1,116,202	2.6%		1,565,784	3.2%		1,627,951	3.3%		2,106,949	4.5%		
5	British Airways	1,278,834	3.1%		1,250,353	2.9%		1,355,305	2.8%		1,324,670	2.7%		1,117,695	2.4%		•
6	Air France	745,649	1.8%		792,736	1.8%		840,686	1.7%		860,669	1.8%		918,919	1.9%		•
7	Virgin America		0.0%			0.0%		151,577	0.3%		703,227	1.4%		906,709	1.9%		•
8	United	1,182,386	2.8%		1,084,320	2.5%		892,375	1.8%		900,709	1.8%		875,500	1.9%		
9	American Eagle	514,548	1.2%		601,717	1.4%		619,102	1.3%		611,391	1.2%		716,748	1.5%		
10	Virgin Atlantic	573,321	1.4%		605,344	1.4%		697,646	1.4%		645,126	1.3%		553,694	1.2%		•
11	Lufthansa	615,131	1.5%		584,813	1.3%		622,343	1.3%		580,095	1.2%		526,661	1.1%		
12	Cathy Pacific	302,624	0.7%		361,922	0.8%		383,488	0.8%		519,388	1.1%		515,852	1.1%		
13	Northwest	390,120	0.9%		357,934	0.8%		420,032	0.9%		442,105	0.9%		506,813	1.1%		•
14	Aer Lingus	535,744	1.3%		528,966	1.2%		508,814	1.0%		463,608	0.9%		422,121	0.9%		•
15	US Airways ^{4/}	708,913	1.7%		591,764	1.4%		551,183	1.1%		498,975	1.0%		416,498	0.9%		
16	EI AI	531,150	1.3%		482,415	1.1%		470,615	1.0%		428,948	0.9%		404,280	0.9%		•
17	Emirates	366,752	0.9%		383,950	0.9%		375,511	0.8%		413,633	0.8%		390,413	0.8%		•
18	KLM	173,566	0.4%		324,046	0.7%		517,519	1.1%		426,769	0.9%		383,629	0.8%		•
19	Air Jamaica	334,902	0.8%		343,988	0.8%		381,913	0.8%		392,813	0.8%		376,182	0.8%		•
20	Alitalia	352,181	0.8%		353,334	0.8%		390,175	0.8%		372,752	0.8%		372,065	0.8%		
21	Korean	334,902	0.8%		343,988	0.8%		381,913	0.8%		392,813	0.8%		370,625	0.8%		
22	Swiss	243,275	0.6%		305,247	0.7%		47,628	0.1%		350,891	0.7%		362,866	0.8%		•
23	Iberia	316,400	0.8%		338,299	0.8%		338,699	0.7%		333,691	0.7%		345,092	0.7%		
24	Caribbean		0.0%			0.0%		127,399	0.3%		241,152	0.5%		315,327	0.7%		•
25	Mesa ^{3/}		0.0%		140,481	0.3%		589,889	1.2%		925,950	1.9%		298,805	0.6%		
26	TAM	7,994	0.0%		101,940	0.2%		226,286	0.5%		263,364	0.5%		290,283	0.6%		•
27	Avianca	197,931	0.5%		229,039	0.5%		258,587	0.5%		254,796	0.5%		273,873	0.6%		•
28	Air India	204,095	0.5%		179,602	0.4%		210,880	0.4%		298,478	0.6%		255,032	0.5%		•
29	LAN	131,644	0.3%		126,679	0.3%		127,410	0.3%		157,185	0.3%		239,576	0.5%		•
30	Mexicana	58,616	0.1%		110,968	0.3%		124,013	0.3%		182,195	0.4%		211,446	0.4%		
	Other	6,453,238	15.4%		6,910,780	15.8%		7,814,291	16.0%		7,085,687	14.4%		6,390,527	13.5%		
	Airport Total	41,884,990	100.0%		43,762,282	100.0%		48,977,858	100.0%		49,164,496	100.0%		47,322,573	100.0%		

Notes:

- 1/ Includes full and partial operations by designated carriers.
- 2/ Includes Delta Song (single-class airline operated by Delta from April 2003 - May 2006).
- 3/ Operates as Delta Connection.
- 4/ Includes America West.

Source: Port Authority of New York & New Jersey, May 2010.
Prepared by: Ricondo & Associates, Inc., June 2010.

Table III-6

Historical Total Passengers by Airline - Terminal 4

	Airline	2005			2006			2007			2008			2009		
		Passengers	Share		Passengers	Share		Passengers	Share		Passengers	Share		Passengers	Share	
1	Virgin America		0.0%			0.0%		151,577	1.8%		703,227	7.8%		906,709	9.7%	
2	Delta	342	0.0%		1,375	0.0%		4,957	0.1%		7,298	0.1%		827,843	8.8%	
3	JetBlue		0.0%		3,280	0.0%		486,890	5.7%		506,804	5.7%		595,905	6.4%	
4	Virgin Atlantic	573,321	9.0%		605,344	8.6%		697,646	8.2%		645,126	7.2%		553,694	5.9%	
5	Northwest	390,120	6.1%		357,934	5.1%		420,032	4.9%		442,105	4.9%		506,813	5.4%	
6	Aer Lingus	535,744	8.4%		528,966	7.5%		508,814	6.0%		463,608	5.2%		422,121	4.5%	
7	EI AI	531,150	8.3%		482,415	6.9%		470,615	5.5%		428,948	4.8%		404,280	4.3%	
8	Emirates	173,566	2.7%		324,046	4.6%		517,519	6.1%		426,769	4.8%		390,413	4.2%	
9	KLM	366,752	5.8%		383,950	5.5%		375,511	4.4%		413,633	4.6%		383,629	4.1%	
10	Air Jamaica	292,886	4.6%		368,967	5.3%		429,888	5.0%		449,883	5.0%		376,182	4.0%	
11	Swiss	243,275	3.8%		305,247	4.4%		47,628	0.6%		350,891	3.9%		362,866	3.9%	
12	Caribbean Air		0.0%			0.0%		127,399	1.5%		241,152	2.7%		315,327	3.4%	
13	TAM	7,994	0.1%		101,940	1.5%		226,286	2.7%		263,364	2.9%		290,283	3.1%	
14	Avianca	197,931	3.1%		229,039	3.3%		258,587	3.0%		254,796	2.8%		273,873	2.9%	
15	Air India	204,095	3.2%		179,602	2.6%		210,880	2.5%		298,478	3.3%		255,032	2.7%	
16	LAN	131,644	2.1%		126,679	1.8%		127,410	1.5%		157,185	1.8%		239,576	2.6%	
17	Singapore	195,767	3.1%		188,588	2.7%		182,268	2.1%		190,588	2.1%		199,147	2.1%	
18	TACA	196,274	3.1%		193,251	2.8%		207,782	2.4%		190,969	2.1%		186,207	2.0%	
19	Egypt Air	118,403	1.9%		148,800	2.1%		171,965	2.0%		199,754	2.2%		181,262	1.9%	
20	Qatar		0.0%			0.0%			0.0%		24,528	0.3%		159,766	1.7%	
21	Asiana	106,126	1.7%		124,734	1.8%		123,825	1.5%		121,385	1.4%		148,764	1.6%	
22	Etihad		0.0%		7,424	0.1%		104,253	1.2%		134,732	1.5%		134,090	1.4%	
23	LAN Ecuador	130,238	2.0%		123,227	1.8%		131,902	1.5%		127,085	1.4%		131,824	1.4%	
24	Kuwait	102,176	1.6%		112,359	1.6%		117,870	1.4%		120,106	1.3%		119,337	1.3%	
25	LOT	131,652	2.1%		139,819	2.0%		148,894	1.7%		140,192	1.6%		119,211	1.3%	
26	South African		0.0%		123,075	1.8%		140,641	1.7%		138,200	1.5%		110,131	1.2%	
27	Copa	53,314	0.8%		74,676	1.1%		80,623	0.9%		88,995	1.0%		99,661	1.1%	
28	Air Europa		0.0%			0.0%			0.0%			0.0%		86,670	0.9%	
29	Aerosvit	77,609	1.2%		75,250	1.1%		85,416	1.0%		90,150	1.0%		85,518	0.9%	
30	Czech		0.0%			0.0%		109,792	1.3%		104,961	1.2%		76,129	0.8%	
	Other	1,606,083	25.2%		1,628,818	23.2%		1,851,566	21.7%		1,235,305	13.8%		440,979	4.7%	
	Terminal 4 Total	6,366,462	100.0%		7,014,492	100.0%		8,518,436	100.0%		8,960,217	100.0%		9,383,242	100.0%	
	Airport Total	41,884,990			43,762,282			48,977,858			49,164,496			47,322,573		
	Terminal 4 Share of Total Airport Passengers	15.2%			16.0%			17.4%			18.2%			19.8%		

Source: Port Authority of New York & New Jersey, May 2010.
Prepared by: Ricondo & Associates, Inc., June 2010.

Table III-7

Primary Domestic O&D Passenger Markets

2004			2009			
Rank	Market	Total O&D Passengers	Rank	Market	Total O&D Passengers	Nonstop Service ^{1/}
1	Fort Lauderdale	1,654,460	1	Los Angeles	2,115,100	•
2	Los Angeles	1,641,750	2	San Francisco	1,560,070	•
3	San Juan	1,221,740	3	Orlando	973,300	•
4	Orlando	1,220,640	4	Las Vegas	910,090	•
5	San Francisco	991,070	5	Fort Lauderdale	832,500	•
6	Las Vegas	927,200	6	San Juan	759,400	•
7	West Palm Beach	794,070	7	Buffalo	516,660	•
8	Long Beach	790,430	8	Tampa	498,460	•
9	Tampa	731,200	9	Miami	443,420	•
10	Oakland	562,090	10	West Palm Beach	440,650	•
11	Ft. Myers	527,590	11	San Diego	415,490	•
12	San Diego	507,770	12	Seattle	386,460	•
13	Buffalo	474,770	13	Phoenix	366,550	•
14	Miami	340,860	14	Ft. Myers	319,200	•
15	Seattle	332,170	15	Chicago ^{2/}	305,190	•
16	Rochester	289,350	16	Washington ^{3/}	293,040	•
17	Phoenix	254,510	17	Boston	291,810	•
18	Salt Lake City	223,600	18	Burbank	274,130	•
19	Denver	223,550	19	Long Beach	263,560	•
20	San Jose	203,850	20	Raleigh/Durham	253,000	•
21	Washington ^{3/}	202,980	21	Salt Lake City	252,400	•
22	New Orleans	179,820	22	Charlotte, NC	239,360	•
23	Atlanta	153,000	23	Oakland	235,660	•
24	Minneapolis/St. Paul	139,830	24	Rochester	229,580	•
25	Dallas ^{5/}	133,230	25	Minneapolis/St. Paul	228,680	•
26	Syracuse	132,220	26	New Orleans	208,050	•
27	Burlington	117,640	27	Atlanta	192,270	•
28	Ontario	116,060	28	Jacksonville	178,420	•
29	Charlotte, VI	101,440	29	Denver	175,890	•
30	Sacramento	99,740	30	Pittsburgh	164,000	•
31	Santa Ana/Orange Co.	98,060	31	Houston ^{4/}	163,880	•
32	Honolulu	61,320	32	Austin	152,860	•
33	Aguadilla	54,730	33	Aguadilla	151,180	•
34	Boston	46,870	34	Richmond	133,130	•
35	Raleigh/Durham	45,620	35	Sarasota/Bradenton	129,030	•
36	Jacksonville	44,710	36	Portland, OR	126,670	•
37	Houston ^{4/}	36,290	37	Burlington	121,070	•
38	Portland, OR	29,760	38	Charlotte, VI	111,400	•
39	Kahului	29,740	39	Syracuse	109,510	•
40	Detroit	28,190	40	Portland, ME	94,390	•
41	Cincinnati	27,830	41	San Jose	92,900	•
42	Savannah	23,860	42	Detroit	78,670	•
43	Chicago ^{2/}	19,000	43	Ponce	77,420	•
44	Christiansted, VI	18,890	44	Dallas ^{5/}	70,530	•
45	Reno	17,060	45	Sacramento	67,480	•
46	Palm Springs	17,030	46	Nashville	59,120	•
47	Santa Barbara	16,560	47	Honolulu	50,900	•
48	Albuquerque	16,350	48	Norfolk	38,760	•
49	Tucson	14,530	49	Columbus, OH	38,440	•
50	St. Louis	13,880	50	Cincinnati	34,580	•
	Others	424,490		Others	781,200	
	Total	16,373,400		Total	17,005,510	

Note:

- 1/ Week of August 8 - 14, 2010. 2/ Includes O'Hare and Midway Airports.
3/ Includes Reagan and Dulles Airports.
4/ Includes Bush and Hobby Airports.
5/ Includes DFW and Love Field Airports.

Source: Database Products, June 2010.

Prepared by: Ricondo & Associates, Inc., June 2010.

Table III-8

Nonstop Domestic Markets

Market ^{1/}	Weekly Nonstop Flights ^{2/}	Number of Airlines	Airline (number of departures)
Aguadilla	15	1	JetBlue
Albany	7	1	Delta Connection
Anchorage	4	1	China (direct service)
Atlanta	42	1	Delta
Austin	28	2	American (7), JetBlue (21)
Baltimore	14	2	American Eagle (7), Delta Connection (7)
Boston	142	4	American Eagle (49), Delta (14) Delta Connection (27), JetBlue (52)
Buffalo	96	2	Delta Connection (36), JetBlue (60)
Burbank	20	1	JetBlue
Burlington	56	2	Delta Connection (28), JetBlue (28)
Charlotte	49	4	Delta Connection (7), JetBlue (21), US Airways (7), US Airways Express (14)
Chicago (O'Hare)	49	3	American (7), Delta Connection (21), JetBlue (21)
Cincinnati	14	2	Delta (7), Delta Connection (7)
Cleveland	21	2	American Eagle (7), Delta Connection (14)
Columbus, OH	28	2	American Eagle (14), Delta Connection (14)
Dallas/Ft. Worth	14	2	American (7), Delta Connection (7)
Denver	14	2	Delta (7), JetBlue (7)
Detroit	28	2	Delta (8), Delta Connection (20)
Ft. Lauderdale	63	2	Delta (14), JetBlue (49)
Ft. Myers	21	1	JetBlue
Hartford	7	1	Delta Connection
Houston (Bush)	7	1	Delta Connection
Houston (Hobby)	14	1	JetBlue
Indianapolis	14	1	Delta Connection
Jacksonville	21	1	JetBlue
Kansas City	7	1	Delta Connection
Las Vegas	83	4	American (7), Delta (35), JetBlue (34), Virgin America (7)
Long Beach	14	1	JetBlue
Los Angeles	222	6	American (69), Delta (45), JetBlue (27), Qantas (5-direct), United (41), Virgin America (35)
Memphis	7	1	Delta Connection
Miami	77	2	American (42), Delta (35)
Minneapolis/St. Paul	35	3	Delta (7), Delta Connection (14), Sun Country (7)
Nantucket	26	2	Delta Connection (12), JetBlue (14)
Nashville	21	1	Delta Connection
New Orleans	20	1	JetBlue
Norfolk	14	1	Delta Connection
Oakland	14	1	JetBlue
Orlando	105	3	American (14), Delta (21), JetBlue (70)
Philadelphia	14	1	Delta Connection
Phoenix	35	3	Delta (7), JetBlue (7), US Airways (21)
Pittsburgh	56	3	American Eagle (7), Delta Connection (35), JetBlue (14)
Ponce	7	1	JetBlue
Portland, ME	34	1	JetBlue
Portland, OR	20	2	Delta (13), JetBlue (7)
Raleigh/Durham	83	3	American Eagle (42), Delta Connection (14), JetBlue (27)
Richmond	21	3	Delta Connection (7), JetBlue (14)
Rochester	62	2	Delta Connection (28), JetBlue (34)
Sacramento	7	1	JetBlue
Salt Lake City	35	2	Delta (28), JetBlue (7)
San Diego	35	3	American (7), Delta (14), JetBlue (14)
San Francisco	159	5	American (35), Delta (34), JetBlue (14), United (48), Virgin America (28)
San Jose	7	1	JetBlue
San Juan	84	3	American (21), Delta (14), JetBlue(49)
Sarasota/Bradenton	7	1	JetBlue
Seattle/Tacoma	45	3	American (7), Delta (24), JetBlue(14)
St. Louis	21	2	American Eagle (14), Delta Connection (7)
St. Thomas	13	2	American (7), Delta (6)
Syracuse	55	2	Delta Connection(28), JetBlue (27)
Tampa	49	3	American (7), Delta (7), JetBlue(35)
Washington (Reagan)	84	2	American Eagle (49), Delta Connection (35)
Washington (Dulles)	69	3	Delta Connection (21), JetBlue (20), United Express(28)
West Palm Beach	28	1	JetBlue
Total Weekly Departures	2,463		

Note:

1/ Puerto Rico & U.S. Virgin Islands included.

2/ Week of August 8 - 14, 2010.

Source: Official Airline Guide (OAG), July 2010.
Prepared by: Ricondo & Associates, Inc., July 2010.



Not to Scale.

↑ north

Domestic Destinations from JFK

Table III-9

Primary International O&D Passenger Markets

Rank	Market	Total O&D Passengers	Nonstop Service ^{1/}
1	Santiago, Dominican Republic	597,500	•
2	Santo Domingo, Dominican Republic	574,280	•
3	London, United Kingdom	510,740	•
4	Cancun, Mexico	259,420	•
5	Aruba	217,550	•
6	Paris, France	199,830	•
7	Port Au Prince, Haiti	193,180	•
8	Nassau, Bahamas	179,090	•
9	Montego Bay, Jamaica	177,040	•
10	Rome, Italy	156,610	•
11	Punta Cana, Dominican Republic	147,350	•
12	Barcelona, Spain	145,790	•
13	Buenos Aires, Argentina	142,580	•
14	St Maarten, Netherlands Antilles	133,480	•
15	Barbados/Bridgetown, Barbados	129,100	•
16	Sao Paulo, Brazil	126,920	•
17	Hamilton, Bermuda	123,130	•
18	Puerto Plata, Dominican Republic	117,670	•
19	Milan, Italy	117,110	•
20	Tel Aviv, Israel	117,040	•
21	Tokyo, Japan	110,590	•
22	Mexico City, Mexico	110,250	•
23	Brussels, Belgium	94,950	•
24	Madrid, Spain	91,340	•
25	Amsterdam, Netherlands	90,870	•
26	Toronto, Canada	89,060	•
27	Manchester, United Kingdom	78,350	•
28	Moscow, Russia	77,010	•
29	Port of Spain, Trinidad And Tobago	76,910	•
30	Zurich, Switzerland: Zurich Airport	71,070	•
31	Providenciales, Turks And Caicos	68,640	•
32	Athens, Greece	68,330	•
33	Dublin, Ireland	66,920	•
34	Venice, Italy	65,130	•
35	Sydney, Australia	63,390	•
36	Frankfurt, Germany	63,290	•
37	Berlin, Germany	63,020	•
38	Nice, France	62,070	•
39	Caracas, Venezuela	61,030	•
40	Rio De Janeiro, Brazil	56,170	•
41	Georgetown, Guyana	53,870	•
42	Budapest, Hungary	49,000	•
43	Istanbul, Turkey	47,450	•
44	Montreal, Canada	43,360	•
45	Bogota, Colombia	42,180	•
46	Shanghai, China	41,580	•
47	Kingston, Jamaica	41,350	•
48	Accra, Ghana	40,290	•
49	Seoul, South Korea	40,040	•
50	St. Lucia	36,620	•
	Others	1,130,350	
	Total	7,459,890	

Note:

1/ Week of August 8 - 14, 2010..

Source: Database Products, June 2010.

Prepared by: Ricondo & Associates, Inc., June 2010.

Table III-10 (1 of 2)

Nonstop International Markets

City	Country	Weekly Nonstop Flights ^{1/}	Number of Airlines	Airline (number of departures)
Abu Dhabi	UAE	7	1	Etihad
Abuja	Nigeria	3	1	Delta
Accra	Ghana	5	1	Delta
Amman	Jordan	10	2	Delta (5), Royal Jordanian (5)
Amsterdam	Netherlands	21	2	Delta (7), KLM (14)
Antigua	West Indies	3	1	Delta
Aruba	Aruba	19	3	American (3), Delta (1), JetBlue (15)
Athens	Greece	7	1	Delta
Barbados	Barbados	14	2	American (7), JetBlue (7)
Barcelona	Spain	14	2	American (7), Delta (7)
Beijing	China	7	1	Air China
Berlin	Germany	7	1	Delta
Bermuda	Bermuda	21	2	American (7), JetBlue (14)
Bogota	Colombia	20	2	Aires (3), Avianca (12), Delta (5)
Brussels	Belgium	21	3	American (7), Delta (7), Jet Airways (7)
Budapest	Hungary	7	1	Delta
Buenos Aires	Argentina	7	1	American
Cairo	Egypt	14	2	Delta (7), EgyptAir (7)
Cancun	Mexico	28	3	American (7), JetBlue (14), Mexicana (7)
Caracas	Venezuela	2	1	American
Casablanca	Morocco	10	1	Royal Air Maroc
Charlottetown	Canada	7	1	Delta
Copenhagen	Denmark	7	1	Delta
Dakar	Senegal	4	1	Delta
Delhi	India	7	1	Air India
Doha	Qatar	7	1	Qatar
Dubai	UAE	14	1	Emirates
Dublin	Ireland	21	2	Aer Lingus (14), Delta (7)
Dusseldorf	Germany	7	1	Air Berlin
Frankfurt	Germany	28	3	Delta (7), Lufthansa (14), Singapore (7)
Freeport	Bahamas	4	1	Delta Connection
Geneva	Switzerland	7	1	Swiss
Georgetown	Guyana	7	1	Delta
Grand Cayman	West Indies	4	2	Cayman Airways (3), Delta (1)
Grenada	Grenada	6	2	Air Jamaica (4), Delta (2)
Guayaquil	Ecuador	16	2	Aerogal (7), LAN Ecuador (9)
Halifax	Canada	14	1	American Eagle
Helsinki	Finland	7	1	Finnair
Hong Kong	China	14	1	Cathay Pacific
Istanbul	Turkey	17	2	Delta (7), Turkish (10)
Jeddah	Saudi Arabia	3	1	Saudi Arabian
Johannesburg	South Africa	7	1	South African
Kiev	Ukraine	11	2	Aerosvit (6), Delta (5)
Kingston	Jamaica	35	2	Air Jamaica (21), JetBlue (14)
Kuwait	Kuwait	3	1	Kuwait
Lagos	Nigeria	3	1	Arik Air
Lahore	Pakistan	3	1	Pakistan
Lima	Peru	7	1	LAN
London	England	119	5	American (34), British Airways (47), Delta (14), Kuwait (3), Virgin Atlantic (21)
Madrid	Spain	35	4	Air Europa (6), American (7), Delta (7), Iberia (15)
Malaga	Spain	5	1	Delta
Manchester	England	14	2	American (7), Delta (7)
Medellin	Colombia	7	1	Avianca
Mexico City	Mexico	42	3	Aeromexico (21), Delta (7), Mexicana (14)
Milan	Italy	18	3	Alitalia (4), American (7), Delta (7)

Table III-10 (2 of 2)

Nonstop International Markets

City	Country	Weekly Nonstop Flights ^{1/}	Number of Airlines	Airline (number of departures)
Montego Bay	Jamaica	35	4	Air Jamaica (7), American (7), Delta (7), JetBlue (14)
Monterrey	Mexico	3	1	Mexicana
Montreal	Canada	35	2	American Eagle (21), Delta Connection (14)
Moscow	Russia	18	2	Aeroflot (11), Delta (7)
Mumbai	India	7	1	Air India
Munich	Germany	7	1	Lufthansa
Naples	Italy	2	1	Meridiana
Nassau	Bahamas	21	1	JetBlue
Nice	France	7	1	Delta
Palermo	Italy	1	1	Meridiana
Panama City	Panama	7	1	Copa
Paris	France	54	3	Air France (34), American (14), XL Airways (6)
Pisa	Italy	7	1	Delta
Prague	Czech	7	1	Delta
Providenciales	Turks & Caicos	7	1	American
Port Au Prince	Haiti	12	2	American (7), Delta (5)
Port of Spain	Trinidad	30	1	Caribbean (23), North American (7)
Puerto Plata	Dominican Republic	14	1	JetBlue
Punta Cana	Dominican Republic	21	3	American (7), Delta (7), JetBlue (7)
Reykjavik	Iceland	11	1	Icelandair
Riga	Latvia	1	1	Uzbekistan
Rio De Janeiro	Brazil	4	1	TAM
Riyadh	Saudi Arabia	1	1	Saudi Arabian
Rome	Italy	33	3	Alitalia (14), American (7), Delta (12)
Rzeszow	Poland	1	1	LOT
San Jose	Costa Rica	8	2	American (5), LACSA (3)
San Pedro	Honduras	4	1	TACA
San Salvador	El Salvador	12	1	TACA
Santiago	Dominican Republic	56	3	American (7), Delta (7), JetBlue (42)
Santiago	Chile	5	1	LAN
Santo Domingo	Dominican Republic	63	3	American (14), Delta (7), JetBlue (42)
Sao Paulo	Brazil	30	4	American (7), Delta (7), Japan (2), TAM (14)
Seoul	Republic of Korea	21	2	Asiana (7), Korean (14)
Shanghai	China	7	1	China Eastern
Shannon	Ireland	12	2	Aer Lingus (5), Delta (7)
St. Kitts	Federation of St. Kitts	2	1	American
St. Lucia	West Indies	9	2	American (4), JetBlue (5)
St. Maarten	Netherlands Antilles	11	2	American (3), JetBlue (8)
Stockholm	Sweden	7	1	Delta
Tel Aviv	Israel	23	2	Delta (7), El Al (16)
Tokyo	Japan	30	4	American (7), ANA (7), Delta (7), Japan (9)
Toronto	Canada	47	3	American Eagle (21), Delta Connection (14), LAN (5)
Valencia	Spain	4	1	Delta
Vancouver	Canada	7	1	Cathay Pacific
Venice	Italy	7	1	Delta
Vienna	Austria	7	1	Austrian
Warsaw	Poland	9	1	LOT
Zurich	Switzerland	28	3	American (7), Delta (7), Swiss (14)
Total Weekly Departures		1,512		

Note:

1/ Week of August 8 - 14, 2010.

Source: Official Airline Guide (OAG), July 2010.

Prepared by: Ricondo & Associates, Inc., July 2010.

served with a total of 1,512 weekly nonstop flights. Each of the Airport's top 50 international O&D markets in 2009 was provided with nonstop service. Santiago, Dominican Republic, the largest international O&D market for the Airport in 2009, is served by 56 weekly nonstop flights. Other international markets with significant nonstop service from the Airport include London (119), Santo Domingo (63), and Paris (54). **Exhibit III-2** graphically illustrates the Airport's nonstop international markets, as of the week ending August 14, 2010.

3.2.7 Historical enplanements at the Airport and Terminal 4

Classified by the FAA as a large hub facility based on its percentage of nationwide enplaned passengers,² the Airport was ranked 6th nationwide in total passengers in 2009 with 45.9 million enplaned and deplaned passengers.³ **Table III-11** presents historical data for enplaned passengers at the Airport, as well as for Terminal Four and the Airport's other terminals, between 1999 and 2009.

Table III-11

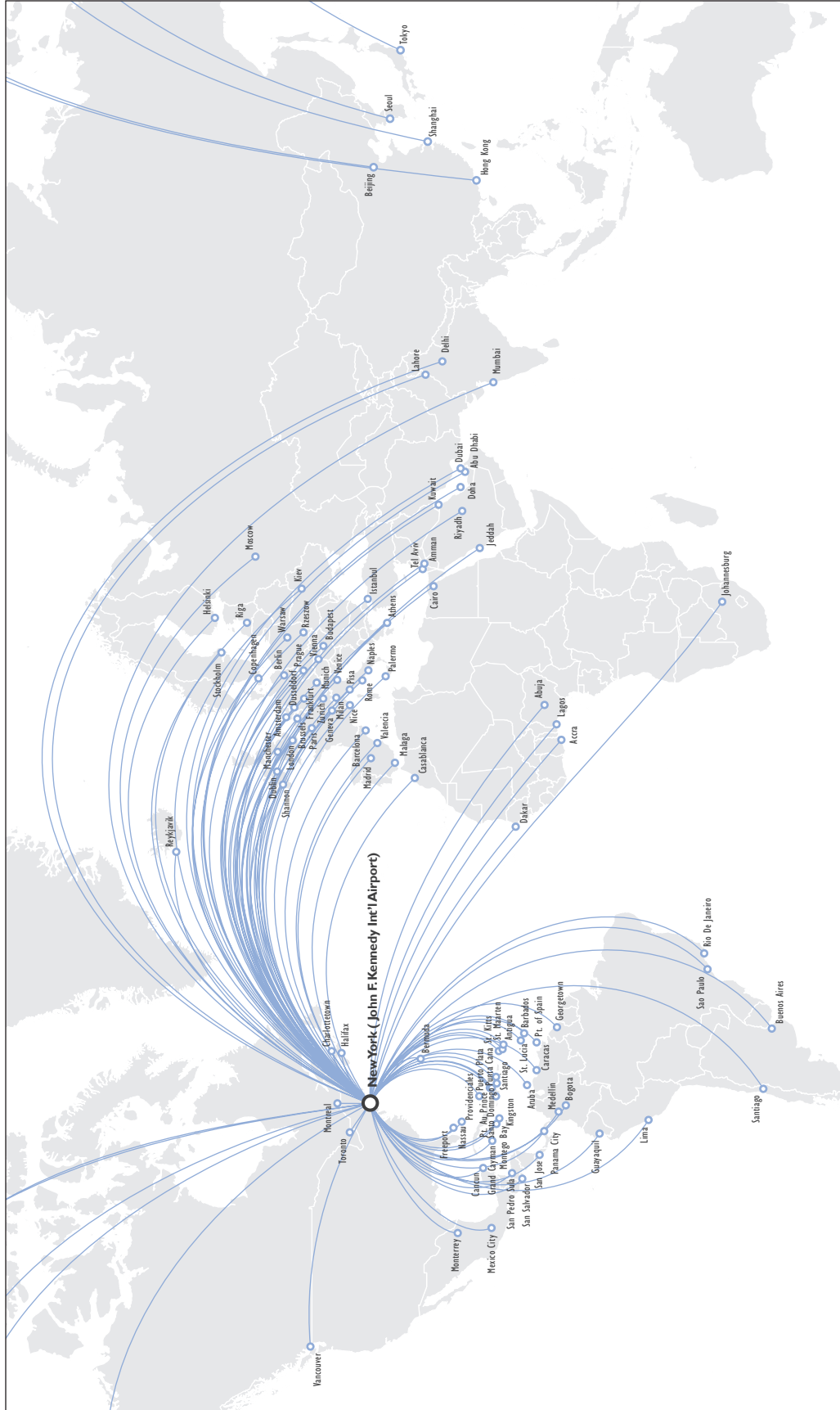
Historical Enplanements - Airport & Terminal 4

Year	Enplanements				Annual Growth
	Terminal 4	Terminal 4 % of Airport Total	All Other Terminals	Airport Total	
Historical					
1999	2,067,332	13.2%	13,546,030	15,613,362	
2000	2,491,805	15.3%	13,764,652	16,256,457	4.1%
2001	2,208,419	15.2%	12,362,510	14,570,929	-10.4%
2002	2,130,620	14.3%	12,729,298	14,859,918	2.0%
2003	2,287,428	14.5%	13,479,854	15,767,282	6.1%
2004	3,031,952	16.2%	15,653,552	18,685,504	18.5%
2005	3,228,260	15.9%	17,113,899	20,342,159	8.9%
2006	3,788,637	17.8%	17,447,252	21,235,889	4.4%
2007	4,312,377	18.1%	19,449,967	23,762,344	11.9%
2008	4,415,123	18.5%	19,436,972	23,852,095	0.4%
2009	4,552,440	19.9%	18,365,341	22,917,781	-3.9%
Average Annual Growth Rate:					
1999 - 2009	8.2%		3.1%	3.9%	

Source: JFK International Air Terminal, LLC; Port Authority of New York & New Jersey, May 2010.
Prepared by: Ricondo & Associates, Inc., June 2010.

² As defined by the FAA, a large hub airport enplanes at least 1.0 percent of nationwide enplaned passengers during a calendar year (CY). For CY 2008 (the last year for which such information was reported by the FAA), this lower bound was 7.4 million enplaned passengers.

³ *ACI Traffic Data 2009*, Airports Council International.



Source: Official Airline Guide (OAG), August 2010.
Prepared by: Ricondo & Associates, Inc., August 2010.

Exhibit III-2



Not to Scale.

International Destinations from JFK

As shown in Table III-11, passenger activity at the Airport increased from 15.6 million enplaned passengers in 1999 to 22.9 million in 2009. This increase represents a compounded annual growth rate of 3.9 percent during this period. Over the same period, enplanements at Terminal 4 increased from 2.1 million to 4.6 million or a compounded annual growth rate of 8.2 percent as new carriers came to the terminal and existing airlines increased capacity.

Specific details concerning trends in enplaned passengers at the Airport and Terminal 4 between 1999 and 2009 are discussed below:

- **1999 - 2000. Total Airport:** Enplanements at JFK increased from 15.6 million to 16.3 million, or 4.1 percent, from 1999 to 2000. JetBlue began operations at the Airport in 2000, serving Buffalo and Fort Lauderdale. In its first year of service JetBlue enplaned nearly 560,000 passengers. Also notable, however, were declines from several carriers including ATA (no longer in service), TWA (acquired by American), Tower Air (no longer in service), and VASP, a South American foreign flag carrier which ceased operations in 2005.

Terminal 4: The addition of Swiss Air, formerly at Terminal 3, (178,000 enplanements) and a significant increase in activity by National Airlines (105,000) and World Airways (98,000) contributed to an increase from 2.1 million to 2.5 million enplanements between 1999 and 2000 at Terminal 4 (still the International Arrivals Building at this time, operated by JFK IAT).

2001 - 2003. Total Airport: Passenger activity at the Airport decreased by 10.4 percent from 2000 to 2001, to 14.6 million enplanements, as the aftermath of September 11th and a nationwide economic slowdown resulted in decreased enplanements for a majority of domestic and foreign flag carriers. Enplanements increased at the Airport by 2.0 percent in 2002 and an additional 6.1 percent in 2003, to 15.8 million enplanements, as the economy recovered and JetBlue continued to expand. JetBlue enplaned 1.5 million passengers in 2001 and by 2003 had reached 3.6 million enplanements, a 140 percent increase in the two year period.

Terminal 4: Passenger activity at Terminal 4 decreased by 11.4 percent in 2001, the first year of operations for the new terminal, as the events of September 11th, the onset of SARS and the economic recession had a significant impact on international travel. Terminal 4 enplanements decreased a further 3.5 percent in 2002, as several international airlines ceased operations due to financial difficulties and bankruptcy. Passenger activity at Terminal 4 began to rebound in 2003, increasing by 7.4 percent, to 2.3 million enplanements as international travel activity increased and new carriers came into the market.

2004 - 2008. Total Airport: The Airport experienced strong growth between 2004 and 2008, particularly as several airlines increased their international operations and competition in the New York market intensified. Passenger activity increased 18.5 percent in 2004, to 18.7 million enplanements as each of the Airport's three largest carriers (American, Delta, and JetBlue) experienced double digit growth. From 2005 through 2008 passenger activity at the Airport increased at a compounded annual rate of 5.4 percent, reaching 23.9 million enplanements in 2008.

Terminal 4: Terminal 4 experienced strong growth in this period as well, with a compound annual growth rate of 11.0 percent that significantly outpaced the growth at the Airport's other terminals with international operations during this time frame. In 2004, Terminal 4 experienced a 32.5 percent gain in enplanements over 2003 levels, which was followed by gains of 17.4 percent from 2005 to 2006 and 13.8 percent from 2006 to 2007. The 2004 gain

was attributable to Virgin America coming to the terminal, as well as a dedicated marketing effort to gain business from South American and Caribbean carriers who particularly benefitted from the 24-hour FIS facility. The gains in 2005-2006 reflected Delta's decision to end its third party operations at Terminals 2 and 3, as well as new business from Middle Eastern carriers such as Emirates. The increase in 2007 largely reflected new entrants to the market. In 2008, Terminal 4 served 4.4 million enplaned passengers.

- **2009. Total Airport:** The global economic slowdown, higher fuel prices, and capacity cuts by airlines in late 2008 and 2009 resulted in a 3.9 percent decrease in Airport enplanements, to 22.9 million. Since 2001, JetBlue, Delta, and American have been the three largest carriers (based on enplanements) at the Airport. In 2001, these three carriers (including regional affiliates) enplanements accounted for 46.4 percent of total Airport enplanements and in 2009 their share of total Airport enplanements increased to 65.8 percent.

Terminal 4: With Virgin America's expanded service and Delta leasing three gates in order to relocate some service from Terminals 2 and 3, passenger activity at Terminal 4 increased 3.1 percent in 2009, to 4.6 million enplaned passengers. In 2009, Terminal 4 enplaned passengers represented approximately 19.9 percent of total Airport enplanements, representing a 6.7 percentage point gain in Airport market share from 1999.

3.2.8 Aircraft Operations

Table III-12 presents historical passenger carrier aircraft operations at the Airport between 2004 and 2009. As shown, total aircraft activity at the Airport increased from 320,092 operations in 2004 to 414,928 in 2009. This increase represents a compounded annual growth of 5.3 percent during this period, compared to the compounded annual decrease of 3.5 percent estimated nationwide by the FAA.

Table III-12

Historical Aircraft Operations

Year	Operations				Total
	Domestic Passenger Carriers	International Passenger Carriers	Total Passenger Carriers	Total Passenger Carrier % of Total Ops	
Historical					
2004	184,982	98,081	283,063	88.4%	320,092
2005	210,170	103,039	313,209	89.5%	350,054
2006	231,875	112,544	344,419	91.0%	378,443
2007	284,106	125,086	409,192	92.2%	443,758
2008	270,855	137,747	408,602	93.2%	438,391
2009	258,308	133,959	392,267	94.5%	414,928
Average Annual Growth Rate:					
2004 - 2009	6.9%	6.4%	6.7%		5.3%

Source: Port Authority of New York & New Jersey, May 2010.

Prepared by: Ricondo & Associates, Inc., June 2010.

Specific trends in operational activity by major user category at the Airport are discussed below:

- **Domestic Passenger Carriers.** This class of passenger airlines includes U.S. mainline and regional affiliate carriers. As shown, domestic air carrier activity at the Airport increased

between 2004 and 2007, from 184,982 to 284,106 operations followed by decreases in 2008 and 2009. From 2004 to 2009, domestic passenger air carrier operations have increased at a compounded annual growth rate of 6.9 percent. According to Port Authority records, approximately 76.2 percent of domestic passenger air carrier operations were scheduled passenger mainline carriers and 23.8 percent represented domestic commuter operations in 2004. By 2009, the split between domestic scheduled passenger mainline operations and domestic commuter operations was 68.6 and 31.4 percent respectively. In 2009, this category of operations represented approximately 62.3 percent of total airport operations.

- **International Passenger Carriers.** This class of passenger airlines includes foreign flag carriers. As shown, international air carrier activity at the Airport increased between 2004 and 2008, from 98,081 to 137,747 operations followed by a decrease in 2009. From 2004 to 2009, international passenger air carrier operations have increased at a compounded annual growth rate of 6.4 percent. According to Port Authority records, approximately 96.2 percent of international passenger air carrier operations were scheduled passenger mainline carriers and 3.8 percent represented international commuter operations in 2004. By 2009, the split between international scheduled passenger mainline operations and international commuter operations was 92.2 and 7.8 percent respectively. In 2009, this category of operations represented approximately 32.3 percent of total airport operations.
- **Total Passenger Carriers.** Passenger carriers represent the largest category of aircraft operations at the Airport. From 2004 to 2009, total passenger carrier operations increased at a compounded annual growth rate of 6.7 percent. In 2004, total passenger carrier operations represented approximately 88.4 percent of total Airport operations and have increased to 94.5 percent in 2009.

3.3 The Role of Delta Air Lines in the New York City Market

Delta is the world's largest airline in terms of passengers carried, available seat miles, and scheduled seats. Delta became the world's largest airline upon the completion of its merger with Northwest Airlines on October 29, 2008. On December 31, 2009, the Federal Aviation Administration (FAA) granted Delta's request to allow Delta and Northwest to operate under a single operating certificate. As a result of the merger, Delta operates an extensive domestic and international network spanning North America, South America, Europe, Asia, Africa, the Middle East, and Australia, and maintains a significant presence in every major domestic and international market. Delta's global route network centers around its domestic hubs in Atlanta, Cincinnati, Detroit, Memphis, Minneapolis/St. Paul, New York City (JFK), Salt Lake City, and its international hubs in Amsterdam, Paris (Charles de Gaulle), and Tokyo (Narita). Additionally, Delta has a significant level of domestic and international operations from Los Angeles.

New York City plays a pivotal role in the Company's network strategy. The Company takes a tandem approach towards serving the greater New York City metropolitan area, having a significant presence at both JFK and LaGuardia in order to harness each airport's respective strengths. JFK functions mainly as an international gateway for Delta, with most domestic flights scheduled to feed connecting passengers to the international network. Delta's domestic O&D operations at JFK are mainly composed of transcontinental (transcon) and medium-to-long haul routes to major destinations west of the Mississippi River due to the restrictions in effect at LaGuardia (see Section 2.3.2.3). In comparison, Delta's LaGuardia operations primarily focus on domestic O&D traffic on short-to-medium haul routes to major destinations east of the Mississippi River and its Delta Shuttle service between New York and Washington, Boston and, as of June 2010, Chicago (O'Hare).

Combined, these airports provide Delta with a much larger presence in the greater New York metropolitan area than either one can provide separately.

Overall, JFK is Delta's fifth largest domestic airport in terms of total enplaned passengers, behind Atlanta, Detroit, Minneapolis/St. Paul, and Salt Lake City, as shown in **Table III-13** which lists the top 25 domestic airports within Delta's route network. Furthermore, JFK is the Company's second largest in terms of international enplaned passengers, behind Atlanta. However, the nature of Delta's operations at these other facilities, which serve as connecting hubs in its domestic network, is very different from its operations at JFK. For example, Atlanta serves as a connection point in Delta's network from nearly all of the U.S. As a result, Delta's traffic mix in Atlanta is approximately 25 percent O&D and 75 percent connecting. In comparison, according to Delta, its current composition of traffic at JFK is approximately 60 percent O&D and 40 percent connecting and is likely to gradually shift to a 50 / 50 mix over time. The higher percentage of O&D traffic at JFK reflects the Airport's ability to draw upon the nation's largest passenger base and commercial center, along with the region's ethnic population, to support direct air service to numerous markets. For these reasons, New York - and JFK in particular - is likely one of the last markets that Delta would seek to diminish should it encounter significant financial difficulties in the future. Conversely, should Delta decide to significantly reduce or eliminate its service at JFK, its slots and terminal facilities at the Airport represent valuable assets, due to their scarcity in the market that other carriers, both domestic and international, would likely seek to acquire.

3.4 Delta Air Lines' JFK Operations

Delta (including its subsidiaries and Delta Connection affiliates) is the largest carrier at JFK in terms of total number of departing flights and nonstop destinations served, and is the Airport's second-largest carrier in terms of enplaned passengers and total number of scheduled departing seats. Furthermore, Delta is the largest carrier at the Airport in terms of the number of international departures, destinations served, and scheduled departing seats.

In 2009, Delta enplaned approximately 5.7 million passengers at the Airport, behind JetBlue with 5.8 million enplanements and ahead of American with 3.6 million enplanements. For the year, Delta provided 24.8 percent of total scheduled departing seats at the Airport, second only to JetBlue at 25.6 percent. In terms of international service, Delta enplaned 1.9 million passengers, ahead of American with 1.6 million and JetBlue with 0.8 million. In 2009, Delta provided 17.1 percent of the Airport's total scheduled international capacity, followed by American Airlines (including American Eagle) and JetBlue, with 14.8 percent and 7.6 percent, respectively.

As of August 2010, Delta operated an average of 173 daily departures at JFK consisting of 96 daily mainline departures and 77 daily regional jet departures. These flights served a total of 96 destinations – 46 domestic and 50 international. Delta has the most extensive route coverage amongst all carriers serving the Airport, followed by JetBlue, which currently provides nonstop service to a total of 53 destinations (13 of which are international), and American, which currently provides nonstop service to a total of 51 destinations (30 of which are international). Additionally, Delta is the only carrier to offer nonstop service to five continents (Africa, Asia, Europe, North America, and South America) from the greater New York City metropolitan area.

In May 2010, Delta announced an expansion of its domestic and international service from JFK. Domestically, Delta will introduce daily service to San Antonio and add additional frequencies to its existing Baltimore, Charlotte, Cleveland, and Richmond routes. Internationally Delta plans additional daily departures to London (Heathrow), Montreal and Toronto; introduction of year-round service to Copenhagen and Stockholm; reinstatement of year-round service to Shannon, Manchester, and Brussels; and the utilization of larger aircraft on flights to Athens, Istanbul, Milan, Moscow,

Table III-13

2009 Ranking of Delta Activity at U.S. Domestic Airports within Delta's route network

Airport	Enplaned Passengers ¹	Passenger Rank	Share of Airport Enplanements	Share Rank	International Passengers ¹	Intl Psgr Rank	Intl Psgr of Delta Total	Scheduled Seats ¹	Seat Rank	Scheduled Departures ¹	Departure Rank	Destinations Served ¹	Destination Rank
ATL	33,280,703	1	75.6%	5	3,768,844	1	11.3%	39,952,985	1	357,815	1	254	1
MSP	12,700,647	2	78.9%	4	1,004,160	4	7.9%	16,202,770	2	162,308	3	166	2
DTW	12,444,238	3	79.8%	3	1,174,561	3	9.4%	15,761,649	3	173,276	2	163	3
SLC	7,572,116	4	74.2%	6	209,483	6	2.8%	9,155,578	4	108,756	4	108	4
JFK	5,679,813	5	24.8%	8	1,918,969	2	33.8%	7,456,237	5	65,487	7	100	6
CVG	4,840,072	6	91.3%	2	195,798	7	4.0%	6,053,414	6	86,919	5	95	7
MEM	4,510,720	7	92.0%	1	183,903	8	4.1%	5,861,148	7	81,509	6	101	5
LAX	3,293,264	8	11.6%	17	249,637	5	7.6%	3,642,416	9	20,869	11	27	10
LGA	3,126,877	9	28.1%	7	25,993	12	0.8%	4,850,615	8	46,538	8	42	8
MCO	2,652,742	10	15.8%	14	5,653	14	0.2%	3,001,233	11	18,287	12	16	13
BOS	2,386,493	11	18.7%	13	171,566	10	7.2%	3,419,069	10	30,940	9	28	9
LAS	1,963,674	12	9.9%	19	-	23	0.0%	2,134,156	13	12,950	17	9	18
SEA	1,942,968	13	12.4%	16	179,480	9	9.2%	2,113,619	14	11,955	21	12	16
DCA	1,906,345	14	21.7%	9	-	23	0.0%	2,703,397	12	27,055	10	18	12
TPA	1,608,318	15	19.0%	12	319	19	0.0%	1,833,558	15	12,418	18	14	14
SFO	1,573,298	16	8.5%	20	71,629	11	4.6%	1,717,633	17	10,753	24	9	18
FLL	1,538,435	17	14.6%	15	451	17	0.0%	1,822,578	16	12,031	20	13	15
DEN	1,269,456	18	5.1%	23	-	23	0.0%	1,469,030	19	11,283	23	7	22
PHX	1,229,423	19	6.5%	22	35	22	0.0%	1,395,994	21	9,896	25	7	22
BWI	1,151,113	20	11.0%	18	107	20	0.0%	1,417,483	20	12,262	19	8	21
PHL	1,098,059	21	7.2%	21	7,387	13	0.7%	1,390,883	22	13,252	16	9	18
DFW	1,023,894	22	3.7%	24	51	21	0.0%	1,204,381	25	11,481	22	7	22
RDU	972,175	23	21.6%	10	1,933	16	0.2%	1,256,445	24	13,902	15	12	16
ORD	914,191	24	2.9%	25	368	18	0.0%	1,544,471	18	15,390	14	6	25
IND	746,068	25	19.9%	11	2,877	15	0.4%	1,353,851	23	16,744	13	19	11

Note

1/ Inclusive of Delta Air Lines, Delta Connections, Northwest Airlines, and Northwest Airlink domestic and international activity.

Source: Port Authority of New York & New Jersey (for JFK and LGA); Various airport websites and T100 (for other airports), and Official Airline Guide, accessed June 2010.
Prepared by: Ricondo & Associates, Inc., July 2010.

Nice, Tel Aviv, and Tokyo (Narita). These changes are expected to take effect through mid-September 2010. Delta's continued growth, evidenced by these service additions, is constrained by its current facilities and is a significant factor in its desire to relocate into an expanded Terminal 4.

3.4.1 Domestic Markets Served by Delta from JFK

As of August 2010, Delta operates an average of 125 daily departures to 46 U.S. domestic destinations. This consists of 55 daily departures operated with mainline aircraft and 70 daily departures operated by Delta Connection. **Exhibit III-3** graphically illustrates Delta's domestic nonstop markets, which consist of the following major groups:

Transcon Routes: Delta operates an average of 25 daily nonstop departures to seven transcon markets – Los Angeles, Las Vegas, Phoenix, Portland, San Diego, San Francisco, and Seattle. In addition, Delta operates daily nonstop service to Denver and plans to initiate non-stop service to San Antonio on September 7, 2010. Delta's principal competitors in these markets are JetBlue from JFK and Continental from Newark. American, Virgin America, and United Airlines also offer transcon services from JFK, but serve fewer destinations.

Florida Leisure & U.S. Caribbean Routes: Delta serves four destinations in Florida plus San Juan and St. Thomas with a total of 14 daily departures as of August 2010. Continental, American, and JetBlue are major competitors in these markets.

Delta Hub Routes: Delta, and its Delta Connection affiliates, operates an average of 21 daily nonstop departures to its six other domestic hubs in Atlanta, Cincinnati, Detroit, Memphis, Minneapolis/St. Paul, and Salt Lake City.

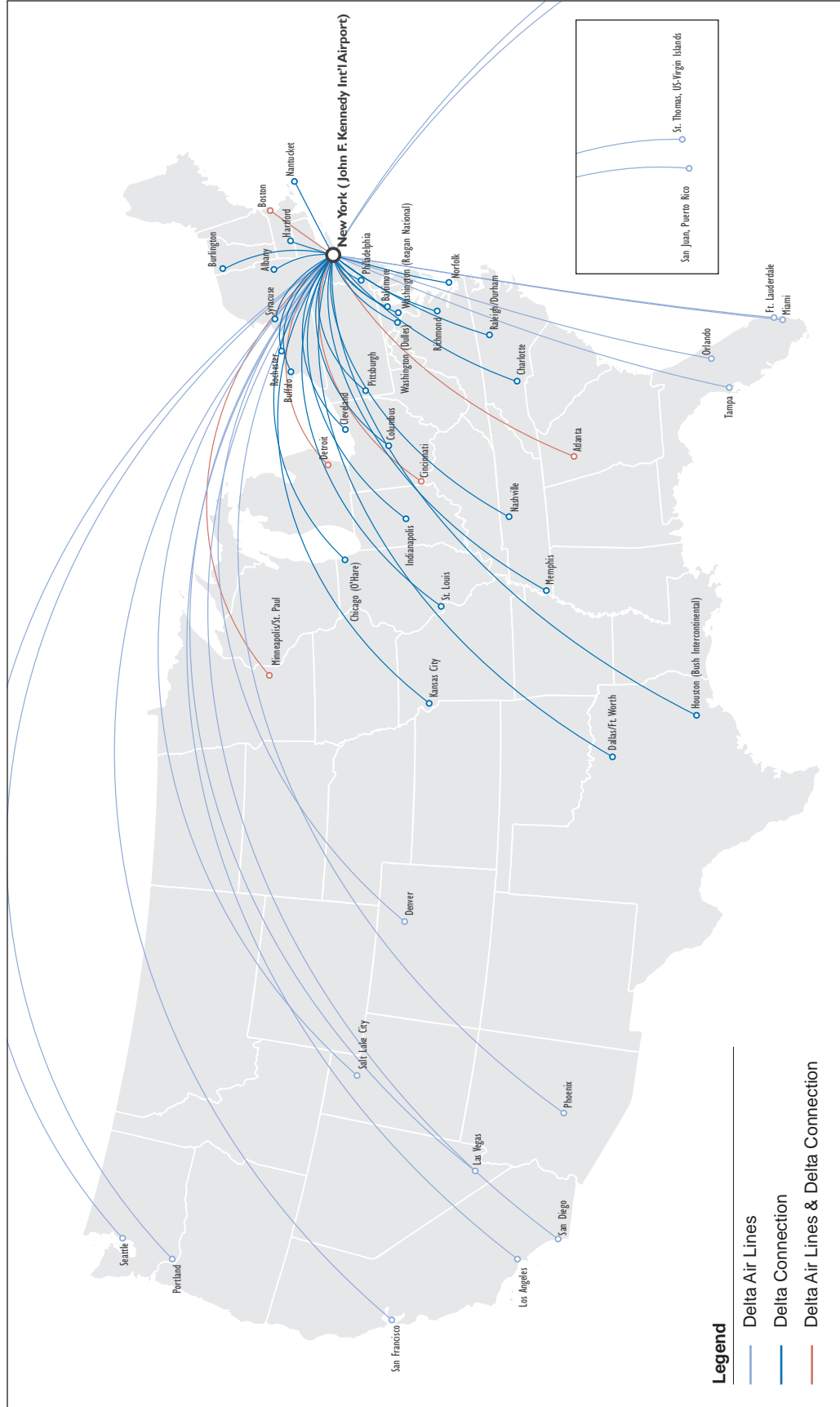
Delta Connection Routes: Delta's regional partners provide service, with approximately 66 daily departures, to 30 major U.S. destinations, including Charlotte, Chicago (O'Hare), Dallas/Ft. Worth, Houston (Bush Intercontinental), Raleigh/Durham, St. Louis, Washington (Dulles International and Reagan National). Continental serves each of these markets nonstop from Newark, while American and JetBlue also provide nonstop service to many of these markets from JFK and LaGuardia.

3.4.2 International Markets Served by Delta from JFK

In August 2010, Delta operated an average of 48 daily departures to 50 international destinations. This consists of 42 daily departures operated with mainline aircraft, while 6 daily departures are operated by Delta Connection. **Exhibit III-4** graphically illustrates Delta's international markets, which consist of the following major groups:

Transatlantic Routes: In August 2010, Delta provided nearly 26 daily departures to 25 European cities, including two new routes - Copenhagen and Stockholm - that began in May 2010. While present in most of the major New York – transatlantic markets, Delta does not operate on the JFK – Paris (Charles de Gaulle) route with its own aircraft. Instead it markets and sells Air France's flights on the route as its own to the traveling public. The route is one of many routes under the carrier's joint venture agreement with the Air France/KLM Group for the sharing of revenue and costs on transatlantic routes, as well as coordinated pricing and scheduling.

Caribbean & Mexican Routes: In August 2010, Delta offered an average of seven departures per day to ten destinations in the Caribbean and Mexico City. All destinations are served by mainline aircraft, with the exception of Freeport, Bahamas. During the winter travel season, Delta also offers mainline service to Puerto Plata, Dominican Republic and Puerto Vallarta, Mexico.



Source: Official Airline Guide (OAG), August 2010.
 Prepared by: Ricondo & Associates, Inc., August 2010.

Exhibit III-3

**Delta Air Lines Nonstop
 Domestic Destinations from JFK**

Not to Scale.
 north



Not to Scale.

↑ north

Delta Air Lines Nonstop International Destinations from JFK

Canadian Routes: Delta operates six daily departures to three Canadian destinations—Charlottetown, Montreal, and Toronto (Pearson) - all through Delta Connection.

Middle Eastern Routes: Delta provides an average three daily departures to three Middle Eastern destinations—Amman, Jordan, Tel Aviv, and Istanbul.

African Routes: Delta provides an average of three daily departures to four African destinations—Abuja, Nigeria, Accra, Ghana, Cairo, Egypt and Dakar, Senegal. No other U.S. airline provides nonstop service from the greater New York City metropolitan area to Africa.

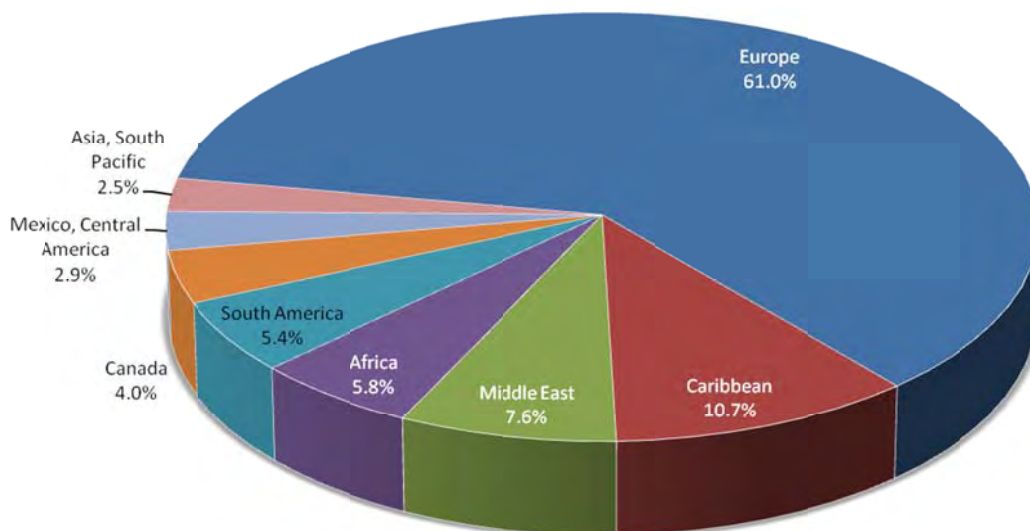
South American Routes: Delta provides an average three daily departures to three South American destinations—Sao Paulo, Brazil, Bogota, Columbia, and Georgetown, Guyana.

Transpacific Routes: Delta operates daily nonstop service to Tokyo (Narita), which it inherited through its merger with Northwest.

Exhibit III-5 provides a percentage breakdown of Delta's international enplanements by world region, which indicates Europe, the Caribbean and the Middle East are Delta's three largest regions served from the Airport. The volume of passengers to these regions reflects their strong cultural, familial, and economic ties to the Air Trade Area, as well as the importance of New York as center of international trade and commerce, and its attractiveness as an international tourist destination.

Exhibit III-5

International Enplaned Passenger Distribution by World Region, 12-month ending December 2009



Source: T100 Market, accessed June 2010.

Prepared by: Ricondo & Associates, Inc., July 2010.

3.5 Delta's Competitive Position in the New York City Market

By serving JFK, LaGuardia and Newark Liberty, Delta maintains a significant presence in the New York market. For the year ended December 31, 2009, Delta carried 11.8 million of the 56.0 million domestic O&D passengers served by all of the airlines in the New York market, representing a 21.2 percent market share. Delta's largest competitor is Continental, which operates a large hub at Newark Liberty. Like Delta at JFK, Continental operates a significant international network from Newark Liberty that is supported by a domestic feeder system. However, in addition to domestic transcontinental service, Continental's Newark Liberty operations include a significant domestic connecting component. Continental's LaGuardia service focuses on serving its hubs in Houston and

Cleveland. Continental is the second largest carrier in the New York market, serving 15.6 percent of total O&D passengers in 2009.

Table III-14 provides the distribution of domestic O&D passengers at New York area airports for the area's major U.S. airline competitors. As indicated, American and JetBlue are the other major competitors to Delta in the New York market. American operates a sizeable international network, focused on Europe, from JFK and a complementary domestic operation at LaGuardia, with similar operating characteristics to those of Delta at both airports. While JetBlue is also a significant competitor in the New York market, with JFK being its largest station, their operations are more focused on leisure travelers than those of Delta.

Table III-14

Domestic O&D Passenger Distribution at New York Area Airports by Major Airline, 2009

Airline	Domestic O&D Passengers						
	John F. Kennedy International	Newark Liberty International	La Guardia	Stewart International	Westchester County	Long Island MacArthur	New York Area Airports
Delta Air Lines ¹	4,353,320	1,491,260	5,639,490	119,740	275,730	660	11,880,200
JetBlue Airways	7,915,270	988,530	721,350	179,600	789,110	-	10,593,860
Continental Airlines	3,350	8,739,800	669,390	250	220	50	9,413,060
American Airlines	2,342,920	1,006,500	3,811,690	770	102,050	280	7,264,210
US Airways	482,240	918,260	2,908,540	82,590	208,100	81,560	4,681,290
All other carriers	1,908,410	3,079,170	4,952,560	2,640	527,000	1,778,810	12,248,590
Total Airport	17,005,510	16,223,520	18,703,020	385,590	1,902,210	1,861,360	56,081,210
Delta's Market Share of Airport	25.6%	9.2%	30.2%	31.1%	14.5%	0.0%	21.2%
Airport Share of Delta's New York Domestic O&D Passengers	36.6%	12.6%	47.5%	1.0%	2.3%	0.0%	100.0%

Note

1/ Includes Delta Air Lines and Northwest Airlines combined

Source: O&D Domestic Passenger Survey, accessed June 2010.

Prepared by: Ricondo & Associates, Inc., July 2010.

Delta served 4.4 million domestic O&D passengers at JFK in 2009, which represented 36.6 percent of its total New York area traffic. Delta's domestic O&D market share at JFK was 25.6 percent. LaGuardia, which generated 5.6 million domestic passengers for Delta, accounts for nearly half of Delta's New York area domestic traffic. Delta's domestic market share at LaGuardia is 30.2 percent. At Newark Liberty, Delta had 1.5 million O&D passengers, which was 9.2 percent of Newark Liberty's domestic O&D. Overall, Delta is the largest carrier in terms of domestic O&D passengers in the New York market.

Table III-15 provides the distribution of international O&D passengers among the major U.S. airlines operating at the New York area airports. Delta carried 3.0 million New York area international O&D passengers in 2009, or a 9.3 percent share of the total 33.1 million New York area international O&D market. Delta's international O&D passengers at JFK were 2.5 million, or 82.4 percent of its total New York area international traffic. Delta's international O&D market share at JFK was 11.4 percent. Combined, LaGuardia Airport and Newark Liberty generated over half a million international passengers for Delta, accounting for 17.5 percent of Delta's New York area international traffic. Delta is the third largest carrier in terms of international O&D passengers carried from the New York market, behind Continental and American.

Table III-15

International O&D Passenger Distribution at New York Area Airports by Major Airline, 2009

Airline	International O&D Passengers						
	John F. Kennedy International	Newark Liberty International	La Guardia	Stewart International	Westchester County	Long Island MacArthur	New York Area Airports
Delta Air Lines ¹	2,537,230	302,040	235,140	1,120	2,680	-	3,078,210
JetBlue Airways	1,538,940	6,080	1,760	710	1,160	-	1,548,650
Continental Airlines	940	4,353,950	112,280	10	30	-	4,467,210
American Airlines	2,845,510	185,430	630,510	60	610	-	3,662,120
US Airways	26,780	84,590	120,670	3,810	5,500	-	241,350
All other carriers	15,251,790	3,788,050	1,028,190	1,450	13,940	-	20,083,420
Total Airport	22,201,190	8,720,140	2,128,550	7,160	23,920	-	33,080,960
Delta's Market Share of Airport	11.4%	3.5%	11.0%	15.6%	11.2%	0.0%	9.3%
Airport Share of Delta's New York International O&D Passengers	82.4%	9.8%	7.6%	0.0%	0.1%	0.0%	100.0%

Note:

1/ Includes Delta Air Lines and Northwest Airlines combined

Source: O&D International Passenger Survey, accessed June 2010.

Prepared by: Ricondo & Associates, Inc., July 2010.

Delta's sizable operations and significant market shares at all three New York City area airports strengthens its competitive presence at JFK and the New York City market.

3.6 Delta's Service at JFK, LaGuardia, and Newark Liberty

Delta maintains a presence at each of the three largest New York airports in order to serve the market as efficiently as possible in light of the operating restrictions in place at each facility. Each airport plays a different role for Delta, with JFK being the focus of international and long-haul domestic service, LaGuardia serving short-to-medium length haul domestic O&D markets, while Delta's limited presence at Newark Liberty provides access to the western part of the Air Trade Area for its large customer base. As indicated in **Table III-16**, JFK is Delta's largest New York station, from which it operates 173 daily departures to 96 destinations. This compares to 151 daily departures to 41 destinations from LaGuardia and 31 daily departures to 7 destinations from Newark Liberty.

In an effort to bolster its presence in New York, and LaGuardia in particular, Delta announced a proposed slot transaction with US Airways in August 2009. As originally proposed, the transaction involved Delta exchanging 42 operating slot pairs (one landing and one take off equals one slot pair) it holds at Washington Reagan National Airport (Reagan National) for 125 slot pairs held by US Airways at LaGuardia. The two airlines also proposed to swap certain facilities at LaGuardia.

The transaction would allow Delta to create a domestic hub at LaGuardia thereby competing for a larger share of New York City domestic O&D passengers while enhancing connecting opportunities between the Northeast and Florida, the Midwest, Mid-Atlantic, and Southeast. Furthermore, the transaction would allow Delta to direct domestic O&D traffic to LaGuardia and free up capacity at JFK for additional international and transcon service at the Airport. Delta believes that these network improvements would help attract higher yielding corporate travelers.

Table III-16

Number of Destinations and Departures Served by Delta Air Lines at JFK, LaGuardia, and Newark Liberty

Market Type	John F. Kennedy International			LaGuardia			Newark Liberty International		
	Number of Destinations	Number of Daily Departures	Average Stage Length (sm)	Number of Destinations	Number of Daily Departures	Number of Stage Length (sm)	Number of Destinations	Number of Daily Departures	Average Stage Length (sm)
Domestic Short-Haul (0 - 600 miles)	21	59	292	13	64	347	2	10	511
Domestic Medium-Haul (601 - 1,200 miles)	12	32	902	25	85	862	3	18	847
Domestic Long-Haul (> 1,200 miles)	13	34	2,218	1	0.1 ²	1,976	1	2	1,962
Total Domestic	46	125	978	39	148	642	6	30	807
International	50	48	3,295	2	2	819	1	1	3,644
Total Airport	96	173	1,622	41	151	644	7	31	899
Commercial Brand									
Delta Air Lines	62	91	2,694	11	55	874	3	13	1,150
Delta Connection	30	66	414	26	72	534	2	6	727
Delta Air Lines & Delta Connection	4	16	528	4	23	445	2	11	707
Total Airport	96	173	1,622	41	151	644	7	31	899

Notes:

- 1/ Excludes Delta marketed/SkyTeam operated flights
2/ Reflects New York (LaGuardia) - Salt Lake City Saturday-only nonstop service.

Source: Official Airline Guide, accessed July 2010.
Prepared by: Ricondo & Associates, Inc., August 2010.

In February 2010, The USDOT ruled that in order to consummate the transaction the airlines would have to divest 20 slot pairs at LaGuardia and 14 slot pairs at National and make them available to other airlines through an auction process. In March 2010, Delta and US Airways proposed a counter offer which the USDOT rejected, maintaining the conditions on the transaction it originally imposed. In July 2010, the airlines announced their mutual decision to pursue an appeal of the USDOT's actions through the U.S. Court of Appeals.

3.7 Global Airline Alliances at JFK

U.S. carriers have aligned themselves with foreign flag airlines to improve their access to international markets. The purpose of these alliances is to link the route networks of member airlines to increased connecting traffic opportunities while enhancing customer service benefits through coordinated airport services, reciprocal frequent flyer programs and lounge access, and seamless ticketing and baggage coordination. These marketing alliances go far beyond standard code-sharing agreements, and are driving towards jointly branded products, joint procurement, joint corporate volume agreements, coordinated pricing and scheduling through antitrust immunity, and joint venture agreements. Antitrust immunity is an exemption from U.S. and European Union antitrust laws allowing airlines to harmonize air fare, schedules, and other services for the benefit of the traveling public. Generally speaking, the alliances also drive members to consolidate facilities to facilitate the transfer of connecting passengers between alliance partners. However, this trend is taking place slowly at JFK due to the nature of the unit terminal structure and their related long-term leases and the needs of the airline that operates each terminal.

There are three major global alliances, SkyTeam, oneworld, and Star Alliance, and most of the member carriers of each alliance group serve JFK. As shown in **Table III-17**, nearly two-thirds of daily departures at JFK are by airlines aligned with one of the three global alliances.

3.7.1 SkyTeam Alliance

The SkyTeam Alliance consists of thirteen members: Aeroflot, Aeromexico, Air Europa, Air France, Alitalia, China Southern Airlines, CSA Czech Airlines, Delta, Kenya Airways, KLM Royal Dutch Airlines, Korean Air, TAROM-Romanian Air Transport, and Vietnam Airlines. China Eastern Airlines is expected to join SkyTeam in the future. The alliance offers more than 13,000 daily flights to 898 destinations in 169 countries. In addition to being members in SkyTeam with Air France, KLM, and Alitalia, Delta participates in a transatlantic joint venture agreement with these two members. The agreement allows the sharing of revenue and costs, as well as coordinated pricing, scheduling, and product development, on transatlantic routes.

Currently, Delta operates domestic mainline and Delta Connection flights from Terminal 2. All inbound international Delta flights, international departures and certain domestic mainline Delta flights are operated from Terminal 3 and Terminal 4. The only other SkyTeam members at Terminal 4 are Air Europa and KLM. Delta's extensive operations at JFK feeds SkyTeam members' international flights with Delta's domestic traffic from "behind JFK" markets, but also, SkyTeam members' "behind foreign gateway" markets are fed with Delta's international traffic. If Delta were to cease operations at JFK, it is highly likely that SkyTeam would seek another major U.S. airline to replace Delta.

As indicated in Table III-17, SkyTeam has the most number of flights at JFK with 190 daily departures, or 33.5 percent of the Airport's total daily departures.

Table III-17

Daily Departures by Alliance Carriers at JFK, August 2010

<u>Alliance Carriers¹</u>	<u>Daily Departures</u>	<u>Percent of Departures</u>
<u>SkyTeam Carriers</u>		
Delta Air Lines	173	30.5%
Air France	5	0.9%
Aeromexico	3	0.5%
Alitalia	3	0.5%
KLM Royal Dutch Airlines	2	0.4%
Korean Air	2	0.4%
Aeroflot Russian Airlines	2	0.3%
Air Europa	1	0.2%
SkyTeam Total	190	33.5%
<u>oneworld Carriers</u>		
American Airlines	98	17.3%
British Airways	7	1.2%
Mexicana	3	0.6%
Cathay Pacific Airways	3	0.5%
LAN Airlines	2	0.4%
Iberia	2	0.4%
Japan Airlines	2	0.3%
Other members ²	4	0.7%
oneworld Total	121	21.4%
<u>Star Alliance Carriers</u>		
United Airlines	17	2.9%
US Airways	6	1.1%
Lufthansa German Airlines	3	0.5%
SWISS	3	0.5%
TAM Linhas Aereas	3	0.5%
Other members ⁴	10	1.7%
Star alliance Total	41	7.2%
<u>Non-aligned Carriers</u>		
JetBlue Airways	162	28.5%
Virgin America	10	1.8%
Air Jamaica	5	0.8%
Caribbean Airlines	4	0.8%
Others	34	6.1%
Non-aligned Total	215	37.9%
Total Airport	568	100.0%

Notes:

1/ Alliance members as of August 8 -14, 2010.

2/ Other oneworld alliance carriers serving JFK include: Finnair, LAN Ecuador, Qantas Airways, and Royal Jordanian.

4/ Other Star Alliance carriers serving JFK include: Air China, All Nippon Airways, Asiana Airlines, Austrian Airlines, Egyptair, LOT Polish Airlines, South African Airways, Singapore Airlines, Turkish Airlines.

Source: Official Airline Guide, accessed July 2010.

Prepared by: Ricondo & Associates, Inc., August 2010.

3.7.2 oneworld Alliance

oneworld member airlines include American Airlines, British Airways, Cathay Pacific Airways, Finnair, Iberia, Japan Airlines, LAN, Malév Hungarian Airlines, Mexicana, Qantas and Royal Jordanian. Russia's leading domestic carrier, S7 Airlines, will join later in 2010 with India's Kingfisher Airlines following in the near future. The eleven member group provides over 9,000 daily flights to nearly 800 destinations in 150 countries. The only oneworld members located at JFK – Terminal 4 are LAN and Royal Jordanian. In August 2010, oneworld operated 121 daily departures or 21.4 percent of the Airport's total departures.

3.7.3 Star Alliance

United and Lufthansa are the primary carriers in the 27-member alliance which is the largest airline alliance in the world. However, the Star Alliance has the smallest presence of the three alliances at JFK. After defecting from SkyTeam, Continental Airlines joined the Star Alliance as the 25th member in October 2009. Collectively, the Star Alliance members offer over 21,000 daily flights to 1,167 destinations in 181 countries. Star Alliance members Asiana, Egyptair, LOT Polish, Singapore, South African, SWISS, and TAM are located at Terminal 4. The Star Alliance has the lowest number of daily departures at the Airport compared to SkyTeam and oneworld with 41 daily departures.

3.8 Non-Aligned Airlines

As indicated in Table III-17, non-aligned airlines represent 37.9 percent of the Airport's total daily departures. Excluding JetBlue, the Airport's largest non-aligned airline,⁴ only 9.4 percent of JFK's daily departures are provided by carriers that are not aligned with a global alliance. This percentage is likely to decrease in the future as the alliance groups continue to expand. Terminal 4 houses the largest number of non-aligned airlines at the Airport with twenty-five, including JetBlue (international arrivals).

⁴ While not a member of one of the global alliances, JetBlue has entered into code sharing and interline agreements with several carriers including American and Aer Lingus, while Lufthansa has an ownership stake in the airline and has two representatives on JetBlue's Board of Directors.

IV. JFK Passenger Terminals and Gate Capacity

This chapter describes the general characteristics of the Airport's passenger terminals, including a comparison of the number of gates and remote aircraft parking positions with the airline operations currently scheduled at each terminal.

4.1 The Airport's Passenger Terminals

The Airport's central core consists of eight unit passenger airline terminals, seven of which are currently in use, that serve the more than 70 passenger airlines that operate at JFK. In contrast to most airports in the United States, where terminals are generally constructed and operated by the airport sponsor, the terminals at JFK were privately developed and are operated by private entities under long term leases with the Port Authority. **Exhibit IV-1** presents a map of the current layout of the passenger terminals at JFK, accompanied by a list of the airlines operating at each terminal in May 2010 organized by airline alliances, which are described below.

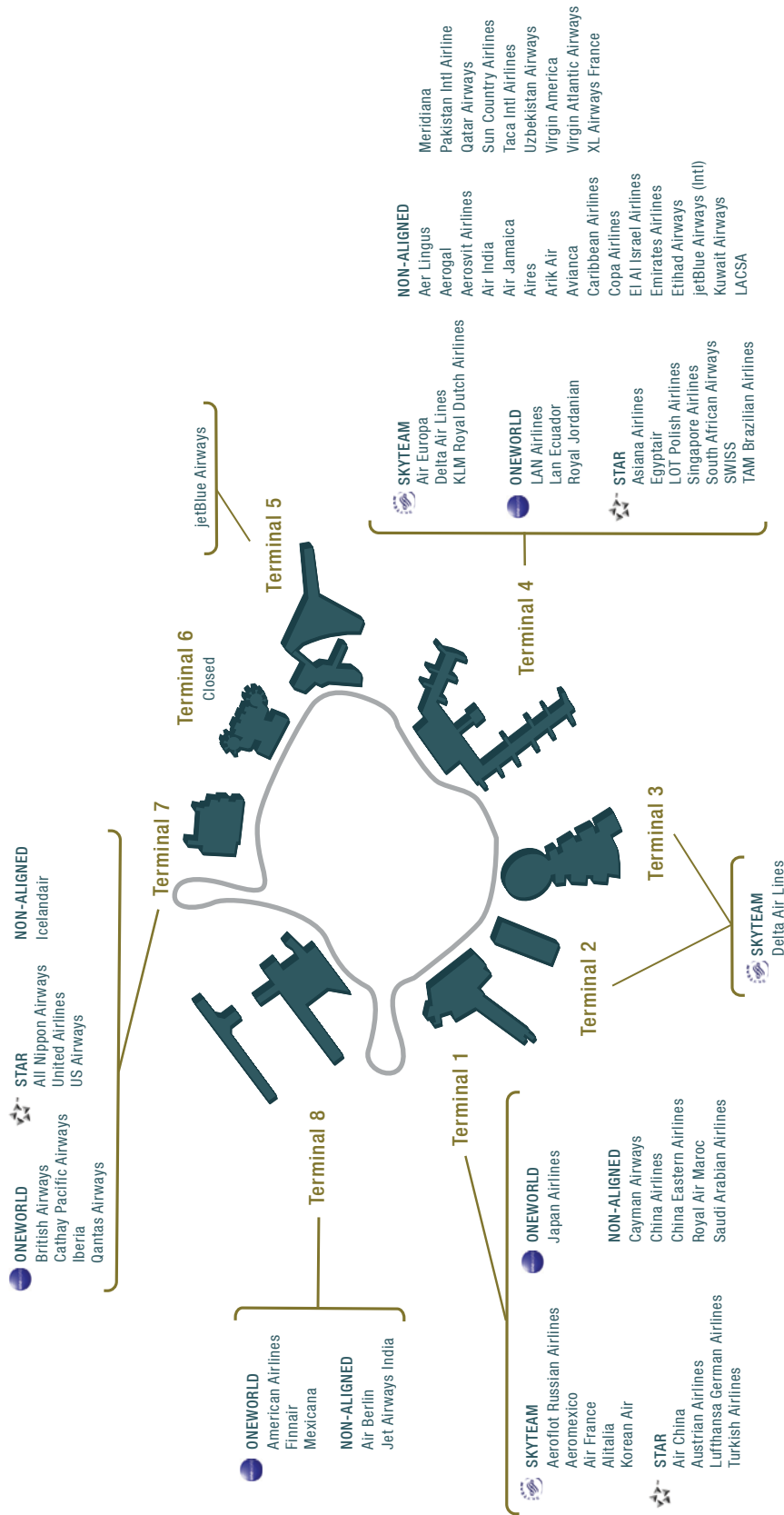
Terminal 1: Terminal 1, which opened in May 1998, was built and is operated by the Terminal One Group Association (TOGA), a consortium of international airlines that consists of Air France, Japan Airlines, Korean Airlines, and Lufthansa German Airlines, under a lease that expires on January 1, 2023. The 685,000 square foot building provides access to 10 contact gates (defined as an aircraft parking position with access to the terminal via a passenger loading bridge), and 2 remote aircraft parking positions (defined as an aircraft parking position without direct access to a terminal). Terminal 1 has the ability to serve up to four Group VI aircraft (equivalent to the Airbus A380 and Boeing 747-8), however, this restricts the use of adjacent gates. The terminal houses its own FIS facility to process inbound international passengers through customs and immigration. The terminal is not configured to serve domestic operations.

Terminal 2: Terminal 2 is a 225,000 square foot primarily domestic facility operated by Delta. The terminal provides access to 7 contact gates and 17 ground loaded commuter aircraft parking positions (defined as an aircraft parking position with direct access from the terminal without a passenger loading bridge) and 2 remote regional jet parking positions. The terminal does not have FIS facilities; therefore cannot serve international arrivals (international departures are allowed). In conjunction with the 2010 Expansion Project, Delta plans to extend its lease on Terminal 2 through December 31, 2020.

Terminal 3: Terminal 3 is currently operated by Delta for its domestic and international flights. The 804,000 square foot building provides access to 16 contact gates (including 12 gates configured for international arrivals) with 8 remote aircraft parking positions and houses an FIS facility. Following the completion of the 2010 Expansion Project Delta will relocate its mainline international and certain mainline domestic operations to Terminal 4 and plans to close Terminal 3. Under an agreement with the Port Authority Delta will be obligated to demolish Terminal 3 by 2017 and develop the site with remote aircraft parking positions.

Terminal 4: The 16 gate Terminal 4 opened in May 2001 and is operated by JFK IAT. The terminal houses the only 24-hour, seven days a week, FIS facility at the Airport and currently serves approximately 38 individual airlines. Detailed information on Terminal 4 is provided in Chapter 6.

Terminal 5: The new Terminal 5 opened for business in October 2008. The new facility was funded by the Port Authority and built by JetBlue Airways, which operates the terminal under a lease that extends through October 2039. The 676,000 square foot facility provides access to 26 narrowbody aircraft contact gates and 14 remote aircraft parking positions. As Terminal 5 does not have an FIS facility, it serves only JetBlue's domestic flights and international departures. JetBlue's international arrivals are served at Terminal 4, with the aircraft relocated to Terminal 5 for departures.



Source: Port Authority of New York & New Jersey, reflects carrier activity as of June 2010.
Prepared by: Ricondo & Associates, Inc., September 2010.

Exhibit IV-1

Carrier Distribution at JFK Terminals

Terminal 6: Terminal 6, last used by JetBlue before the opening of Terminal 5, is a 470,000 square foot terminal building with 14 contact gates, as configured for JetBlue’s narrowbody aircraft fleet.

Following JetBlue’s relocation to Terminal 5, Terminal 6 was closed to operations and is currently not in use. However the apron area surrounding Terminal 6 is used to provide 14 remote aircraft parking positions. The Port Authority has approved plans to demolish Terminal 6, with the existing apron to remain available for remote aircraft parking. The resulting vacant area could provide locations for additional remote aircraft positions, a new terminal, or the expansion of an existing terminal concourse in the future. The Port Authority has granted JetBlue a five-year option (expires in 2015) to expand Terminal 5 onto the Terminal 6 site for an FIS facility and additional gates. Jet Blue has not announced any plans to undertake such a project to date.

Terminal 7: Terminal 7 is operated by British Airways under a lease that expires in 2015, with United Airlines as a major tenant. The 428,000 square foot terminal building provides access to 12 contact gates and houses an FIS facility.

Terminal 8: The new Terminal 8 opened in 2007. The terminal was built and is operated by American Airlines under a lease that expires in December 2036. The 1.8 million square foot terminal building provides access to 36 gates (27 mainline contact gates and nine regional jet gates), with the flexibility to reconfigure at least one gate for the Airbus A380, and houses a FIS facility for international passengers. American’s leasehold allows for the future expansion of Terminal 8.

Exhibit IV-2 presents the percentage of enplaned passengers served by each of the seven operating terminals at JFK for 2008 and 2009. Terminal 5, JetBlue’s domestic hub, served the most enplaned passengers in 2009 at 25.5 percent of the total, followed by Terminal 4 at 19.3 percent and Terminal 8 at 16.8 percent. These levels were relatively constant from 2008 to 2009.

4.1.1 Terminal Capacity and Demand for Gates at JFK

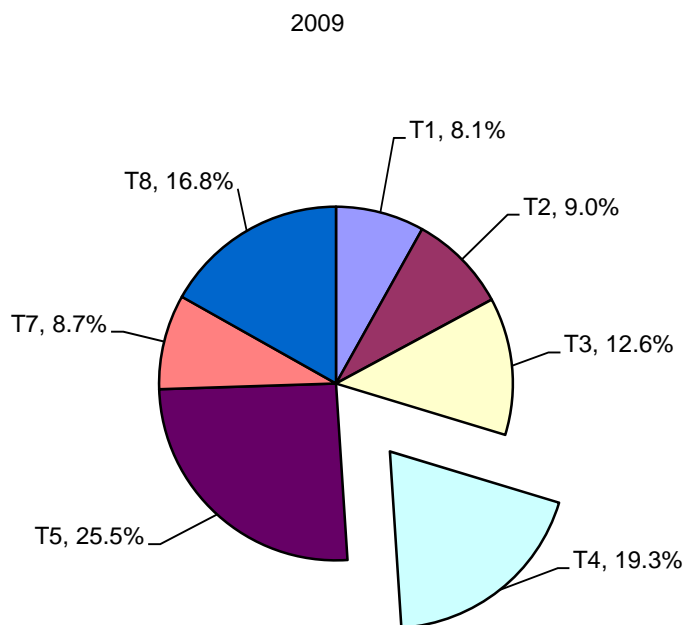
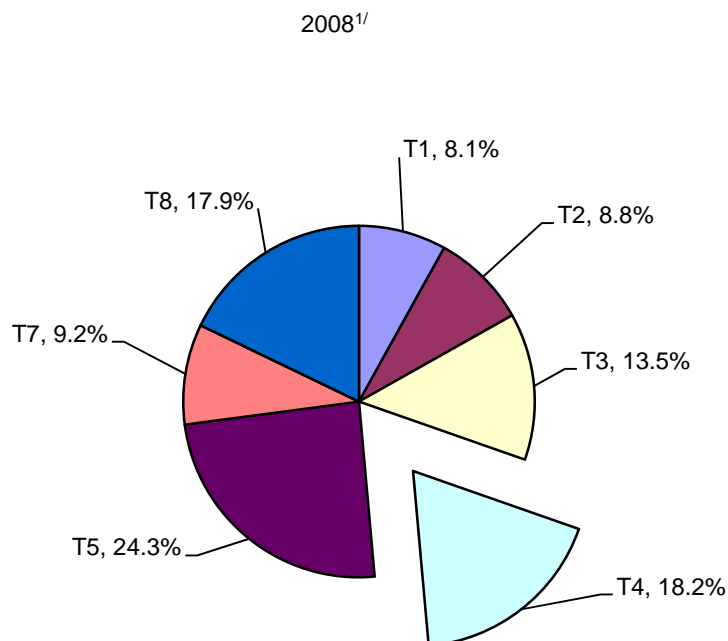
Passenger volume is but one measure of the demand placed on the terminals at the Airport. Another critical measure is the availability of gates to accommodate the schedules of the various airlines serving the Airport. There are two measures - the average number of flights per day per gate (turns per gate) and the availability of gates at the time of peak demand - that provide an indication of an airport’s ability to support the demand placed upon it.

Demand for gate space at JFK arises as a function of the Airport’s role as the nation’s leading international gateway. While Delta, JetBlue and American combined accounted for approximately 76 percent of operations at the Airport in August 2010¹, JFK is served by more than 70 other airlines, most of which offer one or two daily flights, all of which need access to a gate for a specific period of time during the day. Due to flight length considerations and the time difference between New York and popular destinations in Europe and Asia, many of these carriers desire gates at the same period of the day. **Table IV-1** portrays the number of scheduled arriving and departing flights at JFK each hour. The data indicates that JFK experiences a morning peak of 66 total operations between 7:00 and 7:59 am, and a consistent period of high demand from 1:00 pm through 9:59 pm (13:00 through 22:59), with total operations exceeding 65 per hour and peaking at 83 operations per hour between 7:00 pm and 7:59 pm (19:00 to 19:59). Table IV-1 also shows the number of aircraft on the ground (time between arrival and departure for each aircraft) at the Airport by time of day. This number peaks at 121 between 3:00 pm and 3:59 pm (15:00 to 15:59). Because of the assignment of flights and airlines to specific terminals, the actual need for contact gates and remote aircraft parking locations is greater, as discussed in the paragraphs below.

¹ Based on Official Airline Guide (OAG) schedule data for June 2010

Exhibit IV-2

John F. Kennedy International Airport Percentage of Enplaned Passengers by Terminal 2008 and 2009



Notes:

T = Terminal

Terminal 6 closed in 2008 and is not in use

1/ Terminal 5 reflects total enplaned passengers in Terminal 5 and Terminal 6 in 2008

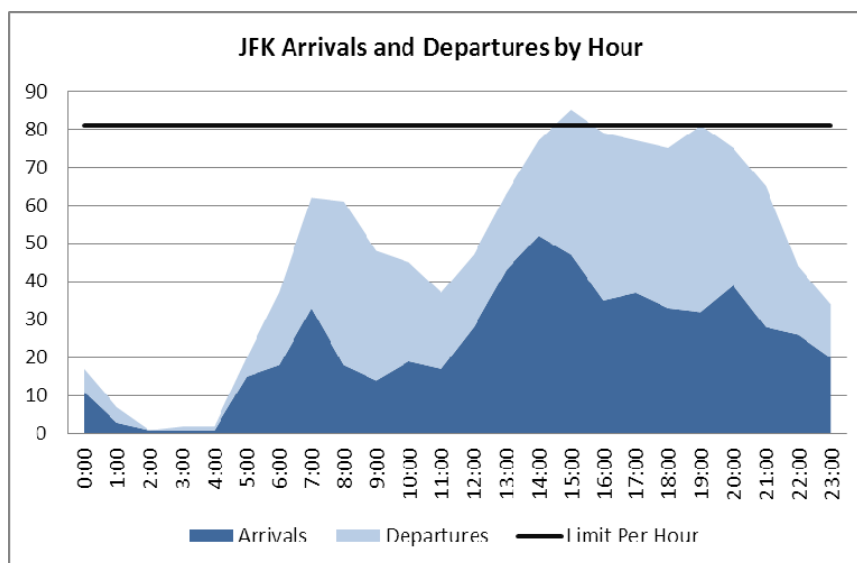
Source: Port Authority of New York and New Jersey, May 2010.

Prepared by: Ricondo & Associates, Inc., May 2010.

Table IV-1

Hourly Arrivals and Departures - JFK

Hour	Passenger Airline Operations ^{1/}			Aircraft on Ground by Hour ^{2/}
	Arrivals	Departures	Hourly Total	
0:00 - 0:59	11	6	17	82
1:00 - 1:59	3	4	7	85
2:00 - 2:59	1	0	1	84
3:00 - 3:59	1	1	2	85
4:00 - 4:59	1	1	2	85
5:00 - 5:59	15	5	20	98
6:00 - 6:59	18	19	37	101
7:00 - 7:59	33	29	62	108
8:00 - 8:59	18	43	61	107
9:00 - 9:59	14	34	48	80
10:00 - 10:59	19	26	45	64
11:00 - 11:59	17	20	37	57
12:00 - 12:59	28	19	47	58
13:00 - 13:59	43	20	63	83
14:00 - 14:59	52	25	77	101
15:00 - 15:59	47	38	85	126
16:00 - 16:59	35	44	79	125
17:00 - 17:59	37	40	77	115
18:00 - 18:59	33	42	75	113
19:00 - 19:59	32	49	81	97
20:00 - 20:59	39	36	75	82
21:00 - 21:59	28	37	65	80
22:00 - 22:59	26	18	44	74
23:00 - 23:59	20	14	34	75
Total	571	570	1,141	



Notes:

1/ Based on June 25th, 2010 OAG schedule.

2/ Based on arrival and departures times for each flight plus 15 minutes. After completion of the 2010 Expansion Project the Airport will have 173 total aircraft parking locations (contact gates + remote aircraft parking locations)

Source: Official Airline Guide (OAG), August 2010.

Prepared by: Ricondo & Associates, Inc., August 2010.

Tables IV-2 and IV-3 present gate demand measures typically used to measure capacity at an airport. Table IV-2 presents data regarding the number of contact gates (including ground loaded regional aircraft parking positions) and the average number of flights per day per gate (turns per gate) at each of the seven operating terminals in 2009. The number of turns per gate ranges from a low of 2.3 at Terminal 1 to a high of 6.0 at Terminal 5. Delta averages 4.4 turns per gate at Terminals 2 and 3, while Terminal 4 serves an average of 4.9 turns per gate. However, this decreases to 3.9 turns per gate when JetBlue's international arrivals are excluded.

Table IV-2

2009 Average Number of Turns per Gate per Day by Terminal

Terminal	Contact Gates & Regional Ground Load Positions	Aircraft Turns ^{1/}	Turns Per Gate
1	10	25	2.5
2 & 3	40	174	4.4
4 ^{2/}	16	79	4.9
5	26	156	6.0
7	12	39	3.3
8	36	97	2.7
Airport	140	570	4.1

Notes:

1/ Number of aircraft turns includes 17 tows of JetBlue aircraft from Terminal 4 to Terminal 5.

2/ Turns per gate for Terminal 4 do not include flights that are loaded and serviced from remote aircraft parking locations.

Sources: Port Authority of New York and New Jersey (Gates); Official Airline Guide (OAG) (Turns); Ricondo & Associates, Inc. (Turns Per Gate), July 2010.

Prepared by: Ricondo & Associates, Inc., July 2010.

Table IV-3

2010 Peak Hour Gate Demand

Terminal	Contact Gates & Regional Ground Load Positions	Remote Positions ^{1/}	Total Positions	Approximated Peak Hour Gate Demand ^{2,3,4/}	Peak Period
1	10	2	12	12	Late afternoon
2 & 3 ^{5/}	40	10	50	51	Mid to late afternoon
4	16	24	40	28	Late afternoon
5	26	14	40	31	Early morning
6	0	13	13	As Required	
7	12	0	12	10	Early morning
8	36	0	36	24	Mid afternoon
Airport	140	63	203		

Notes

1/ The number of remote positions is based on their current maximum configuration.

2/ Approximated peak hour gate demand based on matched date flight schedule from arrival to departure

3/ Planes are assumed to be on a gate for a maximum period of one hour after arrival and 1.5 hours prior to departure.

4/ Planes on the ground longer than 2.5 hours between arrival and departure are assumed to be towed off contact gates

5/ Delta uses several gates and parking positions at Terminal 4 during peak periods which are not included in the peak hour gate demand total. The 8 remote positions at Terminal 3 are configured for Group IV aircraft, but can accommodate a greater number of smaller aircraft.

Sources: Port Authority of New York and New Jersey (Gates); Official Airline Guide (OAG) (Turns); Ricondo & Associates, Inc. (Turns Per Gate), July 2010.

Prepared by: Ricondo & Associates, Inc., August 2010.

The range in turns per gate reflects the different operating characteristics of the airlines at each terminal. For example, the higher number of turns per gate at Terminal 5, the home of JetBlue, is typical for a domestic hub operation. The lower number of turns per gate at the remaining terminals reflects the higher number of daily international flights operating from these terminals.

The typical number of turns per gate per day at airports in the United States ranges from 8 or more at terminals that serve as a connecting hub, focus city, or host a low cost airline that emphasizes fleet efficiency, to less than 5 at ‘spoke’ airports where an airline may offer a handful of flights per day. While these averages may suggest that JFK has the capacity to absorb more flights over the course of the day, they do not take into account the unique characteristics of international operations.

A large portion of the airlines serving JFK generally utilize larger aircraft on long range international flights, which tend to have longer ground times between arrival and departure due to the length of the deplaning and boarding processes and the time required to clean, fuel and service the aircraft between flights. Furthermore, many international arrival and departures times at JFK are also tied to controlled times for departure or arrival at the flight’s origin or destination airport. Such controlled times may be related to airport slot times, such as at London’s Heathrow Airport, or the desire of an international carrier to establish connection times with other flights at its international connecting hub, such as Lufthansa’s flights to Frankfurt or Munich. For these reasons, flights from individual world regions tend to arrive and depart in relatively narrow time periods, causing peaks in activity at JFK and fewer turns per gate than at other U.S. airports that are not international gateways.

A better measure of demand for gates at JFK is a count of airline flights as assigned by time of day to the various terminals at the Airport compared to the number of gates and bus serviced remote aircraft parking positions at each terminal. The peak number of flights by terminal on August 13, 2010, is summarized in Table IV-3, with the time of day of the peak and the number of contact and remote aircraft parking positions, as configured for maximum capacity, available to serve these flights. As shown, all terminals except Terminal 8 are approaching capacity in terms of number of gate and remote aircraft parking positions, with most terminals requiring some use of remote aircraft parking positions to accommodate all flights.

As each terminal at JFK functions as an independent entity and has the ability to sublet its facilities to other carriers, the demand for gates at the Airport creates a competitive element among the terminal operators to attract “independent” airlines (i.e., the airlines that are not affiliated with the terminal operators) to use their facilities. For the terminals that are operated either by a specific carrier or group of carriers, the ability to attract independent airlines to their facility at times when their gate capacity exceeds the requirements of their own schedules provides a means to offset the expense of operating the terminal, thereby reducing their operating costs. While these operators benefit by offsetting costs they would otherwise bear, and thus may offer an independent airline favorable rates & charges relative to those of the prevailing market at the Airport, their first priority remains their own corporate interests. Thus, their ability to accommodate an independent airline is, first, a function of its own scheduling needs and, second, the ability of its staff and facility to meet the service needs of its potential airline customer.

Terminal 4, on the other hand, was established specifically to cater to the needs of the independent airlines operating at the Airport. Under the JFK IAT lease, Terminal 4 is required to accommodate any airline desiring to serve the Airport, provided it has the capacity available to do so. Terminal 4 competes for independent carriers by offering access to the terminal and providing aircraft and passenger servicing tailored to the needs of each particular airline.

4.1.2 Future Terminal Development at JFK

At present, the only approved terminal development at JFK is the 2010 Expansion Project, which is detailed in Chapter 6. As the result of the expansion, nine additional aircraft gates will be placed into service at Terminal 4, all of which will be occupied by Delta. Once the 2010 Expansion Project is completed, Delta intends to relocate its mainline international and certain mainline domestic operations to Terminal 4. Delta will be obligated under an agreement with the Port Authority to demolish Terminal 3 by 2017 to create 16 remote aircraft parking positions. The net result of the project will be a reduction in the number of contact and regional aircraft ground loaded gates at the Airport to 133 from 140, and in the number of remote parking positions available to 57 from 63 (depending upon configuration). As a result, the total number of positions available for aircraft servicing and the loading and unloading of passengers changes from 203 to 190. However, as six of the new Terminal 4 gates will be capable of serving Group V aircraft (equivalent to a Boeing 747-400) and 3 of the new gates will be capable of serving Group IV aircraft (equivalent to a Boeing 767), there is an increase in passenger handling capacity per gate.

Upon completion of the 2010 Expansion Project, Delta and its Sky Team Alliance partners using Terminals 2 and 4 will have access to 40 contact and regional aircraft ground loaded gates (assuming Delta occupies 16 gates in Terminal 4), while JFK IAT's contract carriers will have access to 9 contact gates in Terminal 4. In addition, there will be a combined total of 28 remote aircraft parking positions available to the carriers operating at Terminals 2 and 4. **Table IV-4** presents peak hour demand by terminal on a pro forma basis, assuming the Terminal 4 2010 Expansion Project was in place today, based on current airline schedules. Based on August 2010 activity levels, and assuming no airline relocations to other terminals, peak hour demand at Terminals 2 and 4 would be approximately 68 positions, indicating continued use of remote aircraft parking positions to serve certain flights. The peak of 68 is less than the total of 79 required by adding the peak requirements of the existing three terminals together based on current activity. This lower requirement under the pro forma analysis stems from differences in operations at each of the terminals, differences in the timing of the peaks at each terminal, and differences in the terminals themselves, especially Terminal 4 following the 2010 Expansion Project which will allow more efficient gate use.

Table IV-4

2010 Peak Hour Gate Demand - Pro Forma Terminal 4 Expansion

Terminal	Contact Gates & Regional Ground Load Positions	Remote Positions ^{1/}	Total	Approximated Peak Hour Gate Demand ^{2,3,4/}	Peak Period
1	10	2	12	12	Late afternoon
2 & 4 ^{5/}	49	28	77	68	Late afternoon
5	26	14	40	31	Early morning
6	0	13	13	As Required	
7	12	0	12	10	Early morning
8	36	0	36	24	Mid afternoon
Airport	133	57	190		

Notes:

- 1/ The number of remote positions is based on their current maximum configuration, or in the case of Terminals 2 & 4, the approximate future configuration of the remote positions including the positions to be built on the Terminal 3 site.
- 2/ Approximated Peak Hour Gate Demand based on matched date flight schedule from arrival to departure
- 3/ Planes are assumed to be on a gate for a maximum period of one hour after arrival and 1.5 hours prior to departure.
- 4/ Planes on the ground longer than 2.5 hours between arrival and departure are assumed to be towed off contact gates
- 5/ Remote positions for terminals 2 & 4 includes the remote aircraft parking positions to be built on the Terminal 3 site.

Source: Port Authority of New York and New Jersey (Gates); Official Airline Guide (OAG) (Turns); Ricondo & Associates, Inc. (Turns Per Gate), July 2010.

Prepared by: Ricondo & Associates, Inc., August 2010.

The Port Authority's moderate forecast for operations at the Airport indicates an increase to 386,725 annual airline operations in 2019, or approximately 200 to 250 more operations per day than under current schedules. As indicated in Table IV-1, approximately 60 slots currently are unused within the busy 1 p.m. to 10 p.m. period, with a total of 232 slots unused during the entire restricted period of 6:00 a.m. to 11:00 p.m. Thus, the Airport's airfield and surrounding airspace could accommodate substantially all of the expected growth in operations within the current restrictions, with approximately 20 percent of the future operations accommodated within the extended busy afternoon to evening period.

A future increase of 200 to 250 operations per day represents a 20 percent increase over August 2010 daily operations. Assuming an evenly distributed increase over all the hours of the day (i.e., no restrictions based on slot limits), aircraft on the ground would increase from 121 at 3 p.m. to 144, well within the projected total of gates plus remote aircraft parking positions at the Airport (assuming gate demand increases are distributed to all terminals). Conversely, a substantial increase in daily operations represents a substantial new demand for gates in the future to be served by Terminal 4 and other terminals.

The use of remote aircraft parking positions to provide passenger access via buses to aircraft, while common at airports outside the U.S. is viewed as a lower level of service and a competitive disadvantage for airlines whose flights are assigned remote positions. Generally, even with discounted use fees for remote handstands, airlines typically will accept the higher fees related to contact gate access for flights.² Therefore, the number of flights served by Terminals 2 and 4 approach the capacity of the two facilities, as implied in Table IV-4, confirms a strong demand for the new gate construction in the 2010 Expansion Project.

The evolution of international airline alliances may create movement of carriers among terminals that could free up capacity in existing terminals. For example, the carriers that make up TOGA may consider relocating to the terminals of their respective alliance partners upon the expiration of the Terminal 1 lease or a refinancing of the outstanding debt. Another potential source for increased capacity at JFK exists at Terminal 8, where American's leasehold allows for future expansion. In March 2010, American and British Airways announced they had begun evaluating a proposal from the Port Authority to expand Terminal 8 to allow the airlines to co-locate their operations in the facility.³ In August 2010, American further indicated that it was in negotiations with the Port Authority to expand Terminal 8 for the purpose of relocating both British Airways and Iberia Airlines to its facility, as these carriers were recently granted anti-trust immunity with American to partner on trans-Atlantic flights.⁴ The potential move of British Airways and Iberia to Terminal 8 would create capacity at Terminal 7.

Outside of the Terminal 8 site, opportunities for future terminal development at the Airport are limited. Terminal 4 was designed for future modular expansion, and both concourses can be extended beyond what is contemplated in the 2010 Expansion Project. JFK IAT and Delta have considered possible plans for further expansion of Terminal 4, however, no assurances can be given at this time as to whether any such plans will, or will not, be pursued. Any future expansion of

² With very few exceptions, JFK IAT does not offer discounts for aircraft serviced from a remote aircraft parking location at Terminal 4.

³ American Airlines, "American Airlines Bolsters Commitment to New York by Enhancing Network, Schedule, Facilities and Fleet at New York's Airports, and Introduces New Partnerships with JetBlue Airways and NYC & Company," March 31, 2010

⁴ Shlangenstien, Mary, "American in Talks to Move Partners to JFK Terminal," Bloomberg, August 12, 2010

Terminal 4 will require the approval of the Port Authority. It is also possible that either the Terminal 3 or Terminal 6 sites may be redeveloped in the future. However, both sites are small and thus constrained as to what facilities may be built. Furthermore, construction costs may prove prohibitive. The Port Authority plans to grant JetBlue a 5-year option to expand Terminal 5 onto the Terminal 6 site for an FIS facility and additional gates; however, JetBlue has not announced any plans to do so to date.

While there will likely be movement of airlines among the various terminals at JFK, and the possibility exists for an increase in the number of available gates through future terminal expansion or development, the nature of international operations at JFK combined with the expected growth in enplanements and operations detailed above indicates that demand for gates at the Airport is likely to remain robust, particularly during peak periods. It should also be noted that new terminal or concourse construction on the old Terminals 3 and 6 sites would eliminate remote aircraft parking positions, so that the net total aircraft parking capacity at the Airport would not be anticipated to change significantly. As a result, future terminal expansion at JFK is not expected to significantly influence the competitive position of JFK IAT and Terminal 4 during the projection period, which extends through 2020.

Similarly, a change in connecting passenger percentages at the Airport should also not significantly affect peak hour gate demand. Under the assumption that peak hour demand and preferred flight times are directly related, the replacement of connecting traffic with O&D passengers would likely retain the status quo, while a reduction in connecting traffic without an offsetting increase in O&D activity would result in a potential reduction in aircraft size and fewer off peak flights, indicating that there would not be a significant change in demand for gates in the peak hours.

V. Passenger Demand Forecasts

This chapter presents R&A's forecasts for enplanement activity for the Air Trade Area, JFK, Delta, and Terminal 4. The chapter begins with an overview of factors that may affect demand for air travel and the airline industry during the projection period from 2010 through 2020. The section continues with the forecast of regional demand for air travel and the methodology used to arrive at the projections. Similarly, the following section provides the forecast of demand for air travel at JFK, including a comparison of the regional and JFK specific forecast to the forecasts of other entities, including the Port Authority. The fourth section of the chapter provides the forecast for Delta at JFK, with the final section providing the forecast of enplanement activity at Terminal 4.

5.1 Factors Affecting Aviation Demand and the Airline Industry

This section discusses qualitative factors that could influence future aviation activity at the Airport. While data and/or information related to these factors have not directly been incorporated into the projections of Airport activity discussed in Section 5.1.3 (e.g., jet fuel prices), these factors were indirectly considered and analyzed in developing the projections.

5.1.1 National Economy

Air travel demand is directly correlated to consumer income and business profits. As consumer income and business profits increase, so does demand for air travel. As noted in Chapter 1, the nation entered an economic recession in December 2007, which was marked by a combination of declines in construction activity, falling home prices, rising oil prices and a falling stock market. Demand for air travel weakened in 2008, registering a 3.1 percent decline, followed by an additional 5.2 percent decline in 2009. As noted in first quarter 2009 earnings statements of the Airport's three largest carriers, American, Delta, and JetBlue attributed significant losses of demand for air travel to the severe and rapid downturn in the global economy. During the first quarter of 2009, American's, Delta's, and JetBlue's system passenger load factor dropped by 3.5, 2.5, and 2.2 percentage points compared to the same period in 2008, respectively. At JFK, passenger load factors fell by 1.7 points for American, 0.5 points for Delta, and 2.2 points for JetBlue during the same comparison period.

Recently, trends in U.S. GDP have improved, with the nation recording an increase of 2.2 percent in the third quarter of 2009, followed by additional gains of 5.6 percent and 3.0 percent in the fourth quarter of 2009 and the first quarter of 2010, respectively. The rise in real GDP in recent quarters is reflective of stronger consumer spending in this period. According to US Bureau of Transportation Statistics data, air travel began to rebound in late 2009, and has increased at a 1.3percent rate since March 2010. According to the latest forecast from the Congressional Budget Office (CBO), U.S. GDP is projected to grow by 1.7 percent in 2010, by 3.5 percent in 2011, and by an average of 4.7 percent in 2012 and 2013,¹ which suggests the upward trend in air travel should continue. However, should the economy stall, or again trend downward (e.g., encounter a "double-dip" recession), aviation demand nationwide will likely be negatively impacted.

5.1.2 State of the Airline Industry

In the aftermath of the events of September 11th, the industry saw a downturn in demand for air travel. The result was five years of reported industry operating losses, totaling more than \$28 billion dollars (excluding extraordinary charges and gains). The airline industry finally gained ground in

¹ Source: Congressional Budget Office, *The Budget and Economic Outlook: An Update*, available online at <http://www.cbo.gov/ftpdocs/105xx/doc10521/08-25-BudgetUpdate.pdf>, last accessed in May 2010.

2007 with virtually every U.S. airline posting profits. However, in 2008 and through the first half of 2009, the combination of record high fuel prices, weakening economic conditions, and a weak dollar resulted in the worst financial environment for U.S. airlines since the September 11th terrorist attacks. In response, most airlines announced significant capacity reductions, increased fuel surcharges, increased fares and fees, and adopted other measures to address the financial challenges. Whereas the capacity reductions following the events of September 11th were the direct result of terror threats targeting the traveling public, the industry reductions starting in late 2008 and continuing through the first half of 2009 were primarily driven by significant increases in fuel costs over a span of two and a half years, a weak dollar exacerbating the impact of increased fuel costs, and the contraction of the U.S. economy. After nearly \$10 billion of losses in 2009, the International Air Transport Association (IATA) is predicting a \$2.5 billion profit for the global industry in 2010. Globally, passenger traffic is forecast to rise 7.1 percent in 2010. Even though recovery is uneven across different regions, North American airline profits are projected to be \$1.9 billion in 2010. Generally, as the airline industry strengthens financially, its ability to provide service increases which should produce growth in air travel activity.

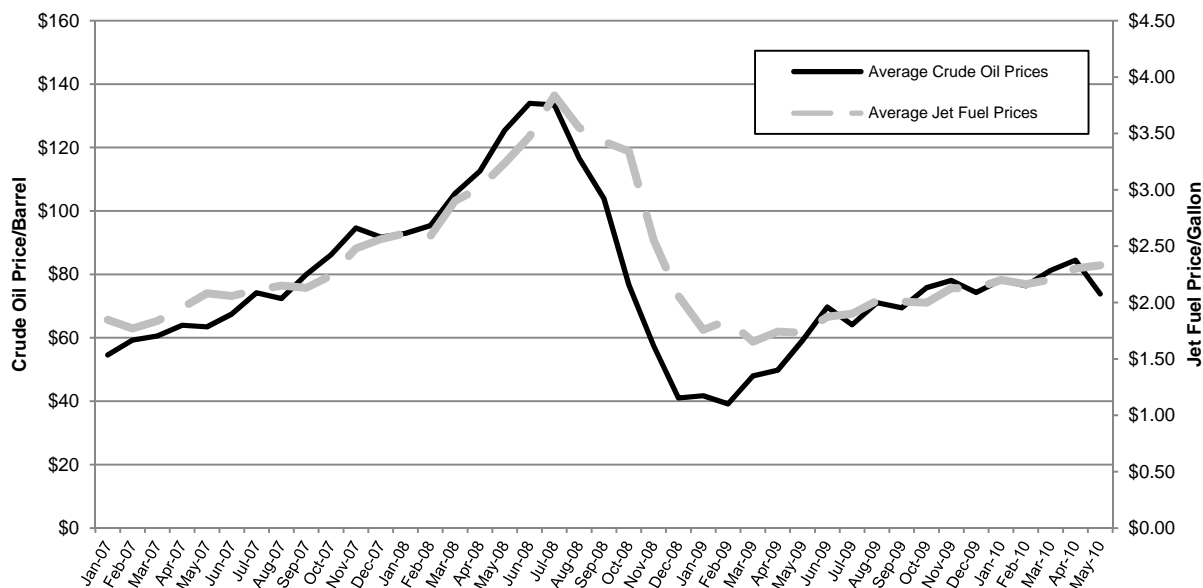
5.1.3 Cost of Aviation Fuel

The price of fuel is the most significant force affecting the airline industry today. The average price of jet fuel was \$0.82 per gallon in 2000 compared to \$3.07 in 2008, an increase of 275 percent. With airline profitability under pressure from escalating fuel costs, airlines increased air fares and imposed fuel surcharges. During the ascent of jet fuel prices in the second quarter of 2008, average air fares for the nation rose to \$161 from \$150 compared to second quarter 2007, or an increase of 7.2 percent. For the Airport, average air fares rose by 8.4 percent over the same comparison period to \$184. Generally speaking, increases on air fares have an inverse relationship with air travel demand. The average price of jet fuel decreased to \$1.90 per gallon in 2009; however, this cost still represents an increase of 132 percent from 2000 prices. The average price of jet fuel remains high, at \$2.33 per gallon in May 2010. According to the Air Transport Association, every one-cent increase in the price per gallon of jet fuel increases annual airline operating expenses by approximately \$175 to \$200 million. Aloha Airlines, American Trans Air, and SkyBus cited high fuel prices as the contributing factor in their respective Chapter 11 bankruptcy filings.

According to the Air Transport Association, U.S. airline fuel expense increased from \$16.4 billion in 2000 to \$32.3 billion in 2009, a compounded annual growth rate of 7.8 percent during this period. The most significant annual increase occurred in 2008, when fuel expenses increased 37.9 percent from \$41.9 billion in 2007 to \$57.8 billion in 2008. On July 11, 2008, oil prices rose to a new record of \$147 per barrel following concerns over Iranian missile testing. During the remaining months of 2008 oil prices declined from their July peak and closed out the year at an average of approximately \$40 per barrel (December 2008). **Exhibit V-1** shows the monthly averages of jet fuel and crude oil prices from January 2007 through May 2010.

Exhibit V-1

Historical Monthly Averages of Jet Fuel and Crude Oil Prices



Source: Air Transport Association, August 2010.

Prepared by: Ricondo & Associates, Inc., August 2010.

In 1999, jet fuel accounted for nearly 10 percent of an airlines' operating expenses and historically, fuel expense was the second highest operating expense for an airline behind labor. More recently, jet fuel surpassed labor as the airlines' largest operating expense, according to the Air Transport Association. In 2008, fuel comprised approximately 30.6 percent and labor 20.3 percent of an airline's total operating costs. As oil prices fell in the first quarter of 2009, labor once again became the airlines' largest operating expense representing 25.8 percent versus fuel at 21.3 percent. In the third quarter of 2009, these shares of total operating costs were 24.9 percent and 23.8 percent, respectively. Airlines react to rising oil prices by increasing fares, either directly, through the implementation of a surcharge, or by reducing capacity to the point that supply matches demand at a fare level that allows the airlines to cover the increased cost of fuel. Generally, increasing air fares depress demand for air travel.

5.1.4 Airline Scheduled Seat Capacity

While jet fuel prices have declined, the airlines continue to restrain growth in capacity due to the weak economy, keeping in place reductions they implemented beginning in 2008. The height of the industry capacity decline occurred in the first quarter of 2009, as domestic seat-capacity declined by 11.0 percent versus the first quarter of 2008. Demand for domestic air travel, as measured by revenue passenger miles (RPMs), slipped at a similar rate of 11.6 percent during this period. During the first half of 2010 domestic airline seat capacity decreased a further 1.8 percent, based on the schedules of the top domestic carriers.² Domestic seats for these carriers decreased by 7.6 million seats, from 410.2 million in the first half of 2009 to 402.6 million in 2010. Domestic seat capacity of

² The following carriers and their affiliates were used in this analysis: AirTran, Alaska, American, Continental, Delta, Frontier, Hawaiian, JetBlue, Midwest, Northwest, Southwest, Spirit, United, US Airways, and Virgin America. These fifteen carriers represented 98.0 percent of total domestic seats in the first half of 2010.

legacy carriers and their affiliates decreased by 1.9 percent during the first half of 2010 compared to the same period in 2009, while low cost carriers reduced domestic seat capacity by 1.5 percent. According to *usatoday.com*, scheduled domestic capacity was down 1.1 percent in July 2010 compared to the same month in 2009.³ Generally, a reduced supply of seats should result in rising prices which could constrain demand for air travel.

5.1.5 Airport Security and Threat of Terrorism

The events of September 11th curtailed airline travel in several ways: (1) these events reduced the demand for air travel as a result of the increased concerns about safety; (2) these events reduced air travel by exacerbating the mild recession that began in March 2001; and (3) the cost of travel was effectively increased because of the necessity of arriving earlier for departures, the increased frequency of delays resulting from security breaches, and new security surcharges. The result was substantially less demand for air travel for both work and leisure purposes.

With enactment of the Aviation and Transportation Security Act (ATSA) in November 2001, the Transportation Security Administration (TSA) was created and established different and improved security processes and procedures. The ATSA mandates certain individual, cargo and baggage screening requirements, security awareness programs for airport personnel and deployment of explosive detection devices. The act also permits the deployment of air marshals on all flights and requires air marshals on all "high-risk" flights. The federal government controls aviation industry security requirements, which can significantly impact the economics of the industry. Security requirements due to unexpected events could increase costs directly and indirectly to the industry and could have an adverse effect on passenger demand.

On Dec. 25, 2009, an individual onboard Northwest Airlines Flight 253 attempted to detonate an explosive device and was subdued by passengers and crew. As a result of this incident, the TSA issued new security directives to all U.S. and international air carriers with inbound flights to the U.S., which went into effect on January 4, 2010. TSA is mandating that every individual flying into the U.S. from anywhere in the world traveling from or through nations that are state sponsors of terrorism or other countries of interest will be required to go through enhanced screening. The directive also increases the use of enhanced screening technologies and mandates threat-based and random screening for passengers on U.S. bound international flights.

As has been the case since the events of September 11th, the recurrence of terrorism incidents against either domestic or world aviation during the projection period remains a risk to achieving the activity projections contained herein. Any terrorist incident aimed at aviation would have an immediate and significant adverse impact on the demand for aviation services.

5.1.6 Capacity of the National Airspace System

One of the FAA's major concerns is how increased delays at busy airports impact the efficiency of the National Airspace System (NAS). While considerable emphasis has been placed on improving system capacity without adding new pavement (e.g., through refinements in air traffic control procedures and improvements in navigational aids technology), the FAA acknowledges the significant role of building new runways, particularly at major connecting hubs. However, the FAA also acknowledges that this approach is rarely a straightforward process, especially near major population centers. Although there have been several initiatives to streamline the airport project development process, there is still a considerable amount of lead-time necessary to implement

³ Source: <http://www.usatoday.com/travel/flights/airline-capacity-map.htm>. The data reflect what airlines had reported to Official Airline Guide (OAG) regarding their July 2010 schedules as of June 20, 2010.

planned airport capacity improvements. In its May 2007 Capacity Needs in the National Airspace System report, the FAA stated the need to investigate other approaches to meet future capacity needs, including new commercial service airports, regional solutions, congestion management, and high-density corridors and multi-modal planning.

The national airspace system consists of individual airports that form interconnected and interdependent components of a network. A delay at one airport can propagate throughout the system, disrupting traffic well beyond the original location of the delay. Of particular importance are large hub airports (e.g., Hartsfield-Jackson Atlanta International and Chicago – O’Hare International airports), which are critical elements of the network and must be able to process significant numbers of operations to maintain system efficiency. Air traffic at one airport must be seen in a system-wide context, in which delays can significantly affect operations at other airports. For example, a recent study conducted by the U.S. Government Accountability Office (GAO) on flight delays in the U.S. national airspace system found that the majority of departure delays that were attributed to the New York City airports actually occurred, or were experienced at, other airports. The report found that the three New York City airports accounted for 41.2 percent of the delayed departures in the U.S. air space system in 2009. However, of the delayed departures at the New York City airports, only 26.2 percent of the delayed departures were tied to local factors, while 73.8 percent of the delayed departures were the result of late arriving aircraft due to factors at the point of origin.⁴ The report did not breakdown this information to the individual New York City airports.

The problem of flight delays is especially acute in the greater New York City metropolitan area. As previously discussed (Section 2.2.6), JFK, LaGuardia, and Newark have consistently ranked among the nation’s worst in on-time performance of domestic flights. As seen on Table II-4, only 71 percent of domestic flights, from June 2009 to May 2010, at Newark arrived on time. During this period, Newark was ranked 29th (or the second worst) of the nation’s top 30 major airports. LaGuardia and JFK ranked 28th and 26th (or the third and fifth worst airports) with on-time arrival rates for domestic flights of 73 and 74 percent, respectively. Improvements to the air traffic control system should increase capacity, reduce airline costs, and allow for the future growth of air travel. Conversely, delays in implementing improvements may lead to further operating restrictions such as those in force at JFK, increase costs to the airlines, and retard growth in air travel.

5.2 Forecast of Passenger Demand in the Air Trade Area

5.2.1 Forecast Methodology

A regression model was developed to project future enplanement demand, in aggregate, for the entire Air Trade Area using a 15-year history of demographic, socioeconomic, and traffic data for the four Port Authority airports, Westchester County Airport, and Long Island MacArthur Airport.

Total Air Trade Area enplanements were derived from a regression analysis based on socioeconomic projections. The historical relationship of enplanement growth and several socioeconomic variables were quantified. Socioeconomic data for population, employment, and total income, both historic and projected, was obtained from Woods & Poole for the Air Trade Area, as presented in Chapter 1. However, the ability of an econometric (regression) model to closely predict the historical data to which it is calibrated does not guarantee its future forecasting accuracy. In this case, the historical relationship of New York City metropolitan area enplanements to the above variables may change over the forecast period. As a result, the forecasts resulting from the regression analysis of the

⁴ Source: <http://www.gao.gov/new.items/d02185.pdf>

socioeconomic variables will inevitably be less than perfect. Given this uncertainty, it is appropriate from a forecasting standpoint to develop a composite forecast to bracket the range of likely future outcomes.

With this in mind, five forecasts were developed – three based on the socioeconomic variables above, a trend analysis, and a composite forecast. However, as the population regression produced the lowest correlation to enplanements, population was considered an outlier and eliminated from consideration. In each forecast, the projections for 2010 were modified from the model output to reflect current economic conditions, and incorporate the published schedules of the airlines regarding capacity and average load factors. The results of the remaining regression analyses are described below.

- Income Regression – The regression assumes enplanement levels will be driven by long-term Air Trade Area income projections. This analysis projected that total New York City enplaned passengers increase from 52.4 million in 2010 to approximately 66.2 million in 2020, resulting in a compounded annual growth rate of 2.4 percent.
- Employment Regression – The regression assumes enplanement levels will be driven by long-term Air Trade Area employment projections. This analysis projected total New York City enplaned passengers to increase from 52.4 million in 2010 to 64.1 million in 2020, a compounded annual growth rate of 2.0 percent.
- Linear Trend Analysis – The trend analysis forecast was developed by applying a simple regression model of annual enplanements as a linear function of time. It is an appropriate technique as it can often meet or exceed other more sophisticated approaches in terms of forecasting accuracy because enplanements often exhibit a strong correlation to time. Linear trend analysis results in total New York City enplaned passengers increasing from 52.4 million in 2010 to approximately 64.0 million in 2020, a compounded annual growth rate of 2.0 percent.
- Composite Forecast – This forecast was derived by averaging the growth rates of the income and employment regressions, and the trend analysis starting from 2011 on and applying this average growth rate to the prior year's passenger volumes. The composite forecast assumes that there is a moderate growth in New York City metropolitan area enplanement demand from 2011 to 2020, not as high as the growth rate indicated by the income regression yet not as low as the growth rates indicated by the employment regression and trend analysis. The composite resulted in total New York City enplaned passengers increasing from 52.4 million in 2010 to approximately 65.3 million in 2020, representing a compounded annual growth rate of 2.2 percent.

Table V-1 summarizes the analyses discussed above. The income regression model resulted in the highest correlations, with r^2 value of 0.82. The correlation of the employment regression produced an r^2 value of 0.78 while the linear trend models produced a correlation, with an r^2 value of 0.74. The regression analyses resulted in correlations resulting in enplaned passenger forecasts ranging from 64.0 to 66.2 million in 2020. While possible, the growth rate indicated by the income regression was considered aggressive when compared to long-term historical growth rate for the New York City metropolitan area. The composite forecast, however, is believed to be representative of the growth rate that the New York City metropolitan area may realistically experience over the projection period.

Table V-1

Regression Results – Air Trade Area Forecast

Year	Enplaned Passengers Forecasts for the New York City Metropolitan Area				
	Regression Analyses				
	Total Enplaned Passengers	Income	Employment	Linear Trend	Composite
2009	52,849,580				
2010		52,427,000	52,427,000	52,427,000	52,427,000
2015		59,133,000	58,365,000	58,436,000	58,558,000
2020		66,151,000	64,054,000	64,016,000	65,336,000
R- Square		0.82	0.78	0.66	--
Compounded Annual Growth Rate					
2010 - 2020		2.4%	2.0%	2.0%	2.2%

Source: Ricondo & Associates, Inc., July 2010.

Prepared by: Ricondo & Associates, Inc., July 2010.

5.3 Forecast of Passenger Demand at JFK

This section presents enplaned passenger forecasts for the Airport, prepared on the basis of local socioeconomic and demographic factors. The results, factors, and assumptions underlying the enplaned passenger forecasts are also discussed.

5.3.1 Socioeconomic Regression and Linear Trend

A regression analysis based on historical Airport enplanements was used to forecast a range of future enplanements over the projection period. The results of the various regression analyses are described below.

- **Income Regression** – Using total income as the basis for the regression analysis, total Airport enplaned passengers are projected to increase from 21.9 million in 2010 to approximately 27.2 million in 2020, resulting in a compounded annual growth rate of 2.2 percent.
- **Employment Regression** – Using employment as the basis for the regression analysis, total Airport enplaned passengers are projected to increase from 22.0 million in 2010 to 26.7 million in 2020, resulting in a compounded annual growth rate of 1.9 percent.
- **Linear Trend Analysis** – Linear trend analysis results in total Airport enplaned passengers increasing from 22.3 million in 2010 to approximately 27.4million in 2020, representing a compounded annual growth rate of 2.1 percent.
- **Composite Forecast** – This forecast was derived by projecting Airport enplanements in 2010 based on published scheduled departing seats, three months of actual Airport data, and average load factors then applying the average growth rates of the income and employment regressions, and the trend analysis from 2011 through 2020. The composite resulted in total Airport enplaned passengers increasing from 22.6 million in 2010 to approximately 27.8 million in 2020, representing a compounded annual growth rate of 2.1 percent.

Table V-2 summarizes the analyses discussed above. The correlation of the income regression produced an r^2 value of 0.76 while the employment regression and linear trend models produced a correlation, with an r^2 value of 0.74. The regression analyses resulted in correlations resulting in enplaned passenger forecasts ranging from 25.0 to 27.4 million in 2020. The composite forecast, however, is believed to be representative of the growth rate that the Airport may realistically experience over the projection period based on the results of comparable growth rates in the Air

Trade Area analyses. In the following sections 5.3.2 and 5.3.3, the reasonableness of the Airport's composite forecast is tested and explained in further detail.

Table V-2

Regression Results – JFK Forecast

Enplaned Passengers Forecasts Regression Analyses for JFK					
Year	Total Enplaned Passengers	Income	Employment	Linear Trend	Composite
2009	22,917,781				
2010		21,923,891	22,010,149	22,319,885	22,638,300
2015		24,410,610	24,300,857	24,864,144	25,140,100
2020		27,190,986	26,666,385	27,408,404	27,767,800
Average Annual Growth Rate:					
2010 - 2020		2.2%	1.9%	2.1%	2.1%
R- Square		0.76	0.74	0.74	-

Source: Ricondo & Associates, Inc., June 2010.

Prepared by: Ricondo & Associates, Inc., June 2010.

5.3.2 Projected Airport enplanements.

Table V-3 presents R&A's forecast of enplaned passengers at the Airport, broken out as to Delta, Terminal 4 (Contract Carriers), and the remaining terminals (the forecasts of which are detailed later in this chapter), as well as the Port Authority's moderate forecast and the FAA's 2009 Terminal Area Forecast (TAF). Enplanements at the Airport are projected to decrease 1.2 percent in 2010, and then have a modest rebound of 2.2 percent in 2011. Thereafter, enplaned passengers are projected to increase at an average annual rate of 2.0 percent through 2020. Overall, the forecast projects the number of enplaned passengers at the Airport to increase from 22.6 million in 2010 to 27.8 million in 2020, a compounded annual growth rate of 2.1 percent. R&A's total Airport enplanement projections for 2020 are below the Port Authority's moderate forecast (28.5 million) and the FAA's TAF (34.1 million).

Exhibit V-2 illustrates the historical and compares the projected enplanements at the Airport.

Table V-4 presents R&A's forecast of enplaned passengers at the Airport, broken out as domestic and international activity. Domestic enplanements at the Airport are projected to decrease 6.1 percent in 2010. Domestic enplaned passengers are projected to increase at an average annual rate of 1.7 percent from 2010 to 2020. International enplanements at the Airport are projected to increase 3.8 percent and represent 50.2 percent of total Airport enplanements in 2010. From 2010 to 2020, international enplaned passengers are projected to increase at an average annual rate of 2.4 percent and represent 51.9 percent of total Airport enplanements in 2020.

Activity projections for the Airport are based on a number of underlying assumptions that are further based on the professional judgment of R&A, taking into account national aviation trends, regional economic conditions, and other considerations. The following presents the specific assumptions used in developing activity projections at the Airport through 2020.

Table V-3
Historical & Projected Enplanements

	Enplanements					Port Authority Moderate Forecast ^{3/}	2009 TAF ^{4/}
Year	Delta ^{1/}	Terminal 4 ^{2/}	Others	Total	Annual Growth		
Historical							
1999	2,240,522	2,067,332	11,305,508	15,613,362	-		
2000	2,387,731	2,491,805	11,376,921	16,256,457	4.1%		
2001	2,143,251	2,208,419	10,219,259	14,570,929	-10.4%		
2002	2,133,249	2,130,620	10,596,049	14,859,918	2.0%		
2003	2,219,101	2,287,428	11,260,753	15,767,282	6.1%		
2004	3,073,460	3,031,952	12,580,092	18,685,504	18.5%		
2005	3,572,348	3,228,260	13,541,551	20,342,159	8.9%		
2006	3,549,535	3,788,637	13,897,717	21,235,889	4.4%		
2007	4,598,365	4,312,377	14,851,602	23,762,344	11.9%		
2008	5,256,806	4,415,123	14,180,166	23,852,095	0.4%		
2009	5,679,813 ^{5/}	3,786,361	13,451,607	22,917,781	-3.9%		
Projected							
2010	5,862,300	3,743,200	13,032,800	22,638,300	-1.2%	23,238,300	22,405,712
2011	6,037,600	3,788,900	13,302,100	23,128,600	2.2%	23,642,400	23,352,403
2012	6,207,800	3,849,400	13,566,800	23,624,000	2.1%	24,303,300	24,669,535
2013	6,469,200 ^{6/}	3,250,900	14,404,300	24,124,400	2.1%	24,857,100	25,949,647
2014	6,747,700 ^{6/}	3,218,100	14,664,000	24,629,800	2.1%	25,290,600	27,155,627
2015	6,898,600 ^{6/}	3,271,200	14,970,300	25,140,100	2.1%	25,790,300	28,344,325
2016	7,064,600 ^{6/}	3,319,200	15,271,600	25,655,400	2.0%	26,256,700	29,413,736
2017	7,233,700 ^{6/}	3,362,300	15,579,800	26,175,800	2.0%	26,734,200	30,523,781
2018	7,398,300 ^{6/}	3,405,000	15,898,000	26,701,300	2.0%	27,257,800	31,676,016
2019	7,564,400 ^{6/}	3,450,300	16,217,200	27,231,900	2.0%	27,836,900	32,872,054
2020	7,732,300 ^{6/}	3,496,400	16,539,100	27,767,800	2.0%	28,455,000	34,113,573
Average Annual Growth Rate:							
1999 - 2009	9.7%	-	1.8%	3.9%		-	-
2009 - 2010	3.2%	-1.1%	-3.1%	-1.2%		1.4%	-
2010 - 2015	3.3%	-2.7%	2.8%	2.1%		2.1%	4.8%
2015 - 2020	2.3%	1.3%	2.0%	2.0%		2.0%	3.8%
2010 - 2020	2.8%	-0.7%	2.4%	2.1%		2.0%	4.3%

Notes:

1/ Includes Delta Song.

2/ Excludes Delta and Delta Connection. Northwest and NW AirlinK excluded in 2009.

3/ Based on Port Authority Moderate Forecast (dated May 2010). Total passengers projections divided by two for estimated enplanements.

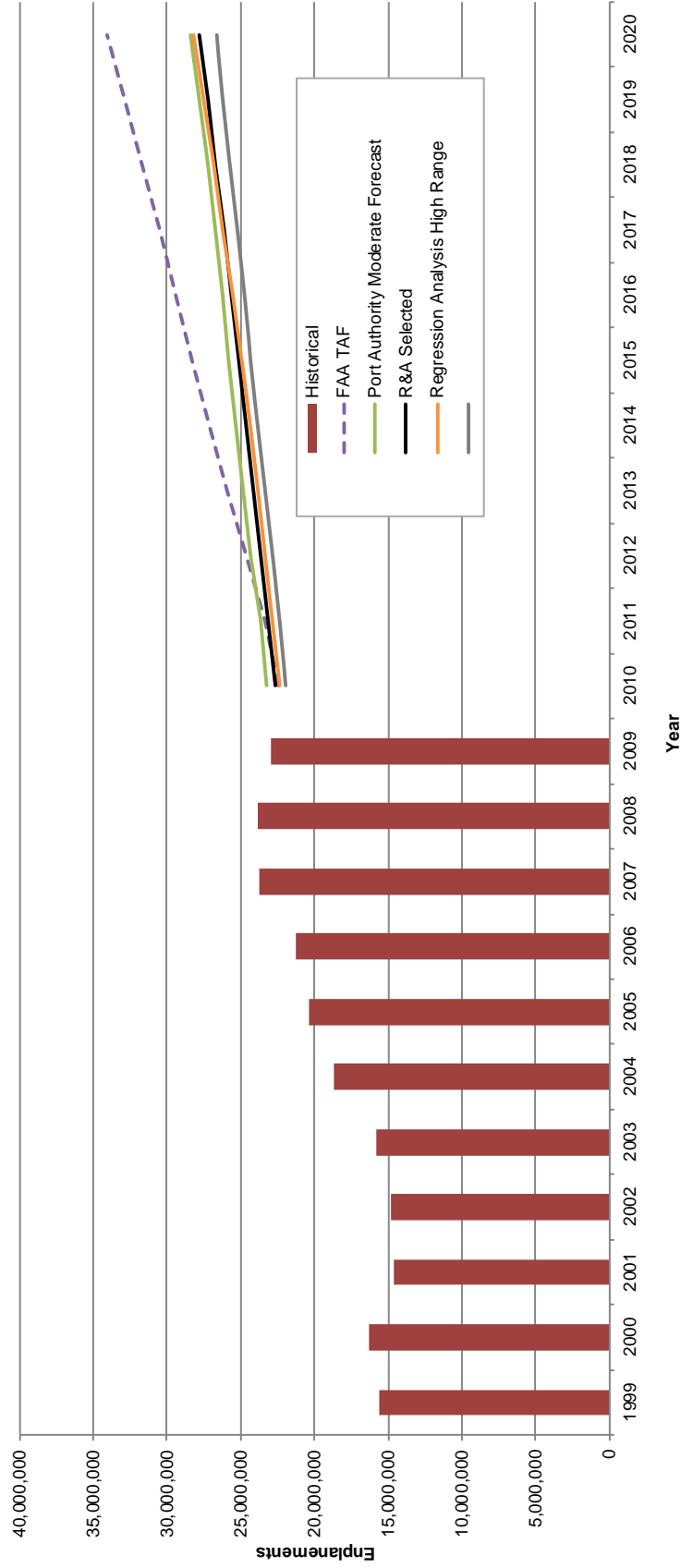
4/ Based on Federal Fiscal Year (Oct-Sep).

5/ Includes Northwest and Northwest AirlinK enplanements.

6/ Includes projected KLM enplanements.

Source: JFK International Air Terminal, LLC; Port Authority of New York & New Jersey (historical); Ricondo & Associates, Inc. (projected), June 2010.

Prepared by: Ricondo & Associates, Inc., June 2010.



Source: JFK International Air Terminal, LLC; Port Authority of New York & New Jersey (historical); Ricondo & Associates, Inc. (projected), June 2010..
 Prepared by: Ricondo & Associates, Inc., June 2010.

Exhibit V-2

Historical & Projected Enplanements – Airport Forecast Comparison

Table V-4

Historical & Projected Enplanements - Domestic & International

Year	Domestic Activity		International Activity		Total Airport Passengers	Annual Growth
	Airport Enplanements	Domestic Enplanement %	Airport Enplanements	International Enplanement %		
Historical ^{1/}						
1999	6,751,924	42.6%	9,102,292	57.4%	15,854,216	-
2000	7,079,940	43.1%	9,333,992	56.9%	16,413,932	3.5%
2001	6,680,740	45.5%	7,994,286	54.5%	14,675,026	(10.6%)
2002	7,301,439	48.8%	7,668,167	51.2%	14,969,606	2.0%
2003	8,218,429	51.8%	7,649,816	48.2%	15,868,245	6.0%
2004	10,044,211	53.5%	8,743,518	46.5%	18,787,729	18.4%
2005	11,045,777	54.0%	9,400,216	46.0%	20,445,993	8.8%
2006	11,501,750	54.0%	9,812,892	46.0%	21,314,642	4.2%
2007	13,086,846	54.9%	10,772,061	45.1%	23,858,907	11.9%
2008	12,602,034	53.1%	11,299,524	46.9%	23,901,558	0.2%
2009	12,007,690	52.3%	10,949,845	47.7%	22,957,535	(3.9%)
Year-to-date (June)						
2009	5,828,553	54.2%	5,032,872	45.8%	10,861,425	
2010	5,421,265	50.9%	5,317,463	49.1%	10,738,728	(1.1%)
Projected						
2010	11,274,800	49.8%	11,363,500	50.2%	22,638,300	(1.4%)
2011	11,478,500	49.6%	11,650,100	50.4%	23,128,600	2.2%
2012	11,683,000	49.5%	11,941,000	50.5%	23,624,000	2.1%
2013	11,888,200	49.3%	12,236,200	50.7%	24,124,400	2.1%
2014	12,094,200	49.1%	12,535,600	50.9%	24,629,800	2.1%
2015	12,300,800	48.9%	12,839,300	51.1%	25,140,100	2.1%
2016	12,508,000	48.8%	13,147,400	51.2%	25,655,400	2.0%
2017	12,715,900	48.6%	13,459,900	51.4%	26,175,800	2.0%
2018	12,924,500	48.4%	13,776,800	51.6%	26,701,300	2.0%
2019	13,133,700	48.2%	14,098,200	51.8%	27,231,900	2.0%
2020	13,343,500	48.1%	14,424,300	51.9%	27,767,800	2.0%
Average Annual Growth Rate:						
1999 - 2009	5.9%		1.9%		3.8%	
2009 - 2010	-6.1%		3.8%		-1.4%	
2010 - 2015	1.8%		2.5%		2.1%	
2015 - 2020	1.6%		2.4%		2.0%	
2010 - 2020	1.7%		2.4%		2.1%	

Note:

1/ Historical enplanements based on PANYNJ 2009 Annual Airport Traffic Report and estimated on total passengers divided by 2.

Source: JFK International Air Terminal, LLC; Port Authority of New York & New Jersey (historical); Ricondo & Associates, Inc. (projected), June 2010.
Prepared by: Ricondo & Associates, Inc., September 2010.

- The number of slots per hour at the Airport will remain constant through the projection period and increased enplanements will result from increased load factors, increased size of aircraft, and better utilization of non-peak periods.
- The Air Trade Area will continue to be a major center of international finance and tourism that, along with other economic factors, will continue to support strong demand for international air service at the Airport.
- The Airport will continue to provide nonstop service to a high percentage of its primary O&D markets. The composition of its air carrier base will also continue to foster competitive pricing and scheduling diversity.
- Activity at the Airport will continue to be served over a broad base of airlines, with Delta, American, and JetBlue providing the majority of enplanement activity during the projection period.
- International traffic growth at the Airport will continue to outpace domestic traffic growth due to increasing demand for air travel around the world and the advancements in open skies agreements.
- Airline consolidation/mergers (including United/Continental) or bankruptcies that may occur during the projection period are not likely to have a long-term negative impact on passenger activity levels at the Airport due to the size of the local market, the diverse air carrier base serving the Airport that can quickly respond to market signals, the scarcity of gates and slots which place them in high demand when they become available, and the projected growth trend in passenger demand.
- Creation of new airline alliances (as opposed to an airline joining an existing alliance), should they develop, will be restricted to code sharing and joint frequent flyer programs, and should not reduce airline competition at the Airport.
- The price of aviation fuel has steadily increased in recent years, requiring some passenger airlines to implement a surcharge to their pricing structure. Whereas a certain segment of leisure travelers will be negatively affected by higher fares, air travel demand at the Airport (especially business travel demand) will adjust to the higher fares required by escalating fuel prices.
- Economic disturbances will occur in the projection period causing year-to-year traffic variations; however, a long-term increase in nationwide traffic is expected to occur.
- No major national security events are assumed to occur during the projection period.

5.3.3 Market Share Forecast of New York City Area Airports

To test the reasonableness of the JFK composite forecast discussed above (Section 5.3.1), a secondary forecast for the Airport was developed using a market share approach. In this approach, enplanement projections for each of the Air Trade Area airports are derived from the composite regional forecast developed in section 5.2.1 by allocating enplanements to each airport based on their assumed future market share. Judgments were made as to how and to what extent each airport's growth rate will differ from that projected for the entire Air Trade Area. The growth rates used for these airports can be reflected as an increase or decrease in its future share of passenger activity in the region.

Specific judgments and assumptions regarding future market shares of the Air Trade Area's airports used to develop the projected enplanements at each airport are described below:

- JFK's share of total Air Trade Area enplaned passengers is assumed to decline from 43.4 percent in 2009 to 42.6 percent in 2020 as airfield (i.e. runways and taxiways) and landside (i.e. Van Wyck Expressway, Eastbound Nassau Expressway, and JFK Expressway ramps) demands are approaching capacity limitations. However, it is also assumed that the existing airfield at JFK has the ability to accommodate larger aircraft to meet future enplanement demand and allow future growth at the Airport.
- The average size of aircraft operated at JFK is expected to increase over time as the airlines adjust their fleets to meet demand due to the capacity constraints of the airfield. For example, several international airlines have announced plans to replace their current aircraft serving JFK with the larger A380 aircraft, while regional carriers continue to employ the greater use of newer, larger regional aircraft.
- The demand for air service in the Air Trade Area, particularly for international and long-haul domestic markets, will continue to be predominantly served through the Airport.
- Existing limits on hourly aircraft operations at LaGuardia will continue to constrain growth in total aircraft operations at that airport. However, LaGuardia's market share is assumed to increase somewhat over the projection period as the airlines increase aircraft size, particularly through reduced usage of 50-seat regional jets, which currently represent approximately 57 percent of total airport operations.
- Newark Liberty's share of the market is assumed to decline slightly, from 31.6 percent in 2009 to 31.3 percent in 2020, as airfield and landside demands are approaching capacity limitations. The existing runway system at Newark Liberty has capacity to deliver additional passengers if aircraft size increases to meet future passenger demand.
- Locally imposed restrictions on the number of operations at Westchester County Airport are expected to remain in place over the projection period.
- It is assumed no major "Acts of God" which may disrupt the national and/or global airspace system, such as the volcanic eruption of Eyjafjallajökull in Iceland, will occur during the projection period that negatively impact aviation demand.
- It is assumed that no major security or terrorist incidents will occur during the projection period that negatively impact aviation demand.

5.3.4 Forecast Results Using the Market Share Approach

Table V-5 presents the enplanement projections for JFK and the other Air Trade Area airports based on the market share approach. The market share approach begins with the forecast of enplanements for the Air Trade Area, then allocates the enplanements among the six commercial airports. As shown, JFK is expected to recover to the annual level of total enplanements achieved in 2008 (i.e. 23.9 million) by the first half of 2013. Enplaned passengers at JFK are projected to increase from 22.7 million in 2010 to 27.8 million in 2020, resulting in a compounded annual growth rate of 2.1 percent. The projected growth rate for JFK is slightly below that of the Air Trade Area, at 2.2 percent, as the operational limitations on the Airport begin to restrict its ability to accommodate future passenger demand over the long-term. In comparison to the JFK composite forecast (in Section 5.3.1), the JFK market share forecast resulted in a similar growth rate of 2.1 percent, for the years between 2010 and 2020. It is important to note that the market share enplanement projections of the Airport discussed above are intended only for the purposes of comparing the Airport's growth rate derived from the composite methodology.

Table V-5

Market Share

Historical	JFK International (JFK)		Newark Liberty (EWR)		LaGuardia (LGA)		Other NYC Area Airports		Total Enplaned Passengers
	Enplaned Passengers	Percentage of Total	Enplaned Passengers	Percentage of Total	Enplaned Passengers	Percentage of Total	Enplaned Passengers	Percentage of Total	
1998	15,349,833	35.0%	16,330,260	37.2%	11,406,168	26.0%	785,546	1.8%	43,871,807
1999	15,613,362	34.2%	16,837,163	36.9%	11,952,284	26.2%	1,248,686	2.7%	45,651,495
2000	16,256,457	34.1%	17,125,979	36.0%	12,676,586	26.6%	1,551,216	3.3%	47,610,238
2001	14,570,929	34.0%	15,537,159	36.3%	11,305,202	26.4%	1,429,066	3.3%	42,842,356
2002	14,859,918	35.5%	14,562,582	34.8%	11,020,812	26.3%	1,428,439	3.4%	41,871,751
2003	15,767,282	36.4%	14,745,064	34.0%	11,267,068	26.0%	1,564,581	3.6%	43,343,995
2004	18,685,504	38.5%	15,914,974	32.8%	12,235,825	25.2%	1,694,259	3.5%	48,530,562
2005	20,342,159	39.5%	16,511,971	32.0%	12,961,438	25.2%	1,713,222	3.3%	51,528,790
2006	21,235,889	39.5%	17,824,017	33.2%	12,902,834	24.0%	1,795,743	3.3%	53,758,483
2007	23,762,344	41.7%	18,235,331	32.0%	12,534,208	22.0%	2,436,697	4.3%	56,968,580
2008	23,852,095	43.0%	17,700,115	31.9%	11,568,204	20.9%	2,329,963	4.2%	55,450,377
2009	22,917,781	43.4%	16,719,932	31.6%	11,122,390	21.0%	2,089,477	4.0%	52,849,580
Projected									
2010	22,690,400	43.3%	16,566,900	31.6%	11,114,500	21.2%	2,055,200	3.9%	52,427,000
2011	23,131,200	43.3%	16,889,400	31.6%	11,324,800	21.2%	2,096,600	3.9%	53,442,000
2012	23,629,400	43.2%	17,267,200	31.6%	11,670,100	21.3%	2,129,300	3.9%	54,696,000
2013	24,132,900	43.1%	17,649,600	31.5%	12,022,700	21.5%	2,161,800	3.9%	55,967,000
2014	24,641,300	43.0%	18,036,200	31.5%	12,382,400	21.6%	2,194,100	3.8%	57,254,000
2015	25,154,800	43.0%	18,427,300	31.5%	12,749,600	21.8%	2,226,300	3.8%	58,558,000
2016	25,673,500	42.9%	18,822,800	31.4%	13,124,400	21.9%	2,258,300	3.8%	59,879,000
2017	26,197,400	42.8%	19,222,800	31.4%	13,506,700	22.1%	2,290,100	3.7%	61,217,000
2018	26,726,300	42.7%	19,627,200	31.4%	13,896,700	22.2%	2,321,800	3.7%	62,572,000
2019	27,260,700	42.6%	20,036,300	31.3%	14,294,600	22.4%	2,353,400	3.7%	63,945,000
2020	27,800,500	42.6%	20,450,200	31.3%	14,700,600	22.5%	2,384,700	3.6%	65,336,000
Compounded Annual Growth Rate									
1998 - 2009	3.7%		0.2%		-0.2%		9.3%		1.7%
2009 - 2010	-1.0%		-0.9%		-0.1%		-1.6%		-0.8%
2010 - 2020	2.1%		2.1%		2.8%		1.5%		2.2%

Source: Port Authority of New York and New Jersey (JFK, EWR, LGA, SWF); US Department of Transportation T100 Data (HPN, ISP); August 2010.
Prepared by: Ricondo & Associates, Inc., August 2010.

As also shown in Table V-5, passenger activity at Newark Liberty, the second largest airport in the Air Trade Area, is projected to increase at an annual growth rate of 2.1 percent over the projection period, reaching 20.5 million enplanements in 2020. Enplaned passenger volume at LaGuardia is projected to increase at a compounded annual rate of 2.8 percent for the same period, predominately through the use of larger aircraft in the future. Enplaned passenger activity at the other Air Trade Area airports is projected to grow at a compounded annual rate of 1.5 percent, which is below the projected growth rate for the Air Trade Area reflecting the locally enacted capacity caps at Westchester County and the market maturity of Long Island MacArthur, with Stewart expected to capture most of the growth at the outlying airports.

5.3.5 Comparison to Port Authority Forecast

Table V-6 presents a comparison of the forecast of enplanement activity developed by the Port Authority for the four airports it operates to the one developed by R&A. For comparison purposes, historical and projected passenger activity at Westchester County and Long Island MacArthur Airport are excluded from R&A's forecast of the Air Trade Area in Table V-5. As shown, R&A's projected growth rate of 2.2 percent for the four airports, between 2011 and 2020, closely aligns with the Port Authority's moderate forecast of 2.2 percent for the same period. However, the projected passenger volumes in R&A's forecast are lower compared to the Port Authority's moderate forecast. While the Port Authority's moderate forecast reflects an accelerated recovery of enplaned passengers in the near-term, 2011 through 2013, R&A's forecast projects a more constant pattern of growth throughout the projection period. Given the current instability in the global economy, it is R&A's belief that recovery of Air Trade Area enplanements to levels achieved in 2007 (i.e., 55.0 million) will occur at a slower pace than projected by the Port Authority. The Port Authority's forecast projects recovery to the annual level of total enplanements achieved in 2007 by 2012 while R&A's forecast projects the recovery will occur by 2014.

Table V-6

Comparison of Enplanements for New York City Area Airports, excluding Westchester County and Long Island MacArthur

Historical	R&A		PANYNJ Moderate	
	Enplaned Passengers	Annual Growth	Enplaned Passengers	Annual Growth
2008	53,501,792	-2.7%	53,501,792	-2.7%
2009	50,956,698	-4.8%	50,956,698	-4.8%
Projected				
2010	50,565,800	-0.8%	51,709,500	1.5%
2011	51,548,400	1.9%	53,589,978	3.6%
2012	52,778,700	2.4%	55,182,017	3.0%
2013	54,026,500	2.4%	56,683,599	2.7%
2014	55,290,700	2.3%	57,834,133	2.0%
2015	56,572,400	2.3%	59,039,776	2.1%
2016	57,871,500	2.3%	60,183,902	1.9%
2017	59,188,000	2.3%	61,273,774	1.8%
2018	60,522,000	2.3%	62,487,504	2.0%
2019	61,874,400	2.2%	63,850,192	2.2%
2020	63,245,300	2.2%	65,289,136	2.3%
Compounded Annual Growth Rate				
2009 - 2010	-0.8%		1.5%	
2010 - 2020	2.3%		2.4%	

Source: Port Authority of New York and New Jersey, May 2010.
Prepared by: Ricondo & Associates, Inc., August 2010.

5.4 Forecast of Delta Activity at JFK

This section presents R&A's forecast for Delta's (including Delta Connection) activities at JFK. Projected Delta enplanements in 2010 are based on published scheduled departing seats, three months of actual Airport data, average load factors, and the assumptions discussed below. From 2011 through 2020, passenger demand was based on increasing load factors, average seats per departures, and a slight increase in Delta's share of total Airport enplanements. Delta operations remained constant, based on their current slot allocation.

To gain a better understanding of Delta's current operations at both JFK and LaGuardia and to substantiate the assumptions underlying the forecast of short and long-term air service provided by Delta at the Airport, R&A conducted a telephone interview with Delta's Managing Director – Network Planning, who has responsibility for the New York market, and members of his staff. Specific topics covered in the interview include:

- The importance of the New York market in Delta's network planning.
- Delta's approach to the competitive New York air trade market.
- The role of JFK and LaGuardia in Delta's overall network operations and how they use each airport to serve the demands of the New York market, including the rationale behind the planned slot transaction with US Airways at LaGuardia.
- Delta's plans for international service overall, their future plans for expansion of international service, and the role JFK plays in the international network.
- The rationale behind the 2010 Expansion Project and how Terminal 4 fits into their future network planning.

As shown in **Table V-7**, enplaned passengers for Delta are projected to increase from 5.9 million in 2010 to 7.5 million in 2020; this represents a compounded annual growth rate of 2.5 percent. In 2009, Delta's total enplaned passengers represented 24.8 percent of total Airport enplanements, which is projected to slowly increase to 27.0 percent of total Airport enplanements in 2020.

The share of domestic enplaned passengers to total enplaned passengers for Delta at the Airport ranged from a low of 57.0 percent to a high of 74.8 between 1999 and 2009. Over that same period, international enplaned passengers represented between 25.2 and 43.0 percent of Delta's enplanements at the Airport. In 2009, domestic enplaned passengers represented approximately 65.8 percent of Delta's total enplaned passengers, while the remaining 34.2 percent represented international enplaned passengers. From 2010 to 2020, Delta domestic enplanements are projected to increase from 3.6 million to 4.5 million, or 2.2 percent annually, while international enplanements are projected to increase from 2.2 million to 3.0 million, a compounded annual growth rate of 3.0 percent. Based on these projections, Delta's domestic/international split will shift from 62.2 percent domestic / 37.8 percent international in 2010, to 60.5 percent domestic / 39.5 percent international in 2020.

Table V-7 shows the historical and projected enplanements between Delta and Delta Connection. From 1999 through 2009, enplaned passengers by Delta mainline have increased from 2.2 million to 4.4 million, which represents a compounded annual growth rate of 7.2 percent. Over the same period, Delta Connection enplaned passengers have increased from 36,172 to 1.3 million, or a compounded annual growth rate of 42.8 percent. In 2009, Delta's mainline enplanements were 77.5 percent of Delta's total enplanements and Delta Connection's enplanements were 22.5 percent. From 2010 through 2020, the mainline/connection split of Delta's total enplanements is projected to shift to 83.6 percent – mainline / 16.4 percent – connection in 2020. During the projection period, Delta mainline enplanements increase from 4.8 million in 2010 to 6.3 million in 2020. Enplanements by Delta Connection are projected to increase from 1.1 million to 1.2 million over the same period.

Table V-7

Historical & Projected Enplanements – Delta & Delta Connection

Year	Domestic - Enplanements				International - Enplanements				Delta % Share	Delta Connection %	Delta % of JFK Total	Annual Growth	JFK Total Enplanements	Annual Growth
	Delta ^{1/}	Delta Connection	Total	Domestic % Share	Delta	Delta Connection	Total	International % Share						
Historical														
1999	1,249,580	36,172	1,285,752	57.4%	954,770	0	954,770	42.6%	98.4%	36,172	14.4%	-	15,613,362	-
2000	1,255,574	105,071	1,360,645	57.0%	1,022,130	4,956	1,027,086	43.0%	95.4%	110,027	14.7%	6.6%	16,256,457	4.1%
2001	957,722	347,838	1,305,560	60.9%	828,351	9,341	837,691	33.1%	83.3%	357,178	16.7%	-10.2%	14,570,929	-10.4%
2002	861,356	552,070	1,413,425	66.3%	719,824	0	719,824	33.7%	74.1%	552,070	14.7%	-0.5%	14,859,918	2.0%
2003	1,220,177	424,159	1,644,335	74.1%	574,766	0	574,766	25.9%	80.9%	424,159	14.1%	4.0%	15,767,282	6.1%
2004	1,870,631	407,235	2,277,866	74.1%	795,594	0	795,594	25.9%	86.7%	407,235	13.3%	38.5%	18,685,504	18.5%
2005	2,141,110	531,203	2,672,313	74.8%	900,035	0	900,035	25.2%	85.1%	531,203	14.9%	16.2%	20,342,159	8.9%
2006	1,744,775	723,461	2,468,236	69.5%	1,081,299	0	1,081,299	30.5%	79.6%	723,461	20.4%	-0.6%	21,235,889	4.4%
2007	1,965,160	1,204,407	3,199,567	69.6%	1,398,798	0	1,398,798	30.4%	73.8%	1,204,407	16.7%	29.5%	23,762,344	11.9%
2008	2,163,974	1,242,146	3,406,120	64.8%	1,767,076	83,610	1,850,686	35.2%	74.8%	1,325,756	25.2%	14.3%	23,852,095	0.4%
2009	2,531,914	1,204,841	3,736,755	65.8%	1,869,273	73,785	1,943,058	34.2%	77.5%	1,278,626	22.5%	8.0%	22,917,781	-3.9%
Year-to-date (June)														
2009	1,210,255	621,141	1,831,396	69.0%	790,899	32,544	823,443	31.0%	75.4%	653,685	24.6%		2,854,839	
2010	1,187,485	451,810	1,639,295	63.5%	909,461	30,832	940,393	36.5%	81.3%	482,742	18.7%	-2.8%	2,579,688	
Projected														
2010	2,656,600	991,900	3,648,500	62.2%	2,148,000	65,800	2,213,800	37.8%	82.0%	1,057,700	18.0%	3.2%	5,862,300	-1.2%
2011	2,723,900	997,000	3,720,900	61.6%	2,250,300	66,400	2,316,700	38.4%	82.4%	1,063,400	17.6%	3.0%	6,037,600	2.2%
2012	2,914,400	1,010,300	3,924,700	61.3%	2,334,100	69,000	2,403,100	38.7%	82.6%	1,079,300	17.4%	2.8%	6,207,800	2.1%
2013	2,866,100	1,023,300	3,889,400	61.0%	2,419,200	72,300	2,491,500	39.0%	82.8%	1,095,600	17.2%	2.8%	6,380,900	2.1%
2014	2,940,900	1,035,800	3,976,700	60.9%	2,481,000	74,800	2,555,800	39.1%	83.0%	1,110,600	17.0%	2.4%	6,532,500	2.1%
2015	3,013,000	1,047,900	4,060,900	60.8%	2,543,600	75,800	2,619,400	39.2%	83.2%	1,123,700	16.8%	2.3%	6,680,300	2.1%
2016	3,086,400	1,068,500	4,154,900	60.7%	2,613,000	76,700	2,689,700	39.3%	83.3%	1,145,200	16.7%	2.4%	6,843,200	2.0%
2017	3,160,900	1,088,600	4,249,500	60.6%	2,690,700	79,000	2,769,700	39.4%	83.3%	1,167,600	16.7%	2.4%	7,009,200	2.0%
2018	3,236,600	1,108,200	4,344,800	60.6%	2,744,700	81,200	2,825,900	39.4%	83.5%	1,189,400	16.6%	2.3%	7,170,700	2.0%
2019	3,313,600	1,127,200	4,440,800	60.6%	2,809,600	83,300	2,892,900	39.4%	83.5%	1,210,500	16.5%	2.3%	7,333,700	2.0%
2020	3,391,700	1,145,600	4,537,300	60.5%	2,875,400	85,800	2,961,200	39.5%	83.6%	1,231,400	16.4%	2.2%	7,498,500	2.0%
Average Annual Growth Rate:														
1999 - 2009	7.3%	42.0%	11.3%		6.9%	-	7.4%			42.8%	9.7%			3.9%
YTD 2009 - 2010	-1.9%	-27.3%	-10.5%		15.0%	-5.0%	14.2%							
2009 - 2010	4.9%	-17.7%	-2.4%		14.9%	-10.8%	13.9%			-17.3%	3.2%			-1.2%
2010 - 2015	2.5%	1.1%	2.2%		3.4%	2.9%	3.4%			1.2%	2.6%			2.1%
2015 - 2020	2.4%	1.8%	2.2%		2.5%	2.5%	2.5%			1.8%	2.3%			2.0%
2010 - 2020	2.5%	1.5%	2.2%		3.0%	2.7%	3.0%			1.5%	2.5%			2.1%

Note:

1/ Includes Delta Song.

2/ Includes Northwest and Northwest Airlink enplanements.

Source: Port Authority of New York & New Jersey (historical); Ricondo & Associates, Inc. (projected), June 2010.

Prepared by: Ricondo & Associates, Inc., September 2010.

Table V-8 shows historical and projected Delta enplanements by terminal. Terminal 2 & 3 are projected to continue to handle the majority of Delta activity until the Terminal 4 expansion project is completed.

As shown in **Table V-9**, Delta and Delta Connection's combined aircraft operations are held constant over the projection period based on the assumption that slot restrictions will remain at the Airport. Historically, Delta operated only at Terminals 2 & 3 until 2009, when it moved selected transcontinental and international operations to Terminal 4. In 2009, Terminals 2 & 3 handled 91.1 percent of Delta's operations and the remaining 8.9 percent was at Terminal 4. In 2013, the operational split between Terminals 2 & 3 and Terminal 4 is projected to be 76.9 percent / 23.1 percent, as Delta relocates operations to Terminal 4 upon completion of the 2010 Expansion Project. It is assumed that all Delta Connection operations (including its flights to Canada) will remain at Terminal 2 over the projection period and Terminal 4 will only handle Delta mainline operations. In 2020, Terminal 4 is projected to handle 25.3 percent (32,300 annual operations) of Delta's total operations.

As mentioned earlier, Delta's total operations are held constant over the projection period. Delta mainline operations are projected to increase from 71,800 in 2010 to 80,000 in 2020, a compounded annual growth rate of 1.1 percent. Over the same period, Delta Connection operations are projected to decrease from 56,000 to 47,800, a compounded annual decrease of 1.6 percent. This transfer is a result of a projected increase in passenger demand and the shift to larger aircraft (Delta mainline) from smaller regional jets (Delta Connection). Due to the operational restrictions at the Airport, growth in passenger demand over the projection period is expected to be accommodated through increased load factors and the use of larger aircraft.

The following presents the specific assumptions based on the professional judgment of R&A used in developing activity projections for Delta through 2020.

- Delta's slot allocation at the Airport will remain at current levels through the projection period.
- Delta will continue to serve domestic and international destinations from the Airport. As international passenger demand is projected to increase at a greater rate than domestic, domestic allocated slots will be transitioned to fill international demand.
- Delta domestic transcontinental service will continue through the projection period and domestic transcontinental allocated slots will not be allocated to new/additional international or other domestic service. Domestic transcontinental passenger demand is projected to increase over the projection period and be accommodated through increasing aircraft size and higher load factors.
- Delta Connection is expected to continue to primarily serve domestic markets, with any international service provided mostly to Canadian markets with pre-clearance for inbound U.S. passengers.
- Delta mainline passenger activity is projected to increase at a greater rate than that of Delta Connection due to Delta's continued growth in international service from the Airport and the assumption that Delta will steadily transfer Delta Connection operations to mainline operations (that is, switch from regional jets to mainline jets) and increase aircraft size (for example, from 757s to 767s) as passenger demand increases due to the slot constraints imposed at the Airport.
- Recent airline schedule changes at JFK take advantage of traditional off-peak hours throughout the Airport's operating day by introducing new domestic air service during morning, early afternoon, and late evening hours. It is expected that this trend will continue over the projection period.

Table V-8

Historical & Projected Enplanements - Delta & Delta Connection by Terminal

Year	Terminal 2 & 3	T2 & T3 % of Total Delta Enplanements	Terminal 4	T4 % of Total Delta Enplanements	Delta Total Enplanements	Annual Growth
Historical						
1999	2,240,522	100.0%	-	0.0%	2,240,522	-
2000	2,387,731	100.0%	-	0.0%	2,387,731	6.6%
2001	2,143,251	100.0%	-	0.0%	2,143,251	-10.2%
2002	2,133,249	100.0%	-	0.0%	2,133,249	-0.5%
2003	2,219,101	100.0%	-	0.0%	2,219,101	4.0%
2004	3,073,460	100.0%	-	0.0%	3,073,460	38.5%
2005	3,572,348	100.0%	-	0.0%	3,572,348	16.2%
2006	3,549,535	100.0%	-	0.0%	3,549,535	-0.6%
2007	4,598,365	100.0%	-	0.0%	4,598,365	29.5%
2008	5,256,806	100.0%	-	0.0%	5,256,806	14.3%
2009	4,913,734	86.5%	766,079	13.5%	5,679,813	8.0%
Year-to-date (June)						
2009	2,364,712	89.1%	290,127	10.9%	2,654,839	
2010	2,375,202	92.1%	204,486	7.9%	2,579,688	
Projected						
2010	5,456,700	93.1%	405,600	6.9%	5,862,300	3.2%
2011	5,615,100	93.0%	422,500	7.0%	6,037,600	3.0%
2012	5,770,500	93.0%	437,300	7.0%	6,207,800	2.8%
2013	4,686,900	73.5%	1,694,000	26.5%	6,380,900	2.8%
2014	3,077,000	47.1%	3,455,500	52.9%	6,532,500	2.4%
2015	3,138,200	47.0%	3,542,100	53.0%	6,680,300	2.3%
2016	3,208,700	46.9%	3,634,500	53.1%	6,843,200	2.4%
2017	3,280,800	46.8%	3,728,400	53.2%	7,009,200	2.4%
2018	3,353,000	46.8%	3,817,700	53.2%	7,170,700	2.3%
2019	3,425,400	46.7%	3,908,300	53.3%	7,333,700	2.3%
2020	3,498,300	46.7%	4,000,200	53.3%	7,498,500	2.2%
Average Annual Growth Rate:						
1999 - 2009	8.2%		-		9.7%	
YTD 2009 - 2010	0.4%		-29.5%		-2.8%	
2009 - 2010	11.0%		-47.1%		3.2%	
2010 - 2015	-10.5%		54.3%		2.6%	
2015 - 2020	2.2%		2.5%		2.3%	
2010 - 2020	-4.3%		25.7%		2.5%	

Note:

1/ Includes Northwest and Northwest Airlink enplanements

2/ Includes projected KLM enplanements.

Source: JFK International Air Terminal, LLC; Port Authority of New York & New Jersey (historical); Ricondo & Associates, Inc. (projected), June 2010.

Prepared by: Ricondo & Associates, Inc., September 2010.

Table V-9

Historical & Projected Aircraft Operations - Delta & Delta Connection

Year	Terminal 2 & 3				Terminal 4				Total Delta Operations ^{1/}
	Delta	Delta Connection	Total Delta Operations	T2 & T3 Ops % of Total Operations	Delta	Delta Connection	Total Delta Operations	T4 Ops % of Total Operations	
Historical									
2004	38,134	24,980	63,114	100.0%	-	-	-	0.0%	63,114
2005	42,931	35,724	78,655	100.0%	-	-	-	0.0%	78,655
2006	39,818	44,214	84,032	100.0%	-	-	-	0.0%	84,032
2007	49,261	71,368	120,629	100.0%	-	-	-	0.0%	120,629
2008	55,668	68,542	124,210	100.0%	-	-	-	0.0%	124,210
2009	51,795	64,202	115,997	91.1%	11,396	-	11,396 ^{2/}	8.9%	127,393
Projected									
2010	61,000	56,000	117,000	91.5%	10,800	-	10,800	8.5%	127,800
2011	61,300	54,900	116,200	90.9%	11,600	-	11,600	9.1%	127,800
2012	61,500	54,200	115,700	90.5%	12,200	-	12,200	9.5%	127,800
2013	44,900	53,400	98,300	76.9%	29,500	-	29,500	23.1%	127,800
2014	45,300	52,600	97,900	76.6%	29,900	-	29,900	23.4%	127,800
2015	45,700	51,800	97,500	76.3%	30,300	-	30,300	23.7%	127,800
2016	46,100	51,000	97,100	76.0%	30,700	-	30,700	24.0%	127,800
2017	46,500	50,200	96,700	75.7%	31,100	-	31,100	24.3%	127,800
2018	46,900	49,400	96,300	75.4%	31,500	-	31,500	24.6%	127,800
2019	47,300	48,600	95,900	75.0%	31,900	-	31,900	25.0%	127,800
2020	47,700	47,800	95,500	74.7%	32,300	-	32,300	25.3%	127,800
Average Annual Growth Rate:									
2004 - 2009	6.3%	20.8%	12.9%	-	-	-	-	10.6%	15.1%
2009 - 2010	17.8%	-12.8%	0.9%	-5.2%	-	-	-5.2%	13.6%	-12.8%
2010 - 2015	-5.6%	-1.5%	-3.6%	22.9%	-	-	22.9%	1.1%	-1.5%
2015 - 2020	0.9%	-1.6%	-0.4%	1.3%	-	-	1.3%	1.0%	-1.6%
2010 - 2020	-2.4%	-1.6%	-2.0%	11.6%	-	-	11.6%	1.1%	-1.6%

Note:

1/ Totals may not add due to rounding.

2/ Includes Northwest and Northwest Airlink operations.

Source: JFK International Air Terminal, LLC; Port Authority of New York & New Jersey (historical); Ricondo & Associates, Inc. (projected), June 2010.
Prepared by: Ricondo & Associates, Inc., June 2010.

5.4.1 Forecast of Passenger Demand at Terminal 4

Projected Terminal 4 enplanements in 2010 are based on published scheduled departing seats, three months of actual Airport data, and average load factors. For the period from 2011 through 2020, R&A used a market share approach to project international enplanements at Terminal 4. The market share approach was based on the FAA's Aerospace Forecast of international enplanements for the nation. The Airport's historical relationship of international enplaned passengers to the nation was applied to project the Airport's international enplanement activity. International enplanements for the Contract Carriers operating at Terminal 4, were projected based on Terminal 4's historical market share of projected Airport international enplanements.

As shown in **Table V-10**, enplaned passengers at Terminal 4 are projected to decrease 8.9 percent in 2010 and then have a modest rebound of 1.5 and 1 percent in 2011 and 2012, respectively. Enplaned passengers are projected to increase by 15.4 percent, from 4.3 million in 2012 to 4.9 million in 2013, based on the assumption of Delta's transition to Terminal 4 (details below). Enplanements are projected to increase to 6.7 million, or 35.0 percent, in 2014. Enplaned passengers at Terminal 4 are projected to increase from 6.8 million in 2015 to 7.5 million in 2020, a compounded annual growth rate of 1.9 percent during this period. Also shown in Table V-10, the share of Terminal 4 enplanements compared to total airport enplanements decreases from 19.9 percent in 2009 to 19.6 percent in 2012. In 2013 when the 2010 Expansion Project is scheduled to be operational, Terminal 4's share increases to 22.4 percent. From 2014 through 2020, Terminal 4's share of total airport enplanements is projected to remain between 27.0 and 27.1 percent.

Contract Carrier enplanements at Terminal 4, both domestic and international, are also shown in Table V-10. Contract Carrier domestic enplanements are projected to increase from 462,200 in 2010 to 508,400 in 2020, a compounded annual growth rate of 1.0 percent. Contract Carrier international enplanements are projected to decrease at an average annual rate of 0.7 percent from 3.3 million in 2010 to 3.0 million in 2020. As noted below, Contract Carrier international enplanements at Terminal 4 are projected to decrease in 2013 due to the assumed relocation of some carriers to other terminals to accommodate the increased activity of Delta.

The following presents the specific assumptions, based on R&A's professional judgment, used in developing activity projections for Terminal 4 through 2020.

- Terminal 4 Contract Carrier domestic passenger activity will primarily be provided by one domestic carrier and remain consistent over the projection period.
- From 2010 through mid-2013, Delta will continue to use Terminal 4 near 2009 levels. In mid-2013, Delta will transition all its international service and some domestic service to Terminal 4 from Terminal 3 upon completion of the 2010 Expansion Project.
- Delta Connection will continue to operate all its service, including flights to Canada, from Terminal 2.
- Delta is assumed to occupy the 16 gates contemplated in the Anchor Tenant Agreement, thus enplanement activity of JFK IAT's Contract Carriers is projected to decline at DBO to reflect the possible relocation of some carriers to other terminals.
- Upon completion of the 2010 Expansion Project, KLM will be considered a Delta affiliate per the Anchor Tenant Agreement, at which time KLM's enplanement activity will be attributed to Delta.

JFK Terminal International Air Terminal LLC
John F. Kennedy International Airport – Terminal 4

Table V-10

Historical & Projected Enplanements - Terminal 4 (T4)

Year	Delta				Enplanements				Total Terminal 4			
	Domestic		International		Terminal 4 Contract Carriers		Contract Carriers as % of T4 Total		% of Total		% of Total	
	Domestic	International	Total	Delta % of T4 Total	Domestic	International	Total		Domestic	International	Total	
Historical												
1999	-	-	-	-	-	-	-	-	-	-	2,067,332	13.2%
2000	-	-	-	-	-	-	-	-	-	-	2,491,805	15.3%
2001	-	-	-	0.0%	443,933	1,764,486	2,208,419	100.0%	443,933	1,764,486	2,208,419	15.2%
2002	-	-	-	0.0%	310,226	1,820,394	2,130,620	100.0%	310,226	1,820,394	2,130,620	14.3%
2003	-	-	-	0.0%	134,003	2,153,425	2,287,428	100.0%	134,003	2,153,425	2,287,428	14.5%
2004	-	-	-	0.0%	171,282	2,860,670	3,031,952	100.0%	171,282	2,860,670	3,031,952	16.2%
2005	-	-	-	0.0%	220,558	3,007,702	3,228,260	100.0%	220,558	3,007,702	3,228,260	15.9%
2006	-	-	-	0.0%	490,775	3,297,862	3,788,637	100.0%	490,775	3,297,862	3,788,637	17.4%
2007	-	-	-	0.0%	701,762	3,610,615	4,312,377	100.0%	701,762	3,610,615	4,312,377	13.8%
2008	-	-	-	0.0%	811,549	3,603,574	4,415,123	100.0%	811,549	3,603,574	4,415,123	18.1%
2009	525,319	240,760	766,079	16.8%	492,176	3,294,185	3,786,361	83.2%	1,017,495	3,534,945	4,552,440	19.9%
Year-to-date (June)												
2009	209,901	80,226	290,127	14.4%	229,854	1,497,017	1,726,871	85.6%	439,755	1,577,243	2,016,998	18.4%
2010	85,316	119,170	204,486	10.0%	223,465	1,608,967	1,832,432	90.0%	308,781	1,728,137	2,036,918	18.8%
Projected												
2010	175,500	230,100	405,600	9.8%	482,200	3,281,000	3,743,200	90.2%	637,700	3,511,100	4,148,800	18.3%
2011	182,800	239,700	422,500	10.0%	466,700	3,322,200	3,788,900	90.0%	649,500	3,561,900	4,211,400	18.2%
2012	189,200	248,100	437,300	10.2%	471,300	3,378,100	3,849,400	89.8%	660,500	3,626,200	4,286,700	18.1%
2013	247,800	1,446,200	1,694,000	34.3%	475,900	2,775,000	3,250,900	65.7%	723,700	4,221,200	4,944,900	20.5%
2014	759,300	2,896,200	3,455,500	51.8%	480,400	2,737,700	3,218,100	48.2%	1,239,700	5,433,900	6,673,600	27.1%
2015	780,200	2,761,900	3,542,100	52.0%	485,100	2,866,100	3,351,200	48.0%	1,265,300	5,548,000	6,813,300	27.1%
2016	801,500	2,833,000	3,634,500	52.3%	489,700	2,829,500	3,319,200	47.7%	1,291,200	5,682,500	6,973,700	27.1%
2017	823,200	2,905,200	3,728,400	52.6%	494,400	2,867,900	3,362,300	47.4%	1,317,600	5,773,100	7,090,700	27.1%
2018	845,400	2,972,300	3,817,700	52.9%	499,000	2,906,000	3,405,000	47.1%	1,344,400	5,878,300	7,222,700	27.0%
2019	868,000	3,040,300	3,908,300	53.1%	503,700	2,946,600	3,450,300	46.9%	1,371,700	5,986,900	7,358,600	27.0%
2020	891,000	3,109,200	4,000,200	53.4%	508,400	2,988,000	3,496,400	46.6%	1,399,400	6,097,200	7,496,600	27.0%
Average Annual Growth Rate:												
1999 - 2009	-	-	-	-	-	-	-	-	-	-	-	3.9%
YTD 2009 - 2010	-59.4%	48.5%	-29.5%	-	-2.8%	7.5%	6.1%	-	-29.8%	9.6%	1.0%	-0.9%
2009 - 2010	-66.6%	-4.4%	-47.1%	-	-6.1%	-0.4%	-1.1%	-	-37.3%	-0.7%	-8.9%	-1.2%
2010 - 2015	34.8%	64.4%	54.3%	-	1.0%	-3.2%	-2.7%	-	14.7%	9.6%	10.4%	2.1%
2015 - 2020	2.7%	2.4%	2.5%	-	0.9%	1.4%	1.3%	-	2.0%	1.9%	1.9%	2.0%
2010 - 2020	17.6%	29.7%	25.7%	-	1.0%	-0.9%	-0.7%	-	8.2%	5.7%	6.1%	2.1%

Notes:

- 1/ Includes Northwest and Northwest Airlink enplanements.
- 2/ Based on PANYNJ June 2009 Airport Traffic Report and estimated based on total passengers divided by 2.
- 3/ Based on PANYNJ June 2010 Airport Traffic Report and estimated based on total passengers divided by 2.
- 4/ Includes projected KLM enplanements.

Source: JFK International Air Terminal, LLC; Port Authority of New York & New Jersey (historical); Ricondo & Associates, Inc. (projected), June 2010.

Prepared by: Ricondo & Associates, Inc., September 2010.

- Terminal 4 will continue to have a diverse base of international contact carriers with international passenger demand projected to increase at a greater rate than domestic demand.
- Terminal 4 will continue to operate the only 24-hour FIS facility at JFK and remain the terminal to accommodate independent international carriers.
- As the Airport and Terminal 4 currently operate near their capacity at peak times of the day, and there are no approved plans for significant increases in gate capacity at the Airport, demand for gates at JFK Terminal 4 should remain high through the projection period.

5.4.1.1 Projected Delta enplanements at Terminal 4

As shown in Table V-10, Delta's enplaned passengers at Terminal 4 are projected to decrease 47.1 percent in 2010 as Delta relocated Northwest's domestic activity to Terminals 2 and 3 following the FAA awarding the merged airline a single operating certificate in early 2010. In 2011 and 2012, Delta's activity in Terminal 4 is projected to increase by 4.2 and 3.5 percent, respectively, due to projected increases in international and transcontinental demand. Delta's enplaned passengers at Terminal 4 are projected to increase from approximately 437,300 in 2012 to 1.7 million in 2013 based on the assumption of Delta's transition of additional domestic and all international (excluding Delta Connection) operations to Terminal 4 (as noted above). Delta's enplaned passengers at Terminal 4 are projected to increase from 3.5 million in 2015 to 4.0 million in 2020, a compounded annual growth rate of 2.5 percent during this period.

5.4.2 Projected Terminal 4 operations

In general, the Terminal 4 passenger airline operation projections were developed based on R&A's analysis of historical relationships among enplanements, load factors, average seating capacities of aircraft utilized, and allocated slots at the Airport. Specifically:

- The average number of seats per flight for domestic mainline and international carriers is projected to increase over the projection period. This reflects the expected adoption of new generation aircraft (i.e., Airbus-380, Boeing-747-8 and Boeing-787) in addition to a steady increase in the size of aircraft (i.e. from Boeing-757 to Boeing-767) utilized at JFK over the projection period due to the slot restrictions imposed at the Airport.
- Combined load factors for domestic majors/nationals, regionals/commuters, and international carriers are projected to increase during the projection period, consistent with load factor assumptions used by the FAA in its nationwide projections.
- U.S. carrier operations will be limited to Delta and one additional U.S. carrier.
- Upon completion of the 2010 Expansion Project, some foreign flag carriers relocate to other terminals to better align with alliance partners.
- New non-alliance foreign flag operations will operate from Terminal 4.

Table V-11 presents historical and projected aircraft operations for passenger airlines at Terminal 4. From 2004 to 2009, Terminal 4 operations have increased from 36,028 to 52,560, a compounded annual growth rate of 7.8 percent. U.S. carriers operations at Terminal 4 increased at a compounded annual growth rate of 18.6 percent and foreign flag carrier operations increased 4.4 percent over the same period. The primary growth in U.S. carrier operations is the result of Virgin America's initiation of service in 2007.

As shown in Table V-11, U.S. carrier aircraft operations for Terminal 4 are projected to increase from 13,600 in 2010 to 39,900 in 2020, a compounded annual growth rate of 11.4 percent, reflecting the relocation of Delta's operations to Terminal 4 upon DBO of the 2010 Expansion Project. After

2014 U.S. carrier operations at Terminal 4 are projected to remain stable due to the slot restrictions at JFK.

Table V-11

Historical & Projected Aircraft Operations - Terminal 4

Year	U.S. Carriers	U.S. Carriers % of Total	Foreign Flag Carriers	Foreign Flag Carriers % of Total	Total
Historical					
2004	7,172	19.9%	28,856	80.1%	36,028
2005	8,566	22.6%	29,308	77.4%	37,874
2006	9,452	21.0%	35,580	79.0%	45,032
2007	13,600	25.8%	39,060	74.2%	52,660
2008	14,866	28.3%	37,672	71.7%	52,538
2009	16,838	32.0%	35,722	68.0%	52,560
Year-to-date (June)					
2009	8,536	34.8%	15,968	65.2%	24,504
2010	6,806	29.3%	16,410	70.7%	23,216
Projected					
2010	13,600	28.3%	34,400	71.7%	48,000
2011	13,800	28.3%	35,000	71.7%	48,800
2012	14,000	28.3%	35,500	71.7%	49,500
2013	28,600	50.5%	28,000	49.5%	56,600
2014	37,500	57.7%	27,500	42.3%	65,000
2015	37,900	57.3%	28,200	42.7%	66,100
2016	38,300	57.2%	28,600	42.8%	66,900
2017	38,700	57.3%	28,800	42.7%	67,500
2018	39,100	57.2%	29,200	42.8%	68,300
2019	39,500	57.2%	29,600	42.8%	69,100
2020	39,900	57.1%	30,000	42.9%	69,900
Average Annual Growth Rate:					
2004 - 2009	18.6%		4.4%		7.8%
YTD 2009 - 2010	-20.3%		2.8%		-5.3%
2009 - 2010	-19.2%		-3.7%		-8.7%
2010 - 2015	22.7%		-3.9%		6.6%
2015 - 2020	1.0%		1.2%		1.1%
2010 - 2020	11.4%		-1.4%		3.8%

Source: JFK International Air Terminal, LLC (historical); Ricondo & Associates, Inc. (projected), June 2010.
 Prepared by: Ricondo & Associates, Inc., September 2010.

Foreign flag carrier operations are projected to increase at a compounded annual growth rate of 1.6 percent from 2010 to 2012. Foreign flag operations are then projected to decline by 21.1 percent in 2013 and a further 1.8 percent in 2014 reflecting the possibility that some foreign flag carriers may move to other terminals to accommodate Delta's expanded use of the terminal. From 2014 through 2020, foreign flag carrier operations at Terminal 4 are projected to increase from 27,500 to 30,000 operations, a compounded annual growth rate of 1.5 percent.

VI. Financial Analysis

This chapter presents information regarding Terminal 4, the 2010 Expansion Project, the plan of finance and a summary of the key elements of the bond financing documentation including the security provisions and the flow of funds for the Series 8 Bonds. The chapter also includes summaries of the key documents through which JFK IAT derives its revenues including the lease between JFK IAT and the Port Authority, the Anchor Tenant Agreement between JFK IAT and Delta Air Lines, and the leases between JFK IAT and its contract carriers. The chapter concludes with a review of JFK IAT's historical financial performance and the projected financial operations of JFK IAT through 2020 that demonstrate its ability to meet the covenants set forth in the Trust Administration Agreement, including the Rate Covenant.

6.1 JFK Terminal 4

Terminal 4 opened in May 2001 and occupies approximately 165 acres, the largest parcel within the Central Terminal Area at JFK. The 1.5 million square foot building currently provides access to 16 contact gates, 6 gates on Concourse A and 10 gates on Concourse B. In addition, there are 24 remote aircraft parking positions, based on their current configuration. All 16 contact gates are able to accommodate Group V aircraft and 4 gates are able to accommodate Group VI aircraft without limiting the capabilities of the adjacent gates. All 16 gates are capable of serving both international and domestic operations.

The terminal headhouse provides 830,000 square feet of space for the processing of passengers, airline club rooms, and airline offices and support facilities. The federal inspection services (FIS) (customs and immigration) facility is capable of processing 3,200 passengers an hour. It is the only FIS at JFK that is open 24-hours a day, seven days a week. The terminal also features 105,000 square feet of concessions space. The terminal was designed with the potential for future modular expansion.

6.1.1 JFK International Air Terminal LLC

JFK International Air Terminal LLC (JFK IAT) was formed on November 5, 1996 for the purpose of constructing and operating a new international terminal building at JFK. JFK IAT was the first private, non-airline entity to manage a terminal in the U.S. JFK IAT is a New York limited liability company, with ownership originally comprised of Schiphol USA LLC, LCOR JFK Airport LLC, and Lehman JFK LLC. In April 2010 Schiphol USA LLC purchased the interests in JFK IAT held by LCOR JFK Airport LLC and Lehman JFK LLC, and was subsequently renamed JFK IAT Member LLC. As a result, JFK IAT is now 100 percent owned by JFK IAT Member LLC. Schiphol USA Inc., a New York corporation, is the managing member of JFK IAT Member LLC. Simultaneously with the April 2010 transaction, Delta acquired a Class B, non-controlling membership interest in JFK IAT Member LLC.

6.1.2 JFK IAT Member LLC

JFK IAT Member LLC, a Delaware limited liability company, and Schiphol USA Inc. are indirect subsidiaries of N.V. Luchthaven Schiphol, a Netherlands company. N. V. Luchthaven Schiphol and its affiliates have many years of experience in developing, managing, and operating international airports including Amsterdam Airport Schiphol in Amsterdam and the airports in Rotterdam, Lelystad and Eindhoven.

6.2 The JFK IAT / Port Authority Lease

JFK IAT leases the Terminal 4 from the Port Authority under the JFK IAT / Port Authority Lease that expires in 2026. JFK IAT and the Port Authority expect to enter into a supplement to the JFK

IAT / Port Authority Lease that will extend the term through 2043 at the financial closing of the Series 8 Bonds. The JFK IAT / Port Authority Lease entitles JFK IAT to grant airlines, retail concession operators and others the right to use space in Terminal 4, consistent with Terminal 4's operation as an airline passenger terminal, in exchange for rentals, fees or other charges payable directly to JFK IAT. Not less than annually, JFK IAT is required to submit to the Port Authority for its written approval an "Airline Leasing Plan" and a "Comprehensive Retail Plan." Subject to the general requirements of the Airline Leasing Plan and the Comprehensive Retail Plan, as then in effect, JFK IAT is entitled to set the levels of all rates and charges for the use of space in Terminal 4, except for certain specific limited uses (which include, but are not limited to, advertising displays and broadcasts, pay telephones, vending machines in public areas, ground transportation reservations and on-airport baggage carts), which are reserved for control by the Port Authority. Specifically with respect to airline rates and charges, so long as JFK IAT's actual rates and charges are consistent with the general terms of the then-effective Airline Leasing Plan, the Port Authority has no further right to review, approve, disapprove, or otherwise reject or require modification to JFK IAT's actual schedule of rates and charges, except to the extent they are not fair and reasonable or unjustly discriminate between airline competitors. Any airline or retail agreement with a term of seven years or more, however, must be pre-approved by the Port Authority. (See the section entitled "Overview of JFK IAT's Business Operations and Appendix D-1 "Summary of Certain Provisions of the Lease" in the Official Statement for the Series 8 Bonds.)

6.3 The 2010 Expansion Project

Delta currently operates from Terminals 2 and 3, with an additional three gates at Terminal 4, at JFK. Terminals 2 and 3 are between 40 and 50 years old, with Terminal 3 considered functionally obsolete, and can no longer support Delta's present needs nor provide the capacity required to accommodate its international growth plan without significant and disruptive capital investment. In order to address its facility requirements while maintaining a full operating schedule and continuing its growth at JFK, Delta plans to enter into the Anchor Tenant Agreement with JFK IAT to expand Terminal 4 and relocate a substantial portion of its operations from Terminal 3 to the new facility.

The 2010 Expansion Project consists of a 348,000 square foot nine gate expansion to Concourse B of Terminal 4 and a 108,000 square foot expansion to the headhouse that will relocate the security check points and allow for an in-line baggage system, along with other improvements to accommodate the resultant increase in passenger traffic. Six of the expansion gates will be designed to accommodate up to Group V aircraft, with 3 expansion gates designed to accommodate up to Group IV aircraft. Site work related to the 2010 Expansion Project is scheduled to commence in October 2010, with DBO anticipated in mid-2013. With the exception of the loss of a few remote aircraft parking locations, construction of the 2010 Expansion Project is not expected to affect the operations of Terminal 4. Under an agreement with the Port Authority, Delta will be obligated to demolish Terminal 3 and pave the site for use as remote aircraft parking. Delta will continue to operate domestic service from Terminal 2, which will be connected to Terminal 4 by an enclosed walkway.

Upon DBO Delta will lease between 12 and 16 of the 19 gates (the 9-gate expansion, the 3 gates it currently leases, and up to 4 additional gates in the existing facility depending upon availability) on Concourse B on a preferential basis. The remaining gates on Concourse B and the 6 gates on Concourse A will continue to be operated by JFK IAT for its contract carrier business. JFK IAT will continue to manage, maintain and operate the entire Terminal 4 facility to maximize its utilization.

6.3.1 2010 Expansion Project Estimated Costs and Funding Sources

Tables VI-1A and VI-1B presents the estimated project costs for the 2010 Expansion Project. The cost of the 2010 Expansion Project is currently estimated at \$659.4 million, which will be financed through the proceeds from the Series 8 Bonds and Transportation Security Administration grants related to improvements to the baggage screening system. Table VI-1 also presents the estimated sources and uses of the Series 8 Bonds, including the debt service reserve and capitalized interest. Approximately \$601.8 million of the 2010 Expansion Project costs are planned to be funded with proceeds from the Series 8 Bonds.

Table VI-1A

2010 Expansion Project Estimated Costs and Funding Sources

Estimated Funding Sources		Estimated Costs	
Series 8 Bonds	\$ 601,763,542	Concourse B Expansion	\$ 392,625,249
TSA grant	57,600,000	Terminal 4 Expansion/ Improvements	266,738,293
Total Terminal 4 Expansion Project Sources	\$ 659,363,542	Total Terminal 4 Expansion Project Costs	\$ 659,363,542

Source: Delta Air Lines, Inc., July 2010.

Prepared by: Ricondo & Associates, Inc., July 2010.

Table VI-1B

Series 8 Bonds Sources and Uses

Sources		Uses	
Par Amount of Bonds	\$ 857,035,000	Project Costs	\$ 601,763,542
Original Issue Premium / (Discount)	(13,031,496)	Capitalized interest	157,057,140
Interest Earnings	6,062,670	Debt Service Reserve Fund	73,989,725
		Costs of issuance	17,253,112
		Additional Proceeds	2,655
Total Sources	\$ 850,066,174	Total Uses	\$ 850,066,174

Source: Citi, July 2010.

Prepared by: Ricondo & Associates, Inc., July 2010

6.3.2 Related Projects to the 2010 Expansion Project

Table VI-2 presents the costs and expected funding sources for additional projects that will be undertaken by Delta in association with the 2010 Expansion Project but are not on the Terminal 4 site. As these projects are not financed with proceeds of the Series 8 Bonds, they are not considered in the financial analyses that follow.

Table VI-2

Related Projects Estimated Costs and Funding Sources

Estimated Costs		Estimated Funding Sources	
Terminal 3 Demolition & Site Work	\$ 179,236,445	PFC Revenue	\$ 215,000,001
Terminal 3 Ramp Remediation	16,552,968	Delta equity	73,255,577
Terminal 2/4 Connector	56,279,859		
Taxiway/Airfield Improvements	36,186,306		
Total Other Related Project Costs	\$ 288,255,578	Total Other Related Project Sources	\$ 288,255,578

Note: Figures may not add due to rounding

Source: Delta Air Lines, Inc., June 2010.

Prepared by: Ricondo & Associates, Inc., June 2010.

In order to support the 2010 Expansion Project, some ancillary improvements on the Terminal 4 site are planned, including work on taxiway throats and extensions to improve access from the airfield to the Terminal 4 site. These ancillary projects are estimated to cost \$36.2 million. The Port Authority has agreed to pursue the use of passenger facility charge (PFC) revenue for this purpose. The enclosed walkway between Terminal 4 and Terminal 2 is estimated to cost \$56.3 million, which Delta will fund directly.

The demolition and paving of the Terminal 3 site for use as remote aircraft parking is currently estimated to cost \$195.8 million. The Port Authority has agreed to apply for PFC revenues to fund the majority of the demolition and paving work, with Delta to contribute approximately \$16.6 million of equity to fund environmental remediation on the site. Should the FAA not approve the use of PFC revenues for the ancillary projects or the demolition and paving of the Terminal 3 site, funding for the projects becomes the responsibility of Delta. Delta's agreements with the Port Authority will require the implementation of the Terminal 3 site projects. Furthermore, should there be delays in the demolition and paving of the Terminal 3 site, the lack of the site for remote aircraft parking may reduce the efficiency of the operations of Delta and the other carriers at Terminal 4. A delay in the development of remote aircraft parking positions on the Terminal 3 site does not alter Delta's commitments under the Anchor Tenant Agreement. While a decline in efficiency of operations at Terminal 4 may have a slight effect on concession revenues, such an event should not have a material impact on the financial performance of JFK IAT. For the purposes of the financial analysis, R&A assumes the remote aircraft parking positions are built as anticipated.

6.4 The Anchor Tenant Agreement

The Anchor Tenant Agreement serves as a lease between JFK IAT and Delta regarding the construction of the 2010 Expansion Project and occupancy of the Terminal 4 facilities by Delta. The Anchor Tenant Agreement is subject to the JFK IAT / Port Authority Lease, as well as the Port Authority's lease with the City of New York. The Agreement becomes effective upon the closing of the Series 8 Bonds transaction with a term that expires 30 years from DBO, but not later than December 31, 2043.

Under the Anchor Tenant Agreement Delta assumes the responsibility for the design and construction of the expansion project, subject to the approval of JFK IAT and the Port Authority. The Agreement calls for Delta to enter into all the construction contracts, which are to be fixed price or guaranteed maximum price contracts that are acceptable to Delta and JFK IAT. Delta assumes the construction risk associated with the 2010 Expansion Project, including the responsibility for any delay penalties and cost overruns unless they are the result of requests for changes or the gross negligence of JFK IAT or the Port Authority. The transaction contains a standard contingency

amount to absorb potential cost overruns, and the bond documents allow for completion bonds, with the approval of the Port Authority and JFK IAT, with a cap of \$1.2 billion in total bond funding through the Port Authority for the 2010 Expansion Project. Concurrently with the 2010 Expansion Project, Delta will construct the enclosed walkway connecting Terminal 4 with Terminal 2. (The connecting walkway is not considered a part of the Terminal 4 leasehold, and thus is not included in the financial analysis.)

Prior to DBO, Delta will continue to lease three gates on Concourse B and six remote aircraft parking positions from JFK IAT, as well as related support space including, but not limited to, ticket counters, baggage make-up areas and office space. Delta may also lease up to four additional gates, and related support space, on the existing Concourse B prior to DBO, provided such gates become available per JFK IAT's tenant leases and JFK IAT's lease with the Port Authority. The inability of JFK IAT to make such additional gates available to Delta (before or after DBO) is not an event of default under the agreement, as long JFK IAT continues to use commercially reasonable efforts to make such gates available to Delta. As Terminal 4 must accommodate any carrier seeking to serve the Airport as long as it has the capacity to do so under the JFK IAT / Port Authority lease, no airline will be forced to leave Terminal 4, nor be denied a reasonable extension of its lease, in order to accommodate Delta's request for the four additional gates. For the purposes of R&A's financial analysis, Delta is assumed to occupy the four additional gates on Concourse B, along with the nine gate expansion, for a total of 16 gates, at DBO. All of the gates leased to Delta will be done so on a preferential basis.

Commencing with DBO, prior to the beginning of each summer and winter scheduling season, as set forth by the International Air Transport Association, Delta will provide JFK IAT a schedule regarding its intended use of its gates and remote aircraft positions (if any) for its own use or that of members of the Sky Team alliance with which Delta has received anti-trust immunity, Delta Connection carriers, or a Scheduled Aircraft Operator that is a parent or wholly-owned subsidiary of Delta. Delta may submit a revised schedule during any scheduling period, subject to the availability of its gates. Upon receipt of Delta's schedule, JFK IAT will in turn develop a comprehensive schedule for Terminal 4 containing slot length and period of availability for available gates and remote aircraft parking positions. JFK IAT will have the ability to schedule Contract Carriers on the Delta gates during times they are not scheduled for use by Delta. JFK IAT will benefit from the difference between the charges received from the Contract Carrier and a credit to Delta for the use of the gate. JFK IAT may place a carrier on a Delta gate for periods longer than the current semi-annual schedule with the approval of Delta. Delta may also request to use unused or underutilized gates controlled by JFK IAT for a per turn charge as outlined in the Anchor Tenant Agreement. In addition, the Anchor Tenant Agreement provides for both the Contract Carriers and Delta to use any available gates during Airport-wide or terminal-wide irregular operations (e.g., disruptions caused by weather) without changes to the compensation structure.

Under the Anchor Tenant Agreement, Delta will continue to pay rent on the three gates it currently occupies as negotiated with JFK IAT through DBO. If Delta gains additional existing gates prior to DBO, its rent will increase as set forth in the Agreement. Post-DBO, Delta will pay rent based on a formula that allocates costs based on leased space and usage, with Delta primarily responsible for the debt service associated with the Series 8 Bonds (with exclusions for concession space and common use space in the headhouse, fees for which will be on a utilization basis); a pro-rata share of rentals due under the JFK IAT / Port Authority lease based on square footage occupied; and a pro-rata share of terminal management funds as defined in the JFK IAT / Port Authority lease based on the original square footage of Terminal 4 and utilization. Delta's rent will also include fees or rents related to the common use bag screening system, domestic baggage claim, FIS facilities, and bag recheck space.

Delta's rent will also include O&M charges for the entire expansion area, less concession space, and a pro-rata share of O&M expense for its space and allocable share of common use space within the existing terminal based on square footage. Delta's rent for its share of the existing terminal space will equal 40 percent of the Existing Facility Requirement through 2019, provided Delta receives the seven gates (3 existing, 4 additional) in the existing facility envisioned under the Anchor Tenant Agreement. The Existing Facility Requirement equals the sum of O&M expense, required deposits to reserve funds, JFK IAT management fees, debt service on the Series 6 Bonds and outstanding subordinate debt, an additional capital charge, and rentals due under the JFK IAT / Port Authority Lease. Delta's payments relative to the Existing Facility Requirement will be adjusted per the Anchor Tenant Agreement should Delta not receive the four additional gates it is seeking or if at some time in the future it leases additional gates in the existing facility. After 2019 Delta's payments will be based on the greater of the 40 percent of the Existing Facility Requirement or the amount calculated under the cost allocation method. Under the Agreement, the Delta payment includes the use of the Delta gates by Delta or Delta Affiliate Carriers (e.g. KLM, which in the enplanement forecast and financial analysis is considered as part of Delta beginning at DBO).

For more information on the Anchor Tenant Agreement, please refer to the section entitled "The Anchor Tenant Agreement and Anticipated Delta Operations" and Appendix D, "Summary of Certain Provisions of the Lease and the Anchor Tenant Agreement" in the Official Statement for the Series 8 Bonds.

6.5 The Trust Administration Agreement

JFK IAT entered into the original Trust Administration Agreement, on May 13, 1997 in connection with the financing for the construction of Terminal 4. JFK IAT will enter into the Sixth Supplement to the Trust Administration Agreement upon the financial closing of the Series 8 Bonds. Under the terms of the Trust Administration Agreement, JFK IAT is required to deposit or cause to be deposited with the Trustee all Revenues received by JFK IAT in connection with its operation and management of Terminal 4, and all such Revenues are thereafter generally applied to the extent available, *first*, to pay JFK IAT's Permitted Operation and Maintenance Expenses; *second*, to pay Ground Rental payable by JFK IAT to the Port Authority under the JFK IAT / Port Authority Lease; and *third*, to pay Facility Rental (gross debt service on the Series 6 Bonds and Series 8 Bonds less: the interest on the Series 6 and Series 8 Accounts in the Debt Service Reserve Fund, the interest on the Major Maintenance and Renewal Fund, and the interest on the Capital Improvement Reserve Fund) payable by JFK IAT to Port Authority under the JFK IAT / Port Authority Lease. Thereafter, available Revenues are required to be applied to fund certain debt service reserves; operating reserves; major maintenance reserves; certain obligations in connection with the Subordinated Port Authority Investment (if funds for repayment are available); certain payments to JFK IAT with respect to terminal and retail management services and to the Port Authority with respect to additional land rentals; and an additional capital improvement reserve. Any excess amounts after application of the foregoing shall be retained by the Port Authority and JFK IAT.

JFK IAT has covenanted with the Trustee under the Trust Administration Agreement to collect Revenues sufficient, after paying all Permitted Operations and Maintenance Expenses and Ground Rental, to cover debt service on all outstanding Series 6 and Series 8 Bonds by a coverage ratio of 1.25x in each of its fiscal years, both on a prospective basis (based on its Annual Operating Budget) and on a retrospective basis (based on its annual audited financial statements). If the 1.25x coverage ratio is not projected to be met for an upcoming fiscal year, then JFK IAT is required to request a third-party consultant to recommend revisions to its Annual Operating Budget and, after taking into account that recommendation, to revise its Annual Operating Budget to produce (to the extent practicable using prudent business judgment) Revenues in order to satisfy the 1.25x coverage ratio

requirement. (See the section entitled “Overview of JFK IAT’s Business Operations,” “Security and Sources of Payment – Fund and Accounts,” and Appendix C-4 “Summary of Certain Provisions of the Trust Administration Agreement” in the Official Statement for the Series 8 Bonds.)

6.6 JFK IAT Historical Financial Performance and Projections

6.6.1 Operating and Maintenance Expenses

This section presents a discussion of JFK IAT’s O&M expenses (exclusive of taxes, depreciation and bad debt expense) for Terminal 4 on a historical basis from 2006 to 2009 and on a projected basis from 2010 through 2020 (the projection period), which are summarized in **Table VI-3** for the historical period and **Table VI-4** for the projection period.

From 2006 through 2009 total O&M expenses increased at a compounded annual growth rate of 4.4 percent, from approximately \$41.9 million in 2006 to \$47.7 million in 2009. In 2010, O&M expenses are budgeted to equal \$50.0 million, which is a 4.8 percent increase from the 2009 level. Thereafter, total O&M expenses, before consideration of the 2010 Expansion Project, are projected to increase at a compounded annual rate of between 4.8 and 4.9 percent. These projections are based primarily on historical experience, discussions with management, contractual obligations, and industry growth rates.

Table VI-3

Historical Operating & Maintenance Expenses

	Actual			
	FY 2006	FY 2007	FY 2008	FY 2009
Personnel	\$6,583,772	\$7,029,917	\$7,580,809	\$8,000,971
Repairs and Maintenance	9,151,311	9,277,806	10,273,858	9,994,353
Outsourced Services	10,808,247	11,091,504	13,410,010	12,989,931
Utilities	9,516,825	11,174,860	9,964,615	10,432,551
General & Administrative	5,799,273	7,112,214	6,910,381	6,274,991
Total	\$41,859,428	\$45,686,301	\$48,139,673	\$47,692,797

Source: JFK IAT, June 2010; Ricondo & Associates, Inc., June 2010.

Prepared by: Ricondo & Associates, Inc., June 2010.

Increases in O&M expenses arising from the 2010 Expansion Project are incorporated at DBO. The projected increase in O&M expenses resulting from the 2010 Expansion Project are based on discussions with management, the increased space associated with the expansion, and industry growth rates. O&M expenses in 2013, the year of DBO, are projected to equal \$68.8 million, representing a 25.3 percent increase from the 2012 level. O&M expenses in 2014, the first full year after DBO, are projected to equal \$76.9 million, an 11.7 percent increase from the 2013 level. Thereafter, the projected compounded annual growth rate through 2020 equals 4.8 percent, with total O&M expenses reaching \$101.8 million in 2020.

The following sections provide greater detail regarding the historical trends and projections in O&M expenses for Terminal 4 in five major categories: personnel, repairs and maintenance, outsourced services, utilities, and general & administrative.

Table VI-4

Projected Operating & Maintenance Expenses

	Budget		Projected								
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Personnel	\$8,081,241	\$8,566,115	\$9,080,082	\$10,266,546	\$10,587,376	\$11,222,619	\$11,895,976	\$12,609,734	\$13,366,318	\$14,168,297	\$15,018,395
Repairs and Maintenance	11,399,019	12,082,960	12,807,938	16,563,225	18,056,631	19,140,028	20,288,430	21,505,736	22,796,080	24,163,845	25,613,676
Outsourced Services	13,204,825	13,677,537	14,170,139	18,474,804	22,404,882	23,234,674	24,095,227	24,985,874	25,906,987	26,863,798	27,856,843
Utilities	11,469,959	11,986,107	12,525,482	15,706,954	17,408,541	18,191,925	19,010,562	19,866,037	20,760,009	21,694,210	22,670,449
General & Administrative	5,846,598	6,080,462	6,323,680	7,799,126	8,410,375	8,746,790	9,096,662	9,460,528	9,838,949	10,232,507	10,641,808
Total	\$50,001,642	\$52,393,182	\$54,907,321	\$68,810,656	\$76,867,805	\$80,536,037	\$84,386,857	\$88,427,910	\$92,668,344	\$97,122,657	\$101,801,170

Source: JFK IAT, June 2010; Ricondo & Associates, Inc., October 2010.
Prepared by: Ricondo & Associates, Inc., October 2010.

6.6.1.1 Personnel

JFK IAT's personnel expenses consist of compensation, benefits and training for staff and officers. During 2009 JFK IAT's staff totaled 60 employees. Personnel expenses increased from \$6.6 million in 2006 to \$8.0 million in 2009, representing a 6.7 percent compounded annual growth rate for the period. Compensation, which represented 79.9 percent of total personnel expenses in 2009, increased by a compounded annual rate of 6.8 percent over the 3 year period. Other personnel expenses represented the remaining 20.1 percent of personnel expenses in 2009 and increased at a 6.5 percent compounded annual rate between 2006 and 2009. Total personnel expenses increased to 16.8 percent of total O&M expense in 2009 compared to 15.7 percent in 2006.

Personnel expenses in 2010 are budgeted to equal \$8.1 million, which represents a 1.0 percent increase from the 2009 level. Thereafter, personnel expenses are projected to increase at a compounded annual rate of 6.4 from 2010 through 2020, which is primarily attributable to increasing compensation along with minor additional expenses associated with the completion of the 2010 Expansion Project. In 2020 personnel expenses are projected to reach \$15.0 million, equaling 14.8 percent of total O&M.

6.6.1.2 Repairs and Maintenance

The repairs and maintenance category includes costs associated with the upkeep of the Terminal 4 structure, apron, HVAC system, electrical system, plumbing, fire detection, communication and information technology systems, transportation, and any other equipment required to operate the facility. From 2006 to 2009 repair and maintenance costs ranged between 20 and 22 percent of total O&M expense.

Repairs and maintenance expense increased slightly from \$9.2 million in 2006 to \$9.3 million in 2007, an annual increase of 1.4 percent. In 2008 repairs and maintenance expenses increased to \$10.3 million, an annual increase from 2007 of 10.7 percent, due to a significant increase in ramp paving and repairs. In 2009, repairs and maintenance decreased from the 2008 level to \$10.0 million, an annual decrease of 2.7 percent. Overall, repair and maintenance expense increased at a 3.0 percent compounded annual rate from 2006 to 2009.

In 2010, repairs and maintenance expenses are budgeted to equal \$11.4 million, a 14.1 percent increase from the 2009 level. Repairs and maintenance expenses are projected to increase at an annual growth rate of 6.0 percent from 2010 through 2020 primarily reflecting inflation and additional costs associated with maintaining and repairing the existing and future facilities. In 2012, the last full year before DBO, repairs and maintenance expenses are projected to equal \$12.8 million. At DBO an additional increase of 33 percent in repair and maintenance expenses is projected, which reflects a similar percentage increase in concourse and terminal space. As a result, repairs and maintenance expenses is projected to rise to \$16.6 million in 2013 and \$18.1 million in 2014. From 2014 through 2020, repairs and maintenance expense is projected to increase at a 5.9 percent compounded annual rate, or to \$25.6 million at the end of the projection period.

6.6.1.3 Outsourced Services

The outsourced services category includes cleaning, security, porter services, busing and loading bridge operations and maintenance, snow removal, and trash removal. From 2006 to 2009 outsourced services costs ranged between approximately 24 and 28 percent of total O&M expense.

Outsourced services increased from \$10.8 million in 2006 to \$11.1 million in 2007, an increase of 2.6 percent, and to \$13.4 million in 2008, an increase of 20.9 percent from 2007. This significant increase in 2008 reflects several factors including a new contract for cleaning services, new pre-boarding screening requirements, a retroactive charge for police services, increased bus operation

activity, and an unusually harsh winter and the related need for snow removal. In 2009 outsourced services decreased to \$13.0 million, or 3.1 percent from 2008 as snow removal and bussing operation costs decreased from their 2008 levels. Overall, outsourced service expense increased at a 6.3 percent compounded annual rate from 2006 to 2009.

Outsourced services are budgeted to equal \$13.2 million in 2010, a 1.7 percent increase from the 2009 level. Outsourced services are projected to increase at a compounded annual rate of approximately 7.8 percent through the projection period, reaching \$27.9 million, or 27.4 percent of total O&M expenses, in 2020. The projected growth rate reflects the effects of inflation, contractual provisions, and costs associated with the expansion, the latter of which are included at DBO.

6.6.1.4 Utilities

Utilities include electrical supply, gas, domestic water, hot water and chilled water. Utility costs increased at a 3.1 percent compounded annual rate, and ranged between 20 percent and 25 percent of total O&M expense, between 2006 and 2009. Utility expenses increased from \$9.5 million in 2006 to \$11.2 million in 2007, an increase of 17.4 percent, due to higher utility rates. From 2007 to 2008 utility expenses decreased by 10.8 percent, to \$10.0 million due to a retroactive credit for chilled and hot water. Utility costs remained essentially flat from 2008 to 2009 at \$10.4 million.

In 2010, utilities are budgeted to equal \$11.5 million a 9.9 percent increase, due to utility rate increases. From 2010 through 2020, utilities are projected to increase at a compounded annual rate of 7.1, reflecting inflation and the costs of the additional space and equipment associated with the terminal and concourse expansion, which is incorporated beginning at DBO. In 2020, utilities are projected to equal \$22.7 million, or 22.3 percent of O&M expense.

6.6.1.5 General and Administrative

General and administrative costs include: office costs, marketing and promotion costs, bank charges and fees, consulting costs, and customer service costs. From 2006 to 2009 general and administrative expenses represented between 13 and 16 percent of total O&M. General and administrative expenses increased from \$5.8 million in 2006 to \$7.1 million in 2007, an increase of 22.6 percent. This significant increase was primarily a result of major maintenance projects classified as general and administrative due to their non-security nature and increased consulting costs associated with a three-year project related to quality improvements. In 2008 general and administrative expenses decreased to \$6.9 million, an annual decrease from 2007 of 2.8 percent. General and administrative expenses further decreased in 2009 from 2008 to \$6.3 million, a decrease of 9.2 percent. Overall, the compounded annual growth rate from 2006 to 2009 was 2.7 percent.

General and administrative are budgeted to equal \$5.9 million in 2010, a 6.7 percent decrease from the 2009 level. General and administrative expenses are projected to increase at a compounded annual growth rate of 6.2 percent from 2010 to 2020, reflecting inflation and an additional increase at DBO. In 2020, general and administrative expenses are projected to equal \$10.6 million or 10.5 percent of total O&M expense.

6.6.2 Ground Rental

JFK IAT pays Ground Rental to the Port Authority for the use of the Terminal 4 site, which is payable prior to debt service on the Series 6 Bonds and Series 8 Bonds. Ground Rental is paid monthly and increases on an annual basis each January 1st at a rate equal to the greater of a) 4 percent, or b) one half the annual percentage change in the consumer price index all urban consumers NY-NJ-CT-PA for the 12 month period ending the preceding November 30th. As presented in **Table VI-5**, Ground Rental equaled approximately \$15.1 million in 2006 and increased to approximately

\$17.0 million by 2009. For the projection period, presented in **Table VI-6**, Ground Rental is assumed to increase by 4.0 percent each year, to reach \$26.2 million in 2020.

Table VI-5

Historical Ground Rental and Facility Rental

	Actual			
	FY 2006	FY 2007	FY 2008	FY 2009
Ground Rental ^{1/}	\$15,077,805	\$15,734,719	\$16,369,194	\$17,023,962
Facility Rental				
Series 6 Bonds Gross Annual Debt Service ^{2/}	77,565,898	77,641,098	77,560,098	77,559,160
Less:				
Debt Service Reserve Fund Interest ^{3/}	6,239,788	6,239,788	6,239,788	6,239,788
Major Maintenance & Renewal Fund Interest	-	-	29,195	15
Capital Improvement Reserve Fund Interest	-	192,546	100,790	45
Total Facility Rental	\$71,326,110	\$71,208,764	\$71,190,325	\$71,319,312

Notes

1/ Ground Rental is senior to Facility Rental and is paid before the payment of Facility Rental.

2/ Gross Debt Service reflects the amount due in the bond year ending December 1st.

3/ Reflects a guaranteed investment contract for the Series 6 Account of the Debt Service Reserve Fund.

Source: JFK IAT, June 2010; Ricondo & Associates, Inc., June 2010.

Prepared by: Ricondo & Associates, Inc., June 2010.

6.6.3 Facility Rental

Facility Rental equals the annual debt service due on the Series 6 Bonds and the Series 8 Bonds, net of interest earned on the debt service reserve funds, the major maintenance and renewal fund, and capital improvement reserve fund (effective December 1, 2007). Historical Facility Rental, as presented in Table VI-5, remained relatively constant at approximately \$71 million from 2006 to 2009. Projected Facility Rental, as presented in Table VI-6, is projected to equal \$71.3 million in 2010. In 2014, the first full year after DBO, Facility Rental is projected to rise to \$130 million with the inclusion of Series 8 Bonds interest only debt service payments and remain stable around that level through 2017. Facility rental increases to \$144 million in 2018, the first year that principal is paid on the Series 8 Bonds, and remains constant through 2020. The estimated annual debt service for the Series 8 Bonds for the purposes of the feasibility study, as supplied by the underwriters, was based on the prevailing market interest rates of September 7, 2010 plus an allowance of approximately 50 basis points to be conservative in light of possible movements prior to the pricing of the Bonds.

6.6.4 Non-Airline Revenue

Non-airline revenue, presented in **Table VI-7** for 2006 to 2009, consists of all revenues generated by JFK IAT other than fees paid directly by the airlines. The primary sources of non-airline operating revenue are the various concessionaires who lease space in the Terminal's retail hall, arrivals hall, or the concourses. These concessionaires offer an array of specialty retail stores, duty free shops, restaurants, and other services to the passengers and visitors using Terminal 4. Other sources of non-airline revenue include: advertising charges, common area maintenance fees, marketing fees, utility recovery fees, retail support space rent, telephone percentage fees, photo-shoot revenue, and parking charges.

Table VI-6

Projected Ground Rental and Facility Rental

	Projected										
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Ground Rental ^{1/}	\$17,704,921	\$18,413,118	\$19,149,643	\$19,915,628	\$20,712,253	\$21,540,744	\$22,402,373	\$23,298,468	\$24,230,407	\$25,199,623	\$26,207,608
Facility Rental											
Series 6 Bonds Gross Annual Debt Service ^{2/}	77,547,598	77,519,473	77,558,848	77,570,598	77,539,348	77,555,910	77,513,410	77,495,610	77,495,000	77,495,875	77,482,875
Series 8 Bonds Gross Annual Debt Service ^{2/, 3/}	-	-	-	30,023,647	60,047,294	60,047,294	60,047,294	60,047,294	73,987,294	73,988,469	73,987,275
Less:											
Debt Service Reserve Fund Interest ^{4/}	6,239,788	6,239,788	6,239,788	6,979,685	7,719,583	7,719,583	7,719,583	7,719,583	7,719,583	7,719,583	7,719,583
Major Maintenance & Renewal Fund Interest	10,013	19,336	27,397	29,851	33,439	37,390	41,377	45,603	49,335	52,420	55,565
Capital Improvement Reserve Fund Interest	30,040	58,007	82,190	89,554	100,318	112,170	124,130	136,808	148,006	157,261	166,696
Total Facility Rental	\$71,267,756	\$71,202,342	\$71,209,474	\$100,495,154	\$129,733,302	\$129,734,061	\$129,675,614	\$129,640,911	\$143,565,370	\$143,555,080	\$143,528,306

Notes:

- 1/ Ground Rental is senior to Facility Rental and is paid before the payment of Facility Rental.
- 2/ Gross Debt Service reflects the amount due in the bond year ending December 1st.
- 3/ The estimated annual debt service for the Series 8 Bonds for the purposes of the feasibility study, as supplied by the underwriters, was based on the prevailing market interest rates of September 7, 2010 plus an allowance of approximately 50 basis points to be conservative in light of possible market movements prior to the pricing of the Bonds.
- 4/ Reflects a guaranteed investment contract for the Series 6 Account of the Debt Service Reserve Fund and the interest rate assumptions on the Series 8 Account of the Debt Service Reserve provided by the underwriters.

Source: JFK IAT; October 2010; Ricondo & Associates, Inc., October 2010.

Prepared by: Ricondo & Associates, Inc., October 2010.

Table VI-7

Historical Non-Airline Revenues

	Actual			
	FY 2006	FY 2007	FY 2008	FY 2009
Percentage Rents				
Food & Beverage	\$2,833,448	\$3,927,562	\$4,251,901	\$4,074,419
Duty Free	9,357,915	12,395,958	13,263,516	10,465,103
News, gifts and specialty	2,823,260	3,340,903	3,931,536	4,164,848
Services	740,938	899,146	971,883	806,753
Total Percentage Rents	\$15,755,561	\$20,563,569	\$22,418,837	\$19,511,122
Concession Base Rents				
Food & Beverage	\$76,760	\$78,753	\$81,821	\$97,492
Duty Free	857,526	869,202	906,611	926,339
News, gifts and specialty	714,660	857,586	931,210	1,005,002
Services	765,336	763,259	767,247	760,462
Total Base Rents	\$2,414,282	\$2,568,800	\$2,686,889	\$2,789,295
Other Non-Airline Revenue				
Advertising	\$3,178,141	\$2,982,159	\$3,391,351	\$3,351,193
Common Area Maintenance Fees	917,796	1,002,813	1,027,312	1,066,414
Marketing Fees	380,755	474,053	508,159	464,855
Utility Recovery Fees	629,630	669,855	842,669	804,703
Retail Support Space	1,784,228	2,062,873	1,881,038	1,914,176
Telephone	677,378	941,309	826,869	967,133
Photoshoots	125,512	241,749	290,558	234,268
Parking	240,694	262,241	263,667	263,313
Other	5,505	5,522	25,427	13,620
Total Other Non-Airline Revenue	\$7,939,638	\$8,642,574	\$9,057,049	\$9,079,675
Total Operating Non-Airline Revenue	\$26,109,482	\$31,774,944	\$34,162,775	\$31,380,092
Interest Income	730,878	1,161,270	507,381	15,093
Total Non-Airline Revenue	\$26,840,360	\$32,936,214	\$34,670,156	\$31,395,185

Source: JFK IAT, June 2010; Ricondo & Associates, Inc., June 2010.
Prepared by: Ricondo & Associates, Inc., June 2010.

Non-airline revenues accounted for between 14 percent and 17 percent of JFK IAT's total annual revenue between 2006 and 2009. Increased passenger traffic and concession offerings between 2006 and 2008 spurred significant gains in non-airline revenues, which grew at a 13.7 percent compounded annual rate for this period. The global economic recession, and the resultant decrease in consumer spending and international passenger traffic and the change in the relative value of the dollar, led to a 9.4 percent decline in non-airline revenue at Terminal 4 in 2009.

Table VI-8 presents projected non-airline revenue from 2010 to 2020. Non-airline revenue in 2010 is projected to decrease from its 2009 level by 4.3 percent to \$30.0 million primarily due a budgeted decrease of duty free sales per enplanement. In 2011, non-airline revenue is projected to increase by 1.3 percent to \$30.4 million. In 2012, the last full year before DBO, non-airline revenue is projected to equal \$32.1 million or 14 percent of total revenue. Non-airline revenue is projected to increase to \$38.3 million, which represents an increase of 19.3 percent, in 2013, the year in which DBO occurs. Non-airline revenue is projected to increase an additional 30.4 percent in 2014 to \$49.9 million or 15 percent of total revenue. These increases reflect several factors which are detailed in the following sections. From 2014 through 2020, non-airline revenues are projected to increase at a 3.7 percent compounded annual rate, reaching \$62.1 million or 16 percent of total revenue, at the end of the projection period.

6.6.4.1 Concession Program

The 100,000 square foot retail hall includes a variety of offerings found in a typical shopping center. Designed in concert with Amsterdam Airport Schiphol, which is known for developing airport concessions programs, the line-up of concessionaires includes a comprehensive food and beverage program, an expansive duty free shop, and a diverse array of specialty retail. Terminal 4 has one of the nation's largest pre-security concession programs, and has created an additional 21,000 square feet of retail space on the concourses since opening in May 2001.

In 2009 SSP, the exclusive food and beverage operator at Terminal 4, completed a multi-million dollar renovation that added many popular brands to the terminal. The Palm Bar and Grill opened in December 2009, while Buffalo Wild Wings, Panopolis, Peet's Coffee and Tea and Tigin's, an Irish Pub, were added on the concourses. Food and beverage concessions occupy approximately 25,000 square feet of space in total.

The specialty retail program was enhanced since 2009 by the addition of Victoria's Secret, Life is Good and Sunglass Hut. A new program is underway to introduce mini-boutiques of Juicy Couture, Hugo Boss, Kenneth Cole, Longchamps, Furla, Vilebrequin, Guess and Geox, in addition to luxury brands, Hermes, Ferragamo and Zegna. Existing stores include Quicksilver, Puma, Roxy, Timberland, The Metropolitan Museum of Art, Swarovski, Ultra Diamond and Bijoux Ternier. In addition, there are a series of chocolate shops throughout the terminal, Bluwire, a new consumer electronics concept, and two XpresSpa locations. An AT&T store opened in the Arrivals Hall on August 27, 2010. DFS, the world's largest duty free operator, occupies nearly 16,000 square feet in four locations and offers a full range of duty free products.

The relocation of the security check points included in the 2010 Expansion Program will place most existing concessions behind security. The Arrivals Hall which today houses basic services will be considered for redevelopment for pre-security concessions opportunities to provide airport employees and those waiting for arriving passengers some of the choices in services and shops they can currently access in the main retail hall.

Concession leases in Terminal 4 vary in length, with rents based on a combination of a fixed-base and percentage of sales which are described below.

Table VI-8

Projected Non-Airline Revenues

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Percentage Rents											
Food & Beverage	\$4,249,026	\$4,171,609	\$4,581,034	\$5,548,646	\$8,013,018	\$8,336,570	\$8,668,759	\$9,003,898	\$9,339,598	\$9,688,845	\$10,049,353
Duty Free	9,617,501	9,964,599	10,372,625	12,755,199	17,708,339	18,474,842	19,261,191	20,050,366	20,835,855	21,653,860	22,498,172
News, gifts and specialty	4,191,488	4,115,120	4,519,000	5,473,509	7,904,510	8,223,681	8,551,371	8,881,972	9,213,126	9,557,644	9,913,270
Services	953,948	936,567	1,028,487	1,245,725	1,799,001	1,871,642	1,946,221	2,021,463	2,096,831	2,175,241	2,256,178
Total Percentage Rents	\$19,011,963	\$19,187,895	\$20,501,145	\$25,023,080	\$35,424,868	\$36,906,735	\$38,427,541	\$39,957,701	\$41,485,410	\$43,075,589	\$44,716,974
Concession Base Rents											
Food & Beverage	\$100,654	\$103,674	\$106,784	\$113,902	\$119,336	\$122,916	\$126,603	\$130,401	\$134,313	\$138,343	\$142,493
Duty Free	935,582	963,649	992,559	1,058,725	1,109,227	1,142,504	1,176,779	1,212,083	1,248,445	1,285,899	1,324,475
News, gifts and specialty	1,002,688	1,032,769	1,063,752	1,134,664	1,188,788	1,224,452	1,261,186	1,299,021	1,337,992	1,378,131	1,419,475
Services	786,886	810,493	834,807	890,457	932,933	960,921	989,749	1,019,441	1,050,025	1,081,525	1,113,971
Total Base Rents	\$2,825,810	\$2,910,584	\$2,997,902	\$3,197,748	\$3,350,284	\$3,450,793	\$3,554,317	\$3,660,946	\$3,770,775	\$3,883,898	\$4,000,415
Other Non-Airline Revenue											
Advertising	\$2,600,000	\$2,678,000	\$2,758,340	\$3,480,335	\$3,913,957	\$4,031,376	\$4,152,317	\$4,276,886	\$4,405,193	\$4,537,349	\$4,673,469
Common Area Maintenance Fees	1,075,148	1,107,402	1,140,625	1,314,236	1,425,450	1,468,214	1,512,260	1,557,628	1,604,357	1,652,487	1,702,062
Marketing Fees	471,150	485,326	501,444	589,045	793,416	822,194	851,732	881,489	911,244	942,205	974,162
Utility Recovery Fees	856,280	881,968	908,427	1,046,697	1,135,271	1,169,329	1,204,409	1,240,541	1,277,758	1,316,090	1,355,573
Retail Support Space	1,996,926	2,056,834	2,118,539	2,440,996	2,647,560	2,726,986	2,808,796	2,893,060	2,979,852	3,069,247	3,161,325
Telephone	783,000	806,490	830,685	855,605	881,273	907,712	934,943	962,991	991,881	1,021,637	1,052,287
Photoshoots	150,000	154,500	159,135	163,909	168,826	173,891	179,108	184,481	190,016	195,716	201,587
Parking	265,800	136,887	140,994	145,223	149,580	154,068	158,690	163,450	168,354	173,404	178,606
Other	7,200	7,416	7,638	7,868	8,104	8,347	8,597	8,855	9,121	9,394	9,676
Total Other Non-Airline Revenue	\$8,205,504	\$8,314,824	\$8,565,827	\$10,043,914	\$11,123,437	\$11,462,115	\$11,810,852	\$12,169,382	\$12,537,774	\$12,917,530	\$13,308,747
Total Operating Non-Airline Revenue	\$30,043,277	\$30,413,303	\$32,064,874	\$38,264,742	\$49,898,590	\$51,819,643	\$53,792,710	\$55,788,029	\$57,793,959	\$59,877,017	\$62,026,136
Interest Income	6,000	23,039	32,190	37,115	43,704	47,221	49,477	51,844	54,329	56,937	59,677
Total Non-Airline Revenue	\$30,049,277	\$30,436,342	\$32,097,064	\$38,301,857	\$49,942,293	\$51,866,864	\$53,842,187	\$55,839,873	\$57,848,287	\$59,933,954	\$62,085,813

Source: JFK LAT, September 2010; Ricondo & Associates, Inc., October 2010.
Prepared by: Ricondo & Associates, Inc., October 2010.

Base Rents

Base rents are a fixed annual rent based on the square footage of a portion of the leased space. Most leases allow for an annual increase in the base rent, which is determined by the change in the consumer price index (CPI), a fixed percentage stated in the lease, or a combination of both. Income derived from base rents increased at a compound annual rate of 4.9 percent from 2006 to 2009. In 2009, income from base rents totaled \$2.8 million, or 8.9 percent of total non-airline revenue.

Base rents are projected to increase each year by inflation for the projection period with an additional increase of approximately 5 percent at DBO to account for new concession space charged base rent. In 2010, base rents are budgeted at \$2.8 million and are projected to reach \$4.0 million in 2020.

Percentage Rents

In addition to base rents, the leases in Terminal 4 provide for variable rent based on a percentage of sales for each concessionaire. The percentage rent varies among concessionaires depending on the individual contract, with most leases providing for incremental increases in the percentage amount as gross sales exceed predetermined thresholds. Also, some contracts include a minimum annual guarantee (MAG) that requires the vendor to pay the greater of a pre-defined amount or the percentage of sales. Reflecting the nature of the leases, as total sales grew between 2006 and 2008, JFK IAT benefited as percentage rents increased from 15.5 percent of sales in 2006 to 17.3 percent of sales in 2008. As a result, JFK IAT's revenue derived from percentage rents increased from \$15.8 million in 2006 to \$22.4 million in 2008, or a compounded annual growth rate of 19.3 percent.

However, as sales decreased in 2009, JFK IAT's average percentage rent declined to 16.7 percent of sales, while revenue generated from percentage rents declined 3.6 percent to \$19.5 million. Percentage rents equaled 62.1 percent of non-airline revenue in 2009.

The following assumptions were used for projecting percentage rents:

- The mix of concessions among categories will remain consistent with the current offerings throughout the projection period.
- The Terminal's security screening locations will be relocated in conjunction with the expansion program, placing most of retail and food & beverage concessions that are currently prior to security, including the retail hall, after security. While moving the food and beverage locations behind security may reduce the ability of airport employees from outside of Terminal 4 to patronize these concessions, this change is assumed to be more than offset by increased passenger dwell time in the retail hall where most of the Terminal's Duty Free, retail, and food & beverage concessions are located.
- The structure of concessionaire contracts will remain the same over the projection period.
- Percentage rent is assumed to rise as growth in sales eclipses the predetermined thresholds for increases in the percentage of sales received by JFK IAT.

Percentage rents are budgeted to equal \$19 million in 2010, which is slightly less than in 2009. Percentage rents are expected to increase each year over the remainder of the projection period. The compounded annual growth rate for percentage rents from 2010 to 2020 is 8.9 percent, which reflects a significant passenger increase at DBO, inflation, and the escalating structure of concession contracts described above. In 2020, percentage rents are expected to reach \$44.7 million.

Concession Sales

Concession revenue received by JFK IAT is driven by sales, which is a factor of passenger traffic, the ability of the concession program to meet the demands of the traveling consumer, and the

propensity of passengers utilizing Terminal 4 to spend. Thus, trends in sales per enplaned passenger serve as an important metric to review in order to gauge the success of the concession program and are presented in **Table VI-9**. (Duty free sales per enplaned passenger is based on international enplaned passengers, while all of the other categories and total sales per enplaned passenger are based on total enplaned passengers.)

Table VI-9

Historical Sales and Sales per Enplaned Passenger

	Actual			
	FY 2006	FY 2007	FY 2008	FY 2009
Sales				
Food & Beverage	\$21,533,988	\$26,372,665	\$27,371,194	\$27,044,424
Duty Free	32,011,970	42,179,265	43,406,683	35,787,300
News, gifts and specialty	21,707,814	24,187,388	26,686,566	26,769,421
Services	26,750,940	31,184,100	31,903,175	27,135,816
Total Revenue	\$102,004,712	\$123,923,418	\$129,367,616	\$116,736,960
Sales per Enplaned Passenger				
Food & Beverage	\$5.68	\$6.12	\$6.20	\$5.94
Duty Free	9.71	11.68	12.05	10.12
News, gifts and specialty	5.73	5.61	6.04	5.88
Services	7.06	7.23	7.23	5.96
Total Sales per Enplaned Passenger	\$26.92	\$28.74	\$29.30	\$25.64

Source: JFK IAT, May 2010; Ricondo & Associates, Inc., May 2010.

Prepared by: Ricondo & Associates, Inc., June 2010.

Fluctuations in sales per enplaned passenger usually reflect an increase or decrease in concessions offered, enhancement or deterioration of existing concessions, a change in discretionary consumer spending, fluctuations in currency exchange rates, and/or inflation. Sales per enplaned passengers equaled \$26.92 in 2006 and peaked at \$29.30 in 2008, representing a compounded annual growth rate of 4.3 percent for the period. The increase primarily reflects inflation, strong passenger trends, and additional concessions offered at Terminal 4. In 2009, sales per enplaned passenger decreased by 12.5 percent from the 2008, to \$25.64, which corresponds with the diminished consumer activity and the change in the relative value of the dollar related to the recession.

Table VI-10 presents sales and sales per enplaned passenger for the projection period from 2010 to 2020. JFK IAT's budgeted sales per enplaned passenger for 2010 equal \$29.84, representing a 16.4 percent increase from 2009. From 2010 through the end of the projection period in 2020, sales per enplaned passenger in each for each category of concessions is expected to increase by 1.5 percent annually, or half of the assumed inflation rate for the forecast, with Terminal 4's total sales per enplaned passenger projected to equal \$34.26 in 2020.

Table VI-11 compares 2008 sales per enplaned passenger for the terminals at JFK along with the following four airports: Newark Liberty, Los Angeles International, Miami International, and Hartsfield-Jackson Atlanta International. Terminal 4 specialty retail/news and gift sales per enplaned passenger was higher than the other four airports listed and was the median for the JFK Terminals at \$7.23. Food and beverage sales per enplaned passenger at Terminal 4 equaled \$6.20, which was the median for the JFK terminals and higher than the other four airports presented. Duty free sales per enplaned passenger equaled \$12.05, which was the median for the whole comparison group and the

Table VI-10

Projected Sales and Sales per Enplaned Passenger

	Projected										
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Sales											
Food & Beverage	\$28,232,187	\$29,088,047	\$30,052,264	\$35,186,629	\$48,199,925	\$49,947,039	\$51,740,929	\$53,551,721	\$55,366,865	\$57,254,760	\$59,203,418
Duty Free	33,907,914	34,914,484	36,077,937	42,627,702	55,697,240	57,719,761	59,794,650	61,876,998	63,949,617	66,108,035	68,335,870
News, gifts and specialty	32,089,889	33,062,695	34,158,685	39,994,600	54,786,059	56,771,901	58,810,913	60,869,134	62,932,304	65,078,164	67,293,091
Services	29,564,052	30,460,287	31,469,992	36,846,573	50,473,776	52,303,311	54,181,829	56,078,045	57,978,820	59,955,777	61,996,364
Total Revenue	\$123,794,042	\$127,525,513	\$131,758,859	\$154,655,503	\$209,157,000	\$216,742,012	\$224,528,321	\$232,375,898	\$240,227,606	\$248,396,735	\$256,828,743
Sales per Enplaned Passenger											
Food & Beverage	\$6.80	\$6.91	\$7.01	\$7.12	\$7.22	\$7.33	\$7.44	\$7.55	\$7.67	\$7.78	\$7.90
Duty Free	9.66	9.80	9.95	10.10	10.25	10.40	10.56	10.72	10.88	11.04	11.21
News, gifts and specialty	7.73	7.85	7.97	8.09	8.21	8.33	8.46	8.58	8.71	8.84	8.98
Services	7.13	7.23	7.34	7.45	7.56	7.68	7.79	7.91	8.03	8.15	8.27
Total Sales per Enplaned Passenger	\$29.84	\$30.28	\$30.74	\$31.28	\$31.34	\$31.81	\$32.29	\$32.77	\$33.26	\$33.76	\$34.26

Source: JFK IAT, June 2010; Ricondo & Associates, Inc., October 2010.
Prepared by: Ricondo & Associates, Inc., October 2010.

Table VI-11

Sales per Enplaned Passenger - JFK Terminals and Comparable Airports

Category	JFK Terminal						Airport				
	1	2&3	4	5	6 ^{1/}	7	8	EWB	LAX	MIA	ATL
Food and beverage	\$ 5.41	\$ 6.26	\$ 6.20	\$ 9.13	\$ 6.29	\$ 5.78	\$ 5.43	\$ 5.90	\$ 5.49	\$ 5.96	\$ 5.15
Specialty Retail / News & Gift	10.79	4.52	7.23	5.41	2.42	7.63	7.49	4.68	3.44	3.97	2.40
Duty Free	24.68	13.37	12.05	-	-	17.47	11.37	7.29	12.19	7.14	4.70

Notes:

EWB = Newark Liberty; LAX = Los Angeles International; MIA = Miami International; ATL = Hartsfield-Jackson Atlanta International
1/ Terminal 6 closed on October 22

Source: JFK IAT LLC (Terminal 4), Airport Revenue News Fact Book 2009, July 2010.

Prepared by: Ricondo & Associates, Inc., July 2010.

second lowest of the JFK terminals. Terminal 4's relatively lower duty free sales per enplaned passenger reflects the fact that most of the terminal's duty-free stores are in pre-security locations, which both limits the ability of passengers to access the stores and requires all duty free sales to be made at least 45 minutes before departure to allow the stores to deliver purchases to the gate. The 2010 Expansion Project includes the relocation of the security check points, which will place all of the duty free space in post-security locations, which should provide a longer window for duty free purchases and increase sales. The duty free sales per enplaned passenger projections presented in Table VI-10 do not assume an increase in duty free sales as a result of the relocation of the security check points.

6.6.4.2 Other Non-Airline Revenue

Other non-airline revenue is comprised of advertising fees, common area maintenance fees, marketing fees, utility recovery fees, retail support space rentals, telephone percentage fees, terminal photo-shoots, and VIP parking charges. Other non-airline operating revenue grew at a 4.7 percent compounded annual rate between 2006 and 2009, to \$9.1 million or 28.9 percent of non-airline revenue.

Other non-airline revenues are projected to equal \$8.2 million in 2010 and increase each year through the projection period to \$13.3 million in 2020. Advertising is projected to increase with inflation each year with an additional increase of approximately 34 percent at DBO reflecting the additional space available to JFK IAT and revenues generated under the Port Authority's Airport-wide advertising program, with the portion allocable to Terminal 4 flowing through JFK IAT's financials. Common area maintenance fees, utility recovery fees, and retail support space revenue are projected to increase with inflation each year with an additional increase of approximately 18 percent at DBO to account for new concession space. Marketing fees are calculated as 5 percent of sales excluding services. Telephone, photo-shoots, parking, and other non-airline revenue are projected to increase with inflation each year with no additional increases at DBO.

6.6.5 Airline Revenue

Airline revenue includes all payments made by the airlines, which are detailed later in this section, and represents JFK IAT's largest revenue source at 85.6 percent of total revenue in 2009. As presented in **Table VI-12**, airline revenue equaled \$140.8 million in 2006 and increased each year through 2009, when they totaled \$186.5 million. This represents a compounded annual growth rate of 9.8 percent for the period. This growth reflects increased passenger activity and the implementation of the Space Permit with Delta in April 2009.

Table VI-12

Historical Airline Revenues

	Actual			
	FY 2006	FY 2007	FY 2008	FY 2009
Passenger Terminal Charges				
International	\$114,702,179	\$132,130,619	\$137,501,045	\$135,516,273
Domestic	7,023,086	10,496,037	11,841,200	6,699,994
Other	1,891,078	2,894,070	3,032,466	2,844,704
Total Passenger Terminal Charges	\$123,616,343	\$145,520,726	\$152,374,712	\$145,060,971
 Delta Air Lines Payment ^{1/}	 \$ -	 \$ -	 \$ -	 \$ 22,546,028
 Exclusive Airline Space Rent	 \$ 10,648,561	 \$ 10,301,223	 \$ 10,958,103	 \$ 10,823,671
 Other Airline Revenue				
Handling Fees	\$ 3,322,244	\$ 3,968,576	\$ 3,944,870	\$ 3,845,505
Counter Rent	2,638,033	2,785,632	3,100,777	2,973,450
Aircraft Parking Fees	532,126	598,999	2,913,108	1,180,273
Other Fees	63,965	7,802	50,790	29,131
Total	\$ 6,556,368	\$ 7,361,009	\$ 10,009,545	\$ 8,028,359
Total Airline Revenue	\$140,821,272	\$163,182,958	\$173,342,359	\$186,459,029

Notes:

1/ Previous to April 1, 2009, all Delta payments are recorded as a portion of the passenger terminal charges, exclusive space rent, and other airline revenue.

Source: JFK IAT, June 2010; Ricondo & Associates, Inc., June 2010.

Prepared by: Ricondo & Associates, Inc., June 2010.

Airline revenue projections are discussed in further detail in the following sections and presented in **Table VI-13**.

6.6.5.1 Delta Air Lines Payments

Delta's payments are separated into pre-DBO payments, presented in **Table VI-14**, and post-DBO payments, presented in **Table VI-15**, which are made based on the Anchor Tenant Agreement.

Delta made \$22.5 million in payments for the last nine months of 2009, when it first occupied the three gates it currently holds in Terminal 4. Delta's 2010 payment is estimated at \$31.5 million, which reflects its first full year of occupancy of the three gates. Delta's payment is expected to decrease by 4.0 percent in 2011 to \$30.3 million as Delta remote aircraft parking position payments are projected to decrease by 50 percent because of reduced availability of remote aircraft parking due to construction activity. In 2012, the last full year of the pre-DBO payment, Delta is projected to pay \$31.0 million, an annual increase of 2.4 percent. Delta is projected to pay a prorated amount in 2013 of \$10.5 million under the pre-DBO payment method prior to the projected DBO on May 1, and a pro-rated amount of \$83.0 million under the Anchor Tenant Agreement post-DBO.

Table VI-13

Projected Airline Revenues

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Passenger Terminal Charges											
International	\$134,521,000	\$138,253,353	\$142,688,326	\$118,972,057	\$119,133,495	\$122,452,061	\$125,603,133	\$128,580,808	\$131,591,892	\$134,764,678	\$138,024,716
Domestic	4,390,900	4,500,155	4,612,678	4,727,564	4,843,851	4,940,153	5,036,869	5,136,063	5,235,689	5,337,853	5,441,537
Other	1,900,045	1,957,046	2,015,758	2,076,231	2,138,518	2,202,673	2,268,753	2,336,816	2,406,920	2,479,128	2,553,502
Total Passenger Terminal Charges	\$140,811,945	\$144,710,554	\$149,316,762	\$125,775,852	\$126,115,863	\$129,594,887	\$132,908,755	\$136,053,687	\$139,234,501	\$142,581,659	\$146,019,754
Delta Air Lines Payment	\$31,518,679	\$30,268,809	\$30,980,767	\$93,535,165	\$140,413,438	\$142,853,921	\$145,363,036	\$147,992,005	\$163,054,706	\$165,876,696	\$174,392,246
Exclusive Airline Space Rent	\$10,782,169	\$11,105,634	\$11,438,803	\$8,156,746	\$8,401,449	\$8,653,492	\$8,913,097	\$9,180,490	\$9,455,905	\$9,739,582	\$10,031,769
Other Airline Revenue											
Handling Fees	\$3,458,705	\$3,562,466	\$3,669,340	\$3,191,801	\$3,287,555	\$3,386,181	\$3,487,767	\$3,592,400	\$3,700,172	\$3,811,177	\$3,925,512
Counter Rent	2,983,891	3,073,408	3,165,610	2,257,323	2,325,043	2,394,794	2,466,638	2,540,637	2,616,857	2,695,362	2,776,223
Aircraft Parking Fees	121,000	124,630	128,369	132,220	136,187	140,272	144,480	148,815	153,279	157,878	162,614
Other Fees	30,005	30,905	31,832	32,787	33,771	34,784	35,827	36,902	38,009	39,150	40,324
Total	\$6,593,601	\$6,791,409	\$6,995,151	\$ 5,614,131	\$5,782,555	\$5,956,032	\$6,134,713	\$6,318,754	\$6,508,317	\$6,703,566	\$6,904,673
Total Airline Revenue	\$189,706,394	\$192,876,406	\$198,731,483	\$233,081,895	\$280,713,306	\$287,058,333	\$293,319,601	\$299,544,936	\$318,253,428	\$324,901,503	\$337,348,442

Source: JFK IAT, October 2010; Ricondo & Associates, Inc. October 2010.

Prepared by: Ricondo & Associates, Inc., October 2010.

Table VI-14

Pre-DBO Delta Air Lines Payment

	Actual	Projected				^{1/}
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	
Delta Air Lines Payment Pre-DBO						
Gates, Check-In Counters, and Baggage Makeup	\$ 25,500,000	\$ 34,000,000	\$ 34,850,000	\$ 35,721,250	\$ 12,145,225	
Hardstands	2,923,925	4,583,007	2,348,791	2,407,511	818,554	
New Delta Operations Support Space	337,556	450,075	461,327	472,860	160,772	
Former Northwest Support Space	332,839	-	-	-	-	
PAX Service Area	36,000	48,000	49,200	50,430	17,146	
Ticket Counters	11,818	16,151	16,555	16,969	5,769	
Ramp Control Tower	2,250	3,075	3,152	3,231	1,098	
Remote Aircraft Parking Rehab Credit	(311,153)	(345,725)	-	-	-	
KLM Credit	(6,287,208)	(7,235,903)	(7,460,216)	(7,691,483)	(2,643,306)	
Total	\$ 22,546,028	\$ 31,518,679	\$ 30,268,809	\$ 30,980,767	\$ 10,505,259	

Note:

1/ Assumed DBO is May 1, 2013.

Source: JFK IAT, September 2010; Ricondo & Associates, Inc., October 2010.

Prepared by: Ricondo & Associates, Inc., October 2010.

Table VI-15

Post-DBO Delta Air Lines Payment

	FY 2013 ^{1/}	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Delta Air Lines Payment Post-DBO								
Leased Terminal Space Requirement	\$33,231,937	\$58,097,499	\$59,104,350	\$60,130,796	\$61,206,904	\$68,951,996	\$70,101,660	\$71,333,155
FIS Share Requirement	23,792,245	38,117,341	38,714,578	39,378,585	40,074,237	42,351,633	43,094,431	43,889,367
Domestic Baggage Share Requirement	5,772,151	10,982,540	11,111,225	11,211,722	11,317,090	13,504,826	13,617,558	13,738,050
Bag Recheck Share Requirement	883,625	1,350,495	1,370,747	1,394,558	1,419,495	1,442,821	1,469,439	1,497,914
Common Baggage Share Requirement	7,232,451	11,934,951	12,099,240	12,271,684	12,452,330	13,473,346	13,666,279	13,872,625
Delta Airfield Requirement	14,463,199	23,561,650	24,180,917	24,808,707	25,464,493	27,364,755	28,075,429	28,819,849
Expansion Terminal Management Fee	715,516	1,127,582	1,209,435	1,296,817	1,389,278	1,486,747	1,591,366	1,703,243
Delta CAM and Utility Recovery Fee Credit	(250,409)	(386,882)	(398,488)	(410,443)	(422,756)	(435,439)	(448,502)	(461,957)
Delta Existing Facility Requirement ^{2/}	(2,810,809)	(4,371,737)	(4,538,083)	(4,719,389)	(4,909,064)	(5,085,978)	(5,290,964)	-
Total Delta Payment Post-DBO	\$83,029,906	\$140,413,438	\$142,853,921	\$145,363,036	\$147,992,005	\$163,054,706	\$165,876,696	\$174,392,246

Note:

1/ Assumed DBO is May 1, 2013.

2/ This analysis assumes that the post-DBO Delta Premise includes a total of seven Delta gates located in the Existing Terminal 4. Thus, per the Anchor Tenant Agreements, prior to January 1, 2020 Delta post-DBO rent on the Existing Terminal 4 site equals forty percent of the Existing Terminal 4 site allocated costs, and on or after January 1, 2020 Delta post-DBO rent on the Existing Terminal 4 site equals the greater of forty percent of the Existing terminal 4 site allocated costs or the Delta Existing Terminal 4 site post-DBO rent per the Cost Allocation Methodology. Such requirements related to the post-DBO rent on the Existing Terminal 4 site are accounted for here with an additional payment or credit as applicable.

Source: JFK IAT, September 2010; Ricondo & Associates, Inc., October 2010.

Prepared by: Ricondo & Associates, Inc., October 2010.

Delta's payment in 2014, the first full year after DBO, is projected to be \$140.4 million, which represents approximately 50 percent of JFK IAT's total airline revenue and 43 percent of total revenue for the year. In 2020, Delta Air Lines' payment is projected to equal \$174.4 million, or 52 percent of total airline revenue and 44 percent of total revenue.

6.6.5.2 Passenger Terminal Charges

All of the other airlines at Terminal 4 operate under individual contracts with JFK IAT. Under the contracts, JFK IAT assesses passenger terminal charges to these airlines on a per enplaned and deplaned passenger basis or, in some cases, on a per aircraft turn basis. Passenger terminal charges account for the largest portion of the Terminal's airline revenue, representing 77.8 percent of the total in 2009. Passenger terminal charge rates vary by airline, the time of day, and whether the passenger is boarding an international or domestic flight. Additionally, some airlines receive volume discounts and specific route discounts. Passenger terminal charges grew from \$123.6 million in 2006 to \$152.4 million in 2008, representing a compounded annual growth rate of 11.0 percent for the period. The increase in passenger terminal charges reflects a combination of increased enplanement activity and an increase in the average passenger terminal charge. In 2009, passenger terminal charges decreased by 4.8 percent from 2008, to \$145.1 million, due to decreased international enplanements and Delta's fixed amount agreement rather than a per passenger charge, for the use of its gates under the space permit.

Total passenger terminal charges are projected to equal \$140.8 million in 2010, which represents approximately 74 percent of projected total airline revenue. In 2012, the last full year before DBO, passenger terminal charges are projected to reach \$149.3 million, representing a compounded annual growth rate of 3.0 percent from 2010, which reflects projected activity increases and escalated rates. In 2013, passenger terminal charges are projected to decrease by 15.8 percent, to \$125.8 million as some carriers may relocate from Terminal 4 as Delta takes occupancy of an additional four gates in the existing facility at DBO, in addition to the nine-gate expansion, and KLM's payment is included in the Delta's payment instead of as a passenger terminal charge. In 2014, the first full year of operations in the expanded facility, passenger terminal charges are projected to total \$126.1 million, or approximately 45 percent of projected total airline revenue. In 2020 passenger terminal charges are projected to equal \$146.0 million, or 43 percent of total airline revenue. The compounded annual growth rate for the 2015 to 2020 period equals 2.4 percent and reflects projected growth in enplanement activity and the rate escalation clauses contained in the airline contracts.

6.6.5.3 Exclusive Airline Space Rentals

Exclusive airline space consists of terminal space exclusively rented to a particular airline for such uses as office space, equipment storage, and similar use. Exclusive space revenue ranged between approximately \$10 and \$11 million from 2006 to 2009. In 2009, exclusive airline space revenue, excluding the space occupied by Delta, represented 5.8 percent of total airline revenue.

Exclusive airline space revenue is projected to increase at an annual growth rate of 3 percent. In 2013, exclusive airline space revenue is projected to decrease significantly as some carriers may relocate from Terminal 4 to accommodate Delta's expanded use of the facility. In 2014, the first full year after DBO, exclusive airline space revenue is projected to equal \$8.4 million or 3 percent of total airline revenue. By 2020, the last year of the projection period, exclusive airline space revenue is projected to equal \$10.0 million or 3 percent of total airline revenue.

6.6.5.4 Other Airline Revenue

Other airline revenue includes aircraft parking fees, handling fees, counter rent, and other fees (service level fees and baggage service fees). Other airline revenue was approximately \$8.0 million in 2009, which equaled 4 percent of total airline revenue. Other airline revenue is projected to

decrease to \$6.6 million in 2010, or 18 percent from 2009. This decrease primarily reflects lower aircraft parking fee revenue stemming from Delta's use of the spaces, which is included in their payments under the space permit. In 2013, other airline revenue is projected to decrease to \$5.6 million and equal 2 percent of total airline revenue, reflecting the likely relocation of carriers from Terminal 4 as Delta gains additional gates. Thereafter, other airline revenue is projected to increase each year of the projection period and reach \$6.9 million and remain equal to 2 percent of total airline revenue in 2020.

6.6.6 Cash Flow and Debt Service Coverage

Historical cash flow and debt service coverage calculations are presented in **Table VI-16**. In 2006 JFK IAT's net revenue (total revenue less operating and maintenance expenses and Ground Rental) provided 1.55x coverage of annual debt service (Facility Rental). The debt service coverage ratio improved each subsequent year through 2009, when it reached 2.15x. The significant improvement in the debt service coverage ratio reflects the ability of JFK IAT to generate growth in its revenue streams, control O&M expense, and maintain other expenses and obligations at consistent levels as detailed in the preceding sections of this chapter.

Projected cash flow and debt service coverage calculations are presented in **Table VI-17**. Based on the financial projections in the preceding sections of this chapter, the debt service coverage ratio is projected to equal 2.20x in 2012, the last full year before DBO. Reflecting the effect of the opening of the expanded facility and increased debt service associated with the expiration of the capitalized interest period and the commencement of interest only payments of the Series 8 Bonds, the debt service coverage ratio is projected to decrease to 1.82x in 2013, and to 1.80x in 2014, the first full year of operations in the expanded terminal. As net revenue is projected to increase each year, while debt service remains stable, through 2017, the debt service coverage ratio is projected to improve each year from 1.83x in 2015 to 1.88x in 2017. In 2018, the first year of principle amortization of the Series 8 Bonds, annual debt service increases, which corresponds with a decrease in the debt service coverage ratio to 1.81x. The debt service coverage ratio is projected to increase in 2019 to 1.83x and in 2020 to 1.89x reflecting a stabilization in annual debt service and increases in net revenue.

Based on the economic analysis presented in Chapter 1 that demonstrates the ability of the Air Trade Area to generate demand for air service at the Airport and Terminal 4 in particular; the enplanement forecast presented in Chapter 5 that reflects the continued demand for air service and the airline's ability to provide such service; and financial projections contained in this Chapter 6, R&A is of the opinion that the projected net revenues of JFK IAT are sufficient to meet or exceed the annual debt service requirements of the Series 6 and Series 8 Bonds and the covenants made by JFK IAT pursuant to the Trust Administration Agreement through the projection period. Specifically, based on its financial forecast for JFK IAT, R&A is of the opinion that the net revenues generated by JFK IAT will be sufficient to meet or exceed the Rate Covenant as set forth in the Trust Administration Agreement that Net Revenue (gross revenue less operating and maintenance expense and Ground Rental) equal a minimum of 125 percent of the annual Facility Rental payment.

6.6.7 Assumptions for Financial Projections

The techniques and methodologies used in preparing this report are consistent with industry practices for similar studies in connection with airport revenue bond sales. While R&A believes that the approach and assumptions used are reasonable, some assumptions regarding future trends and events detailed in this report including, but not limited to, the implementation schedule and enplanement projections may not materialize. Achievement of the projections presented in this report, therefore, is dependent upon the occurrence of future events, which cannot be assured, and the variations may be material.

Table VI-16

Historical Cash Flow and Coverage Calculation

		Actual ^{4/}			
		FY 2006	FY 2007	FY 2008	FY 2009
<u>Revenue</u>					
Delta Air Lines Payment		\$ -	\$ -	\$ -	\$ 22,546,028
Passenger Terminal Charges		123,616,343	145,520,726	152,374,712	145,060,971
Exclusive Airline Space Rentals		10,648,561	10,301,223	10,958,103	10,823,671
Other Airline Revenue		6,556,368	7,361,009	10,009,545	8,028,359
Non-Airline Revenue		26,840,360	32,936,214	34,670,156	31,395,185
Total Revenue	[A]	\$167,661,632	\$196,119,172	\$208,012,516	\$217,854,214
Less:					
Operating & Maintenance Expenses ^{1/}	[B]	\$ 41,859,428	\$ 45,686,301	\$ 48,139,673	\$ 47,692,797
Ground Rental	[C]	15,077,805	15,734,719	16,369,194	17,023,962
Net Revenue	[D]=[A]-[B]-[C]	\$110,724,399	\$134,698,152	\$143,503,649	\$153,137,455
<u>Facility Rental ^{2/}</u>					
Series 6 Bonds Gross Debt Service		\$ 77,565,898	\$ 77,641,098	\$ 77,560,098	\$ 77,559,160
Series 8 Bonds Gross Debt Service		-	-	-	-
Less:					
Debt Service Reserve Fund Interest ^{3/}		6,239,788	6,239,788	6,239,788	6,239,788
Major Maintenance & Renewal Fund Interest		-	-	29,195	15
Capital Improvement Reserve Fund Interest		-	192,546	100,790	45
Total Facility Rental	[E]	\$ 71,326,110	\$ 71,208,764	\$ 71,190,325	\$ 71,319,312
<u>Reserve Fund Deposits</u>					
O&M Reserve Fund		\$ -	\$ 210,337	\$ 144,153	\$ 29,767
Major Maintenance & Renewal Reserve Fund		465,532	510,775	508,443	191,822
Capital Improvement Reserve Fund		5,239,040	1,385,117	348,125	533,402
Total Reserve Fund Deposits	[F]	\$ 5,704,572	\$ 2,106,229	\$ 1,000,721	\$ 754,991
Total Subordinate Obligations	[G]	\$ 24,978,729	\$ 25,080,387	\$ 25,649,378	\$ 25,766,905
Net Remaining Revenue	[H]=[D]-[E]-[F]-[G]	\$ 8,714,987	\$ 36,302,771	\$ 45,663,225	\$ 55,296,247
<u>Debt Service Coverage Calculation</u>					
Net Revenue	[D]	\$110,724,399	\$134,698,152	\$143,503,649	\$153,137,455
Facility Rental	[E]	71,326,110	71,208,764	71,190,325	71,319,312
Debt Service Coverage Ratio	[I]=[D]/[E]	1.55	1.89	2.02	2.15

Note:

- 1/ Operating & Maintenance Expenses do not include taxes, depreciation, and bad debt expense.
- 2/ Facility Rental reflects the amount due in the bond year ending December 1
- 3/ Reflects a guaranteed investment contract for the Series 6 Account of the Debt Service Reserve Fund and the interest rate assumptions on the Series 8 Account of the Debt Service Reserve Fund provided by the Underwriters.
- 4/ Actual figures are reported on an accrual basis

Source: JFK IAT, June 2010; Ricondo & Associates, Inc., June 2010.
Prepared by: Ricondo & Associates, Inc., June 2010.

Table VI-17

Projected Cash Flow and Coverage Calculation

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Revenue											
Delta Air Lines Payment	\$ 31,518,679	\$ 30,268,809	\$ 30,980,767	\$93,535,165	\$140,413,438	\$142,853,921	\$145,363,036	\$147,992,005	\$163,054,706	\$165,876,696	\$174,392,246
Passenger Terminal Charges	140,811,945	144,710,554	149,316,762	125,775,852	126,115,863	129,594,887	132,906,755	136,053,687	139,234,501	142,581,659	146,019,754
Exclusive Airline Space Rentals	10,782,169	11,105,634	11,438,803	8,156,746	8,401,449	8,653,492	8,913,097	9,180,490	9,455,905	9,739,582	10,031,769
Other Airline Revenue	6,593,601	6,791,409	6,995,151	5,614,131	5,782,555	5,956,032	6,134,713	6,318,754	6,508,317	6,703,566	6,904,673
Non-Airline Revenue	30,049,277	30,436,342	32,097,064	38,301,857	49,942,293	51,866,864	53,842,187	55,839,873	57,848,287	59,933,954	62,085,813
Total Revenue	\$219,755,671	\$223,312,747	\$230,828,547	\$271,383,752	\$330,655,599	\$338,925,197	\$347,161,788	\$355,384,810	\$376,101,716	\$384,835,458	\$399,434,256
Less:											
Operating & Maintenance Expenses ^{1/}	\$ 50,001,642	\$52,393,182	\$54,907,321	\$68,810,656	\$76,867,805	\$80,536,037	\$84,386,657	\$88,427,910	\$92,668,344	\$97,122,657	\$101,801,170
Ground Rental	17,704,921	18,413,118	19,149,643	19,915,628	20,712,253	21,540,744	22,402,373	23,298,468	24,230,407	25,199,623	26,207,608
Net Revenue	\$152,049,108	\$152,506,448	\$156,771,584	\$182,657,468	\$233,075,540	\$236,848,416	\$240,372,558	\$243,658,432	\$259,202,965	\$262,513,177	\$271,425,477
Facility Rental^{2/}											
Series 6 Bonds Gross Debt Service	\$ 77,547,598	\$ 77,519,473	\$ 77,558,848	\$ 77,570,598	\$ 77,539,348	\$ 77,555,910	\$ 77,513,410	\$ 77,495,610	\$ 77,495,000	\$ 77,495,875	\$ 77,492,875
Series 8 Bonds Gross Debt Service	-	-	-	30,023,647	60,047,294	60,047,294	60,047,294	60,047,294	73,987,294	73,988,469	73,987,275
Less:											
Debt Service Reserve Fund Interest ^{4/}	6,239,788	6,239,788	6,239,788	6,979,685	7,719,583	7,719,583	7,719,583	7,719,583	7,719,583	7,719,583	7,719,583
Major Maintenance & Renewal Fund Interest	10,013	19,336	27,397	29,851	33,439	37,390	41,377	45,603	49,335	52,420	55,565
Capital Improvement Reserve Fund Interest	30,040	58,007	82,190	89,554	100,318	112,170	124,130	136,808	148,006	157,261	166,696
Total Facility Rental	\$ 71,267,756	\$ 71,202,342	\$ 71,209,474	\$100,495,154	\$129,733,302	\$129,734,061	\$129,675,614	\$129,640,911	\$143,565,370	\$143,555,080	\$143,528,306
Reserve Fund Deposits											
O&M Reserve Fund	\$ (33,445)	\$ 143,588	\$150,848	\$834,200	\$483,429	\$220,094	\$231,049	\$242,463	\$254,426	\$267,259	\$280,711
Major Maintenance & Renewal Reserve Fund	2,921	146,582	176,507	314,468	403,114	387,050	410,274	434,890	311,643	305,361	323,682
Capital Improvement Reserve Fund	2,008,768	439,747	529,520	943,405	2,209,342	2,176,151	2,261,046	2,350,348	1,996,292	1,993,366	2,064,490
Total Reserve Fund Deposits	\$ 1,978,244	\$ 729,918	\$856,875	\$2,092,074	\$3,095,885	\$2,783,296	\$2,902,368	\$3,027,701	\$2,562,361	\$2,565,986	\$2,668,883
Total Subordinate Obligations	\$ 25,611,028	\$26,230,294	\$26,966,910	\$28,967,539	\$30,585,079	\$30,370,329	\$24,809,825	\$24,605,141	\$24,758,128	\$24,577,552	\$24,411,497
Net Remaining Revenue	\$ 53,192,080	\$54,343,989	\$57,738,325	\$51,102,702	\$69,861,275	\$73,960,731	\$82,984,750	\$86,384,678	\$88,317,106	\$91,814,560	\$100,816,791
[H]=[D]-[E]+[F]+[G]											
Debt Service Coverage Calculation											
Net Revenue	\$152,049,108	\$152,506,448	\$156,771,584	\$182,657,468	\$233,075,540	\$236,848,416	\$240,372,558	\$243,658,432	\$259,202,965	\$262,513,177	\$271,425,477
Facility Rental	71,267,756	71,202,342	71,209,474	100,495,154	129,733,302	129,734,061	129,675,614	129,640,911	143,565,370	143,555,080	143,528,306
Debt Service Coverage Ratio	2.13	2.14	2.20	1.82	1.80	1.83	1.85	1.88	1.81	1.83	1.89
[I]=[D]/[E]											

Note:

- 1/ Operating & Maintenance Expenses do not include taxes, depreciation, and bad debt expense.
- 2/ Facility Rental reflects the amount due in the bond year ending December 1
- 3/ Reflects a guaranteed investment contract for the Series 6 Account of the Debt Service Reserve Fund and the interest rate assumptions on the Series 8 Account of the Debt Service Reserve Fund provided by the Underwriters.

Source: JFK IAT, June 2010; Ricondo & Associates, Inc., October 2010.

Prepared by: Ricondo & Associates, Inc., October 2010.

VII. Sensitivity Analysis

This chapter is designed to identify and measure how certain risk factors, such as a significant downturn in the economy, and thus overall passenger activity, or a “retrenchment” by Delta from JFK may affect JFK IAT’s ability to make Facility Rental Payments as required in the Trust Administration Agreement. By their nature, such analyses are speculative and limited by the assumptions used in their development. As such, the analyses and findings put forth in this chapter should be considered as examples of conditions that could affect the financial performance of Terminal 4, but are by no means exhaustive in examining how such factors may influence the revenue generation of the facility. Actual financial performance will be influenced by a variety of factors and thus is likely to differ from the results presented in this chapter and the differences may be material.

7.1 Sensitivity Analysis 1: General Decline in Enplanements

Sensitivity Analysis 1 considers the effects of a general downturn in enplanements that may be caused by economic circumstances or a prolonged disruption in air service related to factors outside the industry such as the events of September 11th or this year's volcanic eruption in Iceland. For this analysis R&A assumed that enplanements would decline by 10 percent Airport wide in 2014, with this decline spread evenly across the airlines and terminals at the Airport. Passenger activity is assumed to remain stable in 2015 and then resume the annual growth trends described in Chapter 5. As 2014 represents the anticipated first full year that Delta would occupy the completed facilities of the 2010 Expansion Project, its enplanements at Terminal 4 still increase in 2014 under this analysis, but are 15.8 percent below the projected level in forecast presented in Chapter 6 (the base case). Overall enplanements in Terminal 4 increase by 7.9 percent under this analysis, compared to a 23.5 percent increase in the base case. **Table VII-1** presents the passenger activity for Terminal Four used in Sensitivity Analysis 1.

The Airport did experience a 10.4 percent decline in passenger activity in 2001, reflecting the downturn in national and international economic activity, the events of September 11th which had a particularly significant influence on air travel activity in the New York market, and the onset of SARS which curtailed demand for international air travel. However, in comparison to the assumptions for Sensitivity Analysis 1, demand for air travel recovered quickly at the Airport in 2002 and 2003, as described in Chapter 3, due to the expansion of JetBlue and the subsequent growth of Delta and American. The Airport experienced a 2.0 percent gain in passengers in 2002 and a further 6.1 percent gain in 2003. Enplaned passenger volume at Terminal 4 declined by 11.4 percent in 2001 and a further 3.5 percent in 2002. The larger decline at Terminal 4 compared to the Airport overall in this period reflects its greater reliance on international traffic and the loss of several carriers due to bankruptcy or other considerations. Passenger volume at Terminal 4 rebounded strongly in 2003, as new airlines entered the market and international travel activity increased, with the number of enplaned passengers using the terminal rising 7.3 percent from 2002.

Table VII-2 presents the cash flows for Terminal 4 under Sensitivity Analysis 1. While it is likely that management of JFK IAT would act to reduce expenses within their control under these conditions, such as O&M activity, for the purposes of this analysis the expenses projected for Terminal 4 are unchanged from the assumptions used in the base case. Under Sensitivity Analysis 1, all of the assumptions described in the base case are unchanged for the period from 2010 through 2013. As a result, the debt service coverage ratio remains at 2.20x in 2012 and declines to 1.82x in 2013 with the completion of the 2010 Expansion Project and the inclusion of the debt service for the Series 8 Bonds.

Table VII-1

Historical & Projected Enplanements - Terminal Four (T4) - Sensitivity Analysis 1

Year	Delta				Terminal Four Contract Carriers				Total Terminal Four				Annual Growth	T4 % of JFK Total	JFK Total Enplanements			
	Domestic		International		Total	Domestic		International		Total	Domestic					International		% of Total
	Delta % of T4 Total		Delta % of T4 Total			Delta % of T4 Total		Delta % of T4 Total			Delta % of T4 Total							
Historical																		
1999	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,067,332	15,613,362		
2000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,491,805	16,256,457		
2001	-	-	-	-	-	443,933	1,764,486	2,208,419	2,208,419	443,933	20.1%	1,764,486	79.9%	2,208,419	2,208,419	14,570,929		
2002	-	-	-	-	-	310,226	1,820,394	2,130,620	2,130,620	310,226	14.6%	1,820,394	85.4%	2,130,620	2,130,620	14,859,918		
2003	-	-	-	-	-	134,003	2,153,425	2,287,428	2,287,428	134,003	5.9%	2,153,425	94.1%	2,287,428	2,287,428	15,767,282		
2004	-	-	-	-	-	171,282	2,860,670	3,031,952	3,031,952	171,282	5.6%	2,860,670	94.4%	3,031,952	3,031,952	18,685,504		
2005	-	-	-	-	-	220,558	3,007,702	3,228,260	3,228,260	220,558	6.8%	3,007,702	93.2%	3,228,260	3,228,260	20,342,159		
2006	-	-	-	-	-	490,775	3,297,862	3,788,637	3,788,637	490,775	13.0%	3,297,862	87.0%	3,788,637	3,788,637	21,235,889		
2007	-	-	-	-	-	701,762	3,610,615	4,312,377	4,312,377	701,762	16.3%	3,610,615	83.7%	4,312,377	4,312,377	23,762,344		
2008	-	-	-	-	-	811,549	3,603,574	4,415,123	4,415,123	811,549	18.4%	3,603,574	81.6%	4,415,123	4,415,123	23,852,095		
2009	525,319	240,760	766,079	16.8%	3,786,361	492,176	3,294,185	3,786,361	3,786,361	1,017,495	22.4%	3,534,945	77.6%	4,552,440	4,552,440	22,917,781		
Projected																		
2010	175,500	230,100	405,600	9.8%	462,200	462,200	3,281,000	3,743,200	3,743,200	637,700	15.4%	3,511,100	84.6%	4,148,800	4,148,800	22,638,300		
2011	182,800	239,700	422,500	10.0%	466,700	466,700	3,322,200	3,788,900	3,788,900	649,500	15.4%	3,561,900	84.6%	4,211,400	4,211,400	23,128,600		
2012	189,200	248,100	437,300	10.2%	471,300	471,300	3,378,100	3,849,400	3,849,400	660,500	15.4%	3,626,200	84.6%	4,286,700	4,286,700	23,624,000		
2013	247,800	1,446,200	1,694,000	34.3%	475,900	475,900	2,775,000	3,250,900	3,250,900	723,700	14.5%	4,221,200	85.4%	4,944,900	4,944,900	24,124,400		
2014	668,400	2,365,500	3,033,900	50.9%	428,300	428,300	2,497,500	2,925,800	2,925,800	1,096,700	18.4%	4,863,000	81.6%	5,959,700	5,959,700	21,712,000		
2015	668,400	2,365,500	3,033,900	50.9%	428,300	428,300	2,497,500	2,925,800	2,925,800	1,096,700	18.4%	4,863,000	81.6%	5,959,700	5,959,700	21,712,000		
2016	686,400	2,422,200	3,108,600	51.2%	432,400	432,400	2,536,400	2,968,800	2,968,800	1,118,800	18.4%	4,958,600	81.6%	6,077,400	6,077,400	22,157,000		
2017	704,900	2,480,300	3,185,200	51.4%	436,600	436,600	2,570,800	3,007,400	3,007,400	1,141,500	18.4%	5,051,100	81.6%	6,192,600	6,192,600	22,606,400		
2018	723,900	2,539,700	3,263,600	51.7%	440,700	440,700	2,605,000	3,045,700	3,045,700	1,164,600	18.5%	5,144,700	81.5%	6,309,300	6,309,300	23,060,200		
2019	743,400	2,600,600	3,344,000	52.0%	444,900	444,900	2,641,400	3,086,300	3,086,300	1,188,300	18.5%	5,242,000	81.5%	6,430,300	6,430,300	23,518,400		
2020	763,400	2,662,900	3,426,300	52.3%	449,100	449,100	2,678,500	3,127,600	3,127,600	1,212,500	18.5%	5,341,400	81.5%	6,553,900	6,553,900	23,981,200		
Average Annual Growth Rate:																		
1999 - 2009	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,067,332	15,613,362		
2009 - 2010	-66.6%	-4.4%	-47.1%	-	-	-6.1%	-0.4%	-1.1%	-1.1%	-37.3%	-	-	-0.7%	-8.9%	2,491,805	16,256,457		
2010 - 2015	30.7%	59.4%	49.5%	-	-	-1.5%	-5.3%	-4.8%	-4.8%	11.5%	-	-	6.7%	7.5%	2,208,419	14,570,929		
2015 - 2020	2.7%	2.4%	2.5%	-	-	1.0%	1.4%	1.3%	1.3%	2.0%	-	-	1.9%	1.9%	2,130,620	14,859,918		
2010 - 2020	15.8%	27.7%	23.8%	-	-	-0.3%	-2.0%	-1.8%	-1.8%	6.6%	-	-	4.3%	4.7%	2,287,428	15,767,282		

Note:

1/ Includes Northwest and Northwest Airlink enplanements.

2/ Includes projected KLM enplanements.

Source: JFK International Air Terminal, LLC; Port Authority of New York & New Jersey (historical); Ricondo & Associates, Inc. (projected), June 2010.
Prepared by: Ricondo & Associates, Inc., June 2010.

Note:

- 1/ Includes Northwest and Northwest Airlin enplanements.
- 2/ Includes projected KLM enplanements.

Source: JFK International Air Terminal, LLC; Port Authority of New York & New Jersey (historical); Ricondo & Associates, Inc. (projected), June 2010.
 Prepared by: Ricondo & Associates, Inc., June 2010.

Table VII-2

Cash Flow and Coverage Calculation - Sensitivity Analysis 1

Revenue	Projected										
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Delta Air Lines Contribution	\$ 31,518,679	\$ 30,268,809	\$ 30,980,767	\$ 93,535,165	\$ 140,230,170	\$ 142,619,679	\$ 145,116,829	\$ 147,732,965	\$ 162,785,268	\$ 165,596,685	\$ 174,090,631
Passenger Terminal Charges	140,811,945	144,710,554	149,316,762	125,775,862	115,138,021	116,332,171	119,308,511	122,132,909	124,992,666	128,000,017	131,085,314
Exclusive Airline Space Rentals	10,782,169	11,105,634	11,438,803	8,156,746	8,401,449	8,653,492	8,913,097	9,180,490	9,455,905	9,739,592	10,031,769
Other Airline Revenue	6,593,601	6,791,409	6,995,151	5,614,131	5,782,555	5,956,032	6,134,713	6,318,754	6,508,317	6,703,566	6,904,673
Non-Airline Revenue	30,049,277	30,436,342	32,097,064	38,301,857	45,474,144	46,434,602	48,179,024	49,946,340	51,767,365	53,663,960	55,625,866
Total Revenue	\$ 219,755,671	\$ 223,312,747	\$ 230,828,547	\$ 271,383,752	\$ 315,026,338	\$ 319,994,977	\$ 327,652,174	\$ 335,311,458	\$ 355,509,520	\$ 363,703,811	\$ 377,741,253
Less:											
Operating & Maintenance Expenses ^{1/}	\$ 50,001,642	\$ 52,393,182	\$ 54,907,321	\$ 68,810,656	\$ 76,525,736	\$ 80,123,689	\$ 83,955,386	\$ 87,976,965	\$ 92,200,235	\$ 96,637,098	\$ 101,297,871
Ground Rental	17,704,921	18,413,118	19,149,643	19,915,628	20,712,253	21,540,744	22,402,373	23,298,468	24,230,407	25,199,623	26,207,608
Net Revenue	\$ 152,049,108	\$ 152,506,448	\$ 156,771,584	\$ 182,657,468	\$ 217,788,349	\$ 218,330,545	\$ 221,294,415	\$ 224,036,025	\$ 239,078,878	\$ 241,867,090	\$ 250,235,774
Facility Rental ^{2/}											
Series 6 Bonds	\$ 77,547,598	\$ 77,519,473	\$ 77,558,948	\$ 77,570,598	\$ 77,539,348	\$ 77,555,910	\$ 77,513,410	\$ 77,495,610	\$ 77,495,000	\$ 77,495,875	\$ 77,482,875
Series 8 Bonds	-	-	-	30,023,647	60,047,294	60,047,294	60,047,294	60,047,294	73,987,294	73,988,469	73,987,275
Less:											
Debt Service Reserve Fund Interest ^{3/}	6,239,788	6,239,788	6,239,788	6,979,685	7,719,583	7,719,583	7,719,583	7,719,583	7,719,583	7,719,583	7,719,583
Major Maintenance & Renewal Fund Interest	10,013	19,336	27,397	29,851	33,439	37,390	41,377	45,603	49,335	52,420	55,565
Capital Improvement Reserve Fund Interest	30,040	58,007	82,190	89,554	100,318	112,170	124,130	136,808	148,006	157,261	166,696
Total Facility Rental	\$ 71,267,756	\$ 71,202,342	\$ 71,209,474	\$ 100,495,154	\$ 129,733,302	\$ 129,734,061	\$ 129,675,614	\$ 129,640,911	\$ 143,565,370	\$ 143,555,080	\$ 143,528,306
Coverage	2.13	2.14	2.20	1.82	1.68	1.68	1.71	1.73	1.67	1.68	1.74
[F]=[D]/[E]											

Notes:

- 1/ Operating & Maintenance Expenses do not include taxes, depreciation, and bad debt expense.
- 2/ Facility Rental reflects the amount due in the Bond Year Ending December 1
- 3/ Reflects a guaranteed interest contract for the Series 6 Debt Service Reserve Fund and Citi interest rate assumptions on the Series 8 Debt Service Reserve Fund.

Source: JFK IAT, September 2010; Ricondo & Associates, Inc., September 2010.
Prepared by: Ricondo & Associates, Inc., September 2010.

As a result of the general 10 percent decline in enplanements assumed to occur in 2014 under Sensitivity Analysis 1, debt service coverage decreases to 1.68x in 2014, compared to 1.80x under the base case. The decrease in coverage under Sensitivity Analysis 1 reflects the declines in JFK IAT's Contract Carrier passenger terminal charges and non-airline revenue corresponding with the decreased passenger activity at the terminal. As Delta's payment is calculated primarily on a cost-recovery basis instead of on a per enplanement basis, its payment remains fairly stable under the conditions presented in Sensitivity Analysis 1. Coverage remains at 1.68x in 2015 as net revenue increases by less than half of a percent as air traffic activity is projected to remain stable in 2015. As in the base case, debt service coverage increases to 1.73x in 2017 then declines to 1.68x in 2018 as principal amortization begins. Debt service coverage subsequently increases to reach 1.74x in 2020. Thus, under the conditions presented in Sensitivity Analysis 1, R&A is of the opinion that net revenues generated by JFK IAT would be sufficient to meet or exceed the Rate Covenant as set forth in the Trust Administration Agreement.

7.2 Sensitivity Analysis 2: Delta "Retrenchment" From JFK

Sensitivity Analysis 2 is more extreme, both in terms of its speculative nature and the effects on Terminal 4, in that it assumes that Delta is forced into bankruptcy and significantly retrenches from JFK in 2016 as the result of financial difficulties associated with the downturn in enplanements in Sensitivity Analysis 1 or other factors that may impact its entire route network. R&A notes that Sensitivity Analysis 2 is designed solely to evaluate what might occur should Delta significantly reduce its operations at JFK under such conditions, and believes such an event is unlikely based on current circumstances.

As noted in the Official Statement for the Series 8 Bonds, the Anchor Tenant Agreement is believed to be a lease of non-residential real property.¹ Should Delta ever file under Chapter 11, as long as the bankruptcy court upholds the Anchor Tenant Agreement as a non-severable lease of nonresidential real property, Delta would be required to either assume or reject the Anchor Tenant Agreement in its entirety as part of the case proceedings. From the time of a filing until the point Delta would make its decision to assume or reject the Anchor Tenant Agreement it would be required to perform under its terms. Reflecting the fact that they need access to airport facilities, including terminals and gates, to conduct their operations, airlines involved in the spate of bankruptcies that occurred between 2002 and 2008 almost always assumed their obligations under their use and lease agreements at the major airports they served, including Delta at JFK.

Due to the limited availability of gates at JFK and the importance of the Airport to its network operations, R&A believes it is unlikely that Delta would reject the Anchor Tenant Agreement in a Chapter 11 situation. However, Delta could enter into negotiations with JFK IAT to reduce its presence at Terminal 4, and if successful could then reject the Anchor Tenant Agreement and enter the new agreement with the approval of the bankruptcy court. This would then require JFK IAT to backfill the space vacated by Delta and result in a likely period of reduced revenue and debt service coverage and is the basis for the second stress analysis presented below. As the exact nature of any renegotiated agreement would be dependent on the needs of both JFK IAT and Delta at that particular time, it is impossible to determine what form a renegotiated agreement may take. For this reason, the provisions of the renegotiated agreement were simplified for the purposes of this analysis.

¹ See the section entitled "Certain Investment Considerations and Risk Factors – Certain Risk Factors with relation to Airline Concentration and the Anchor Tenant Agreement with Delta" in the Official Statement for the Series 8 Bonds for a review of the expected treatment of the Anchor Tenant Agreement in a bankruptcy setting.

Instead of developing a forecast of enplanement activity and applying it to the financial model as in Sensitivity Analysis 1, Sensitivity Analysis 2 is designed to estimate the number of enplaned international passengers that JFK IAT would need to recover to meet the Rate Covenant in the event Delta filed for protection under Chapter 11 and, after indicating it may reject the Anchor Tenant Agreement, renegotiated its agreement with JFK IAT. Specific assumptions for Sensitivity Analysis 2 include:

- The Airport experienced the 10 percent downturn in enplanements in 2014 due to economic circumstances as outlined in Sensitivity Analysis 1.
- With the exception of the activity associated with Delta, passenger activity at the Airport follows the assumptions used in Sensitivity Analysis 1: no change in enplaned passengers in 2015, then from 2016 on the number of enplaned passengers increases at the annual growth rate established in the base case.
- Terminals 3 and 6 are demolished as planned, with only apron for remote aircraft parking positions built in their place, and American has not implemented an expansion of Terminal 8. Thus the number of aircraft positions at JFK remains at the level assumed after the demolition of Terminal 3 in the base case analysis.
- As a result of the economic downturn and decline in enplanements in 2014, Delta encounters severe financial distress and files for bankruptcy protection in 2015. As part of the proceedings, JFK IAT and Delta enter into a revised agreement for the use of space in Terminal 4 that becomes effective January 1, 2016. Specifically:
 - Delta reduces its space in Terminal 4 to eight gates from 16.
 - Delta reduces its annual rental payments by 45 percent from the base case, as there is not a direct relationship in the reduction of costs to the reduction of gates.
 - Delta reduces its passenger volume through Terminal 4 by 50 percent from the 2015 level projected in Sensitivity Analysis 1, evenly distributed among its domestic and international activity.
 - Delta continues to use Terminal 2 for domestic operations.
 - The current slot restrictions at JFK remain in place at the same number of operations per hour. Delta leases or sells its unused slots through an auction process in bankruptcy allowing other carriers to enter the market.
 - JFK IAT actively markets the vacated gates and attracts replacement service to the terminal. Due to the character of JFK IAT's operations, all replacement service at Terminal 4 is assumed to be international. JFK IAT will receive the same average rate from new carriers as it receives from its existing Contract Carriers established in the base case.

JFK IAT's projected operating and maintenance expenses are unchanged from the base case. However, it is likely that JFK IAT management would act promptly to reduce O&M expense if such an event were to occur.

Table VII-3 presents the pro-forma calculation of cash flows for Terminal 4 under Sensitivity Analysis 2. The first section presents Terminal 4's existing revenue sources and reflects the effect of the assumed retrenchment by Delta. Delta's revenues derived under the revised agreement decline by 45 percent, to \$79.8 million in 2016 from \$142.6million in 2015, while non-airline revenue declines by 18.0 percent in 2016 due to the reduced passenger volume and related concession activity. The second section calculates the incremental revenues necessary for JFK IAT to maintain compliance with the 1.25x Rate Covenant. The replacement revenue calculation assumes new carriers at Terminal 4 will pay the same average rate assumed for the existing Contract Carriers in 2016 in the base case. Based on this assumption, and factoring in the additional concession revenues related to recaptured passenger activity, R&A estimates that JFK IAT would need to enplane approximately 314,300 additional international passengers in 2016, to reach the 1.25x Rate Covenant. Additionally, JFK IAT would need to enplane an additional 143,000 passengers in 2018, when principal amortization begins, to maintain compliance with the Rate Covenant.

R&A is of the opinion that there would be demand for Delta's slots and gates at JFK should it ever retrench from the market. Interested airlines would include both those currently serving JFK as well as carriers looking to enter the market. While the incumbent domestic carriers operating at the Airport may seek slots to enhance connecting activity, most carriers would be seeking to serve the O&D activity in the market. As opposed to most other major airports in the U.S., which are focused on domestic service and in the event of a loss of a major carrier would be limited to seeking replacement service from domestic airlines, JFK serves a large international O&D market with replacement service as likely to be generated from foreign flag airlines as from domestic carriers.

Furthermore, R&A is of the opinion that JFK IAT would be in a favorable position to attract additional carriers to Terminal 4 under the circumstances of Sensitivity Analysis 2. First, it would have significant capacity to accommodate carriers in need of terminal space during the peak periods of the day. Carriers seeking access to Terminal 4 would likely include new carriers to the market or carriers operating at other terminals that are no longer able to accommodate their schedule. This latter situation could arise by either the carrier gaining additional slots which cannot be accommodated at the other terminal, or from the terminal operator's own airline gaining slots and a need to accommodate its own additional flights. Finally, other carriers may be attracted by the ability of JFK IAT to provide a level of service above those of the other terminal operators, including passenger service and aircraft handling and servicing. R&A notes that 3.3 million total (forecast plus incremental) enplaned international passengers using Terminal 4 in 2016, exclusive of Delta, under Sensitivity Analysis 2 is less than the 3.6 million enplaned international passengers that used the terminal in 2009. R&A further notes, as presented in Table III-11, that on three separate occasions Terminal 4 has experienced one-year gains of more than 500,000 enplaned passengers: from 2003 to 2004 the terminal gained over 744,000 enplaned passengers; from 2005 to 2006 the terminal gained over 560,000 passengers, and from 2006 to 2007 the terminal gained over 524,000 passengers.

Table VII-3

Cash Flow and Coverage Calculation - Sensitivity Analysis 2

	Projected				
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Revenue					
Delta Air Lines Contribution	\$ 142,618,679	\$ 79,814,256	\$ 81,253,131	\$ 89,531,897	\$ 91,078,177
Passenger Terminal Charges	116,332,171	119,308,511	122,132,909	124,992,666	128,000,017
Exclusive Airline Space Rentals	8,653,492	8,913,097	9,180,490	9,455,905	9,739,582
Other Airline Revenue	5,956,032	6,134,713	6,318,754	6,508,317	6,703,566
Non-Airline Revenue	46,434,602	38,061,018	39,430,115	40,826,239	42,277,863
Total Revenue	\$ 319,994,977	\$ 252,231,595	\$ 256,315,399	\$ 271,315,023	\$ 277,799,205
Less:					
Operating & Maintenance Expenses ^{1/}	\$ 80,123,689	\$ 83,955,386	\$ 87,976,965	\$ 92,200,235	\$ 96,637,098
Ground Rental	21,540,744	22,402,373	23,298,468	24,230,407	25,199,623
Net Revenue Before Incremental Revenue	\$ 218,330,545	\$ 145,873,836	\$ 147,039,966	\$ 154,884,382	\$ 155,962,484
Incremental Revenue					
Incremental Passenger Terminal Charge Revenue	-	13,951,958	14,282,593	21,092,768	21,601,375
Incremental Non-Airline Revenue	-	2,272,514	2,347,462	3,483,933	3,585,604
Adjusted Net Revenue	218,330,545	162,098,308	163,670,022	179,461,083	181,149,463
Facility Rental ^{2/}					
Series 6 Bonds	\$ 77,555,910	\$ 77,513,410	\$ 77,495,610	\$ 77,495,000	\$ 77,495,875
Series 8 Bonds	60,047,294	60,047,294	60,047,294	73,987,294	73,988,469
Less:					
Debt Service Reserve Fund Interest ^{3/}	7,719,583	7,719,583	7,719,583	7,719,583	7,719,583
Major Maintenance & Renewal Fund Interest	37,390	41,377	45,603	49,335	52,420
Capital Improvement Reserve Fund Interest	112,170	124,130	136,808	148,006	157,261
Total Facility Rent	\$ 128,734,061	\$ 129,675,614	\$ 129,640,911	\$ 143,565,370	\$ 143,555,080
Debt Service Coverage Ratio	1.68	1.25	1.26	1.25	1.26
Terminal 4 Enplanements					
Existing IAT Contract Carrier Enplanement	2,925,800	2,968,800	3,007,400	3,045,700	3,086,300
2016 Incremental IAT Contract Carrier Enplanements	-	314,300	318,563	322,801	327,311
2018 Incremental IAT Contract Carrier Enplanements	-	-	-	143,000	144,988
Delta Air Lines Terminal 4 Enplanements	3,033,900	1,516,950	1,556,097	1,593,322	1,631,105
Total Terminal 4 Enplanements	5,959,700	4,800,050	4,882,060	5,104,823	5,189,715
Total					
Total Facility Rent	\$ 128,734,061	\$ 129,675,614	\$ 129,640,911	\$ 143,565,370	\$ 143,555,080
Debt Service Coverage Ratio	1.68	1.25	1.26	1.25	1.26
Terminal 4 Enplanements					
Existing IAT Contract Carrier Enplanement	2,925,800	2,968,800	3,007,400	3,045,700	3,127,600
2016 Incremental IAT Contract Carrier Enplanements	-	314,300	318,563	322,801	327,311
2018 Incremental IAT Contract Carrier Enplanements	-	-	-	143,000	144,988
Delta Air Lines Terminal 4 Enplanements	3,033,900	1,516,950	1,556,097	1,593,322	1,631,105
Total Terminal 4 Enplanements	5,959,700	4,800,050	4,882,060	5,104,823	5,276,028

Notes:

- 1/ Operating & Maintenance Expenses do not include taxes, depreciation, and bad debt expense.
- 2/ Facility Rental reflects debt service due in the Bond Year Ending December 1
- 3/ Reflects a guaranteed interest contract for the Series 6 Debt Service Reserve Fund and Citi interest rate assumptions on the Series 8 Debt Service Reserve Fund.

Source: JFK IAT, September 2010; Ricondo & Associates, Inc., September 2010;
Prepared by: Ricondo & Associates, Inc., September 2010.

Based on the conditions presented for Sensitivity Analysis 2, R&A is of the opinion that:

- JFK IAT would retain the ability to meet its requirement to pay Facility Rental even with a decline in Delta related revenues comparable to that presented in Sensitivity Analysis 2;
- There would be strong demand from the Air Trade Area for replacement service and other carriers would respond to meet this demand;
- Due to the high level of international O&D activity at JFK, replacement service is likely to be generated from foreign flag airlines as from domestic carriers;
- Due to the limited number of available gates at other Airport terminals, particularly during the peak hours of operations, most carriers providing replacement service would opt to use Terminal 4 as it would have available gates under the conditions presented in Sensitivity Analysis 2;
- The recapture of 314,300 enplaned international passengers in 2016 by JFK IAT under the conditions presented in Sensitivity Analysis 2 is reasonable and achievable based on several factors:
 - JFK IAT has a demonstrated history of successfully attracting carriers to Terminal 4 that includes at least three occasions when passenger volume increased by more than 500,000 enplanements in a single year;
 - The fact that the 314,300 enplaned international passengers represents a recapture rate of:
 - 41.4 percent of Delta’s foregone Terminal 4 O&D traffic (assuming a 50/50 split O&D to connecting);
 - a 26.6 percent recapture rate of Delta’s foregone Terminal 4 international enplanements; or,
 - a recapture rate of 21.0 percent of Delta’s total foregone Terminal 4 enplanement volume under Sensitivity Analysis 2;
 - The fact that 314,300 recovered enplaned international passengers represents 10.6 percent of JFK IAT’s projected Contract Carrier enplanement volume for 2016;
 - The fact that the recovery of 314,300 enplaned international passengers represents an addition of approximately 6 daily flights, based on an average of 150 enplaned passengers per departure. Furthermore, the recovery 143,000 additional enplaned international passengers required to maintain compliance with the rate covenant in 2018 represents an additional 3 flights per day;
 - The potential for new carriers entering the market to stimulate O&D demand for international travel;
 - That there should be sufficient capacity at Terminal 4, in terms of gates, remote parking locations and the headhouse area, to accommodate airlines providing replacement service and their passengers; and,
- That through a combination of reasonable adjustments to O&M expense, passenger terminal fee rates, and the recapture of international passengers, JFK IAT should retain its ability to meet the Rate Covenant established in the Trust Administration Agreement should it experience a significant decline in Delta related revenues.

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF CERTAIN FINANCING DOCUMENTS

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APPENDIX C-1

SUMMARY OF CERTAIN PROVISIONS OF THE SPECIAL PROJECT BOND RESOLUTION

The following is a summary of certain provisions of the Special Project Bond Resolution. This summary does not purport to be comprehensive or definitive and is qualified in all respects by reference to, and is subject to, the Special Project Bond Resolution in its complete form, the provisions of which are to constitute a contract with the registered holders of the Series 8 Bonds determined on the basis of the books and records of the Trustee acting in its capacity as Registrar for the Series 8 Bonds. Copies of the Special Project Bond Resolution may be reviewed in the manner set forth in this Preliminary Official Statement under "MISCELLANEOUS."

Capitalized terms used in this Appendix C-1 have the following definitions:

"Authority" shall mean The Port Authority of New York and New Jersey.

"Bond" or "Bonds" shall mean any bond, note and other evidence of indebtedness of the Authority at any time outstanding under and pursuant to the Special Project Bond Resolution and the applicable Special Project Bond Series Resolution.

"Bondholder" or "holder of a Bond" shall mean and include the holder or holders, individually and collectively, of a particular series of Bonds.

"Construction Fund" shall mean, for a particular series of Bonds, that trust fund established as provided in the Special Project Bond Resolution by the Authority for and in connection with the Project financed by that series of Special Project Bonds and unless the context or applicable Special Project Bond Series Resolution indicates otherwise, shall include any account created or established within such Construction Fund.

"Debt Service" shall mean for any series of Special Project Bonds the interest payable on that series of Bonds and the amounts which the Authority is obligated by agreements with or for the benefit of the holders of that series of Bonds to pay or set aside for the amortization, maturity, redemption (including redemption premium, if any) or retirement of such Bonds.

"Debt Service Fund" shall mean, for a particular series of Bonds, that trust fund as provided in the Special Project Bond Resolution which the Authority may establish for and in connection with that series of Special Project Bonds and into which may be deposited funds to secure the payment of Debt Service on such series of Special Project Bonds and, unless the context or applicable Special Project Bond Series Resolution indicates otherwise, shall include any account created or established within such Debt Service Fund.

"Facility" shall mean one or more improvements, structures, projects, works, buildings or properties owned, leased or operated, or to be owned, leased or operated by the Authority, including such appliances, appurtenances and equipment as the Authority may deem necessary or desirable for the proper operation or maintenance thereof, except that the Holland Tunnel, the Lincoln Tunnel, the George Washington Bridge, the Bayonne Bridge, the Goethals Bridge, the Outerbridge Crossing, the Port Authority Bus Terminal, the Hudson Tubes, the Port Authority Bus Programs, the New York Union Motor Truck Terminal, LaGuardia Airport, John F. Kennedy International Airport, Newark International Airport, Teterboro Airport, the Port Authority-West 30th Street Heliport, the Port Authority Downtown Manhattan Heliport, the Columbia Street Marine Terminal, Port Newark, the Hoboken-Port Authority Marine Terminal, the Brooklyn-Port Authority Marine Terminal, the Erie Basin-Port Authority Marine Terminal, the Elizabeth-Port Authority Marine Terminal, the New York City Passenger Ship Terminal, the Oak Point Rail Freight Link, the World Trade Center and the Bathgate Industrial Development Project shall each be deemed to be a separate facility.

"Facility Rental" shall mean the rental payable by a Lessee as Facility Rental pursuant to a Lease which is, together with any other monies which may be available therefor in the applicable Special Project Bond Fund, sufficient to pay the Debt Service, when due, on a series of Special Project Bonds which shall have been issued pursuant to the Special Project Bond Resolution and the applicable Special Project Bond Series Resolution.

“Lease” shall mean an agreement, including any amendments, modifications or supplements thereto, entered into by the Authority with a Lessee in connection with a Project, which provides in part that all or any part of the costs of such Project, including any costs or reserves related to the financing or construction of such Project or in connection with the issuance of one or more series or installments of Special Project Bonds, may be financed through the issuance of such series of Special Project Bonds.

“Lessee” shall mean a party to a Lease with the Authority.

“Paying Agent” for a particular series of Bonds shall mean the Paying Agent or Paying Agents, individually and collectively appointed by the Authority for and in connection with that series of Special Project Bonds under Section 9 of the Special Project Bond Resolution or any successor or successors appointed in accordance with the foregoing.

“Paying Agent’s Agreement” shall mean, for a particular series of Bonds, the separate agreement, including any amendments, modifications or supplements thereto, for that series of Special Project Bonds with the applicable Paying Agent and specifying the rights, responsibilities and duties of such Paying Agent.

“Port District” shall mean the Port of New York district as defined in the compact between the State of New York and the State of New Jersey, dated April 30, 1921.

“Project” shall mean the buildings, structures and other improvements, including the equipment permanently affixed thereto or permanently located therein, including but not limited to electrical, plumbing, sprinkler, fire protection and fire alarm, heating, steam, sewage, drainage, refrigerating, communications, gas and other systems, and their pipes, wires, mains, lines, tubes, conduits, equipment and fixtures, and all paving, drains, culverts, ditches and catch basins, located or to be located or constructed or to be constructed at a Facility, or necessary or convenient in connection therewith, all or any part of the costs of which, including any costs or reserves related to the financing, construction, installation, or acquisition thereof or in connection with the issuance of a series of Special Project Bonds, are to be financed through the issuance of such series of Special Project Bonds.

“Project Costs” shall mean the costs as defined in a Lease or Special Project Bond Series Resolution for or in connection with a Project.

“Refunding,” as used with reference to Bonds, shall mean the retirement and cancellation thereof, after their acquisition by the Authority or a Lessee (before, at or after maturity) either in exchange for Bonds or by payment, purchase or redemption; and the term “Refunded,” as used with reference to Bonds, shall mean the Refunding thereof accomplished.

“Refunding Bonds” shall mean Bonds of a series of Special Project Bonds issued for the purpose of refunding any or all of the outstanding Bonds of a prior series of Special Project Bonds.

“Registrar” for a particular series of Bonds shall mean the Registrar appointed by the Authority for and in connection with that series of Special Project Bonds under Section 9 of the Special Project Bond Resolution or any successor Registrar appointed in accordance with the foregoing.

“Registrar’s Agreement” shall mean, for a particular series of Bonds, the separate agreement, including any amendments, modifications or supplements thereto, for that series of Special Project Bonds with the applicable Registrar and specifying the rights, responsibilities and duties of such Registrar.

“Special Project Bond Fund” or “Bond Fund” shall mean, for a particular series of Bonds, the trust fund established as provided in the Special Project Bond Resolution by the Authority for and in connection with the payment of Debt Service of that series of Special Project Bonds and, unless the context or applicable Special Project Bond Series Resolution indicates otherwise, shall include any account created or established within such Bond Fund.

“Special Project Bond Resolution” shall mean the resolution of the Authority adopted June 9, 1983, entitled “*Special Project Bonds - Establishment of Issue*,” including any amendments, modifications or supplements thereto.

“Special Project Bond Series Resolution” shall mean, for a particular series of Bonds, the separate resolution establishing and authorizing the issuance of that series of Special Project Bonds, including any amendments, modifications or supplements thereto.

“Special Project Bonds” shall mean bonds of the issue established by the Special Project Bond Resolution.

“Trust Estate” shall have the meaning given to such term in the applicable Trust Indenture.

“Trust Indenture” shall mean, for a particular series of Bonds, the separate agreement, including any amendments, modifications or supplements thereto, for that series of Special Project Bonds with the applicable Trustee and specifying the rights, responsibilities and duties of such Trustee and designating the Trust Estate.

“Trustee” shall mean, for a particular series of Bonds, the Trustee appointed by the Authority for and in connection with that series of Special Project Bonds under Section 9 of the Special Project Bond Resolution, the applicable Special Project Bond Series Resolution and the Trust Indenture or any successor Trustee appointed in accordance with the foregoing.

Establishment and Issuance of Special Project Bonds

The Special Project Bond Resolution authorizes and establishes an issue of special limited obligations of the Authority to be known as “Special Project Bonds.” Nothing contained in the Special Project Bond Resolution shall be construed as pledging any revenues or assets of the Authority (other than, for each series of Special Project Bonds, the Facility Rental, any Construction Fund, to the extent not disbursed or otherwise disburseable as provided in the Lease, the Special Project Bond Fund and any Debt Service Fund, applicable to that series of Bonds and any other monies and assets pledged, mortgaged or assigned under and pursuant to the Special Project Bond Series Resolution and the Trust Indenture applicable to that series of Bonds) or the general credit of the Authority or any reserve funds of the Authority to the payment of Debt Service on any series of Special Project Bonds.

Special Project Bonds may be issued from time to time in one or more series as the Authority may determine and only for purposes for which at the time of issuance the Authority is authorized by law to issue its obligations. The Bonds of each series may be issued only for the purpose of financing a single Project for any Lessee or for the purpose of Refunding all or any part of a prior series of Special Project Bonds, or a combination of such purposes, and may be issued in one or more installments as the Authority may determine.

A series of Special Project Bonds shall not be issued in a principal amount greater than the amount determined by the Authority to be necessary to accomplish the purpose for which such series of Special Project Bonds is issued. Such principal amount may include but not be limited to amounts necessary to finance the estimated Project Costs or to Refund all or any part of a prior series of Special Project Bonds, or a combination of such purposes, and any costs or reserves related to the foregoing or in connection with the issuance of such series of Special Project Bonds. The proceeds of each series of Special Project Bonds shall be applied to the purposes for which such series has been issued.

Miscellaneous Covenants

The Authority in the Special Project Bond Resolution covenants and agrees with the holders of each series of Special Project Bonds, and with each such holder, as follows:

- (i) Fully and faithfully to perform all duties on its part required by the Constitutions and Statutes of the United States and of the States of New York and New Jersey, and by the

Compact of April 30, 1921, between said two States, insofar as such duties relate to the issuance of Special Project Bonds pursuant to the Special Project Bond Resolution.

(ii) Prior to the issuance of a series of Special Project Bonds, to have entered into a Lease, which Lease shall be in accordance with the terms of the Special Project Bond Resolution and the applicable Special Project Bond Series Resolution.

(iii) Pursuant to such Lease, to require the Lessee to agree to maintain and keep the Premises (as defined in the Lease) in good condition, at the expense of such Lessee.

(iv) Pursuant to such Lease, to establish a Facility Rental which shall be payable in accordance with the terms of the Special Project Bond Resolution, the applicable Special Project Bond Series Resolution and the applicable Trust Indenture.

(v) To pay or cause to be paid the interest payable on all bonds of the Authority and the amounts which the Authority is obligated by agreements with the holders of such bonds to pay or set aside for the amortization and/or retirement thereof and, in conformance with and pursuant to the Special Project Bond Resolution and prior resolutions of the Authority, underlying mortgage bonds (including any bonds of the issue established by the Special Project Bond Resolution) outstanding in connection with all or any part of any Facility, in strict conformity with the terms of such bonds, the Special Project Bond Resolution and such prior resolutions.

(vi) To deliver to the applicable Trustee, upon request of such Trustee, financing statements and such continuation statements as provided by the Uniform Commercial Code or other similar law as adopted in the appropriate state of filing, as from time to time may be appropriate for filing and recording by such Trustee in the appropriate state and county offices.

Trustees, Paying Agents and Registrars

The Special Project Bond Resolution provides that the Authority, after consultation with the applicable Lessee, shall appoint a bank or trust company or national banking association as Trustee for and in connection with each series of Special Project Bonds. Such Trustee may, in the Authority's discretion, be separate and different in connection with one or more different series of Special Project Bonds.

For any particular series of Bonds, the Authority, after consultation with the applicable Lessee, shall appoint one or more Paying Agents or Registrars to act as such for and in connection with that series of Special Project Bonds, and from time to time, shall, if requested by the applicable Lessee, terminate all or some of such appointments and after consultation with the applicable Lessee, may appoint a new, substitute or additional Registrar and Paying Agent, and appoint separate and different Registrars and Paying Agents.

Liability

No Commissioner, officer, agent, representative or employee of the Authority, or of any Trustee, Registrar or Paying Agent, or of any Lessee, shall be held personally liable to any purchaser or holder of any Special Project Bond or coupon under or upon such Special Project Bond, or under or upon the Special Project Bond Resolution or any resolution adopted relating to Special Project Bonds, or because of the issuance or attempted issuance of any Special Project Bonds, or because of any act or omission in connection with the construction, acquisition, effectuation, operation or maintenance of any Project or Facility of the Authority, or because of any act or omission in connection with the investment or management of the revenues, funds or monies of the Authority or any Lessee, or otherwise in connection with the management of the affairs of the Authority or any Lessee, excepting as to each of the foregoing persons solely for things wilfully done with an intent to defraud or wilfully omitted to be done with an intent to defraud by such persons.

Modification of the Special Project Bond Resolution, Special Project Bond Series Resolutions or Trust Indentures

Modification of the Special Project Bond Resolution Without Bondholder Consent. The Authority may from time to time and at any time, without authorization, consent or other action by any of the holders of any series of Special Project Bonds, any Lessee or any Trustee, modify or amend the Special Project Bond Resolution, for any purpose whatsoever, provided, that such modification or amendment shall only apply to Special Project Bonds issued after the date of such modification or amendment, and, further provided, that such modification or amendment shall not apply to any Special Project Bonds issued at the request of a Lessee of and in connection with a Project previously financed with a series of Special Project Bonds.

Modification of the Special Project Bond Resolution, Special Project Bond Series Resolutions and Trust Indentures Without Bondholder Consent. In addition to the foregoing, the Authority may from time to time and at any time, without authorization, consent or other action by any of the holders of Special Project Bonds, modify or amend the Special Project Bond Resolution or any Special Project Bond Series Resolution or any Trust Indenture for any one or more of the following purposes, if the Trustee for each series of Special Project Bonds to which such modification or amendment may apply shall have been advised by counsel (who may be its counsel or counsel to the Authority or Lessee) that the provisions of such modification or amendment shall not adversely affect the rights of the holders of the series of Special Project Bonds for which it is Trustee:

- (i) To make any changes or corrections in the Special Project Bond Resolution or any such Special Project Bond Series Resolution or Trust Indenture if such changes or corrections are technical wording corrections or changes or are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provision or omission or mistake or error contained in the Special Project Bond Resolution or any such Special Project Bond Series Resolution or Trust Indenture or to insert in the Special Project Bond Resolution or any such Special Project Bond Series Resolution or Trust Indenture such provisions clarifying matters or questions arising under the Special Project Bond Resolution or any such Special Project Bond Series Resolution or Trust Indenture as are necessary or desirable; or
- (ii) To grant to or confer upon the holders of any or all series of Special Project Bonds any additional rights, remedies, powers, authority or security that lawfully may be granted to or conferred upon them, or to grant to or confer upon a Trustee for the benefit of the holders of such Special Project Bonds any additional rights, duties, remedies, power or authority; or
- (iii) To prescribe further limitations and restrictions upon the issuance of Special Project Bonds by the Authority; or
- (iv) To modify in any other respect any of the provisions of the Special Project Bond Resolution or any such Special Project Bond Series Resolution or Trust Indenture, provided, that such modifications shall have no material adverse effect as to any Special Project Bond or Bonds which are then outstanding;

provided, that no such amendment or modification shall alter or impair the manner of payment of the Debt Service on any Special Project Bond at the time and place and at the rate or amount and in the medium of payment prescribed therein, or shall alter or impair the security of any Special Project Bond, or otherwise alter or impair any rights of any holder of such Bond.

Modification of the Special Project Bond Resolution and Special Project Bond Series Resolutions With Bondholder Consent. In addition to the foregoing, any of the terms or provisions of the Special Project Bond Resolution (or of any resolution amendatory of or supplemental to either the Special Project Bond Resolution or any Special Project Bond Series Resolution) may be amended, repealed or modified for the purpose of modifying or amending in any particular any of the terms or provisions (including, without limiting the generality of the foregoing, any provisions regarding amortization and retirement) of any of the Special Project Bonds or of any of the coupons pertaining thereto; provided, that no such amendment, repeal or modification of any such term or provision shall alter or impair the manner of payment of the Debt Service on any Special Project Bond at the time

and place and at the rate or amount and in the medium of payment prescribed therein or shall alter or impair the security of any Special Project Bond, or otherwise alter or impair any rights of any holder of such Bond, without the express consent of the holder of such Bond subject to the following:

(i) Whenever the Authority shall desire any such amendment, repeal or modification of any of the provisions of the Special Project Bond Resolution (or of any resolution amendatory of or supplemental to either the Special Project Bond Resolution or any Special Project Bond Series Resolution), it shall call a meeting of the holders of Special Project Bonds (or if the amendment, repeal or modification proposed shall affect the rights of the holders of such Bonds of any one or more particular series or installments, then of the holders of all Special Project Bonds of each such series or installment so to be affected) for the purpose of considering and acting upon any such proposed amendment, repeal or modification. A notice specifying the purpose, place, date and hour of such meeting shall be published by the Authority in a daily newspaper of general circulation in the Port District. Such notice shall be published once a week for four consecutive weeks, the first publication to be not less than 30 days nor more than 90 days prior to the date fixed for the meeting. Such notice also shall briefly set forth the nature of the proposed amendment, repeal or modification, and shall give notice that a copy thereof is on file with the Authority for inspection by the holders of the Bonds. On or before the date of the first publication of the notice, a similar written or printed notice shall be mailed by the Authority, postage prepaid, to the holders of such Bonds registered either as to principal or as to both principal and interest, at the addresses appearing on the registry books of the Authority, and who are to be affected by the proposed amendment, repeal or modification. The actual receipt by any Bondholder of notice of such meeting shall not be essential to the validity of such meeting, and a certificate by the Authority, duly executed by its Chairman or Vice Chairman, that the meeting has been called and notice thereof given as provided in the Special Project Bond Resolution, shall be conclusive as against all parties, and it shall not be open to any Bondholder to show that he failed to receive notice of such meeting or to object to the form of such notice, provided, that such notice shall conform substantially to the requirements for notices set forth in this paragraph.

(ii) No person shall be entitled to vote at such meeting unless he or she shall be a holder of a Special Project Bond or shall hold a proxy duly executed by such a Bondholder, and (1) he or she shall present at the meeting his or her Special Project Bond or Bonds (or in the case of the holder of a proxy, the Special Project Bond or Bonds of his or her principal), or (2) he or she shall present at the meeting a certificate of the character described in Section 12(c)(iii) of the Special Project Bond Resolution, or (3) his or her name (or, in the case of the holder of a proxy, the name of his or her principal) shall appear as a registered Bondholder on the list prepared and presented to the meeting by the Registrar as provided in Section 12(c)(iii) of the Special Project Bond Resolution. Such meeting shall be conducted in accordance with the provisions of the Special Project Bond Resolution.

(iii) A representation of at least 60% in aggregate principal amount of the Special Project Bonds then outstanding (exclusive of Authority-owned Bonds and Lessee-owned Bonds) or, if the amendment, repeal or modification proposed shall only affect the rights of the holders of one or more particular series or installments of Special Project Bonds, then 60% in aggregate principal amount of the Bonds outstanding (exclusive of Authority-owned Bonds and Lessee-owned Bonds) of each such series or installment so to be affected, shall be necessary to constitute a quorum at any such meeting of Bondholders; but less than a quorum may adjourn the meeting from time to time and the meeting may be held as adjourned without further notice, whether such adjournment shall have been held by a quorum or by less than a quorum. At such meeting each person shall be entitled to one vote for each \$1,000 principal amount of such Bonds held or represented by him or her, and such vote shall be cast by ballot.

(iv) At any meeting held in accordance with the provisions of the Special Project Bond Resolution, the Authority shall submit for consideration and action of the holders of Special Project Bonds or, if the amendment, repeal or modification proposed shall only affect the rights of the holders of one or more particular series or installments of each such series or installments to be

affected, a proposed resolution embodying the amendment, repeal or modification to be considered by the meeting. If such proposed resolution shall be consented to and approved (either in person or by proxy) by the holders of at least 60% in aggregate principal amount of the Bonds to be affected thereby outstanding at the time (exclusive of Authority-owned Bonds and Lessee-owned Bonds), then, and in such case, the Authority shall thereby be authorized and empowered to adopt such resolution, and any such resolution so adopted by the Authority shall be binding upon all Bondholders, whether or not present at such meeting in person or by proxy, provided that no such amendment, repeal or modification shall affect the rights of the holders of one or more series or installments of Special Project Bonds in a manner or to an extent differing from that in or to which the rights of holders of any other series or installments of Special Project Bonds are affected unless such resolution shall be approved (either in person or by proxy) by the holders of at least 60% in aggregate principal amount of the Special Project Bonds then outstanding (exclusive of Authority-owned Bonds and Lessee-owned Bonds) of each such series or installment so affected; and no Bondholder shall have any right or cause to object to the adoption of any such resolution by the Authority or to object to any of the terms or provisions therein contained or the exercise thereof or of the authorization contained therein, or in any manner to question the propriety of the adoption thereof or to enjoin or restrain the Authority from executing the same or from taking any action pursuant to the provisions thereof.

(v) Upon the adoption by the Authority of any resolution pursuant to the aforementioned modification provisions, the Special Project Bond Resolution (and any resolution amendatory of or supplemental to either the Special Project Bond Resolution or any Special Project Bond Series Resolution) shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations of the Authority and all holders of outstanding Bonds shall be thereafter determined, exercised and enforced subject, in all respects, to such modifications and amendments.

(vi) Minutes of all resolutions adopted and proceedings had at every such meeting shall be made and duly entered in books to be from time to time provided for that purpose by the Authority, and any such minutes as aforesaid, if signed by the chairman of the meeting at which such resolutions were passed or proceedings had, shall be prima facie evidence of the matters therein stated, and until the contrary is proved, every such meeting in respect of the proceedings of which minutes shall have been so made and signed and shall be deemed to have been duly held and conveyed, and all resolutions passed thereat or proceedings had thereat shall be deemed to have been duly passed and had.

(vii) In lieu of a meeting of Bondholders to approve any amendment, repeal or modification of any of the provisions of the Special Project Bond Resolution (or of any resolution amendatory of or supplemental to either the Special Project Bond Resolution or any Special Project Bond Series Resolution), such approval may be evidenced by written consents of the holders of the requisite percentage of Special Project Bonds specified above.

Notwithstanding any provision of the Special Project Bond Resolution or in the applicable Special Project Bond Series Resolution to the contrary, the Authority, without the consent of the applicable Lessee, shall not (i) amend the applicable Special Project Bond Series Resolution or Trust Indenture in connection with a particular series of Special Project Bonds issued thereunder and under the Special Project Bond Resolution or (ii) amend the Special Project Bond Resolution, to the extent such amendments would have a material or adverse effect on rights or obligations of the applicable Lessee in connection with that series of Special Project Bonds. The Authority shall give the applicable Lessee 15 days' notice prior to any amendment to the Special Project Bond Resolution or the Special Project Bond Series Resolution or Trust Indenture applicable to a particular series of Special Project Bonds.

As used above under the heading "Modification of the Special Project Bond Resolution, Special Project Bond Series Resolutions or Trust Indentures," the terms "Bond" and "Special Project Bond" shall include any interim receipt therefore; and the terms "Bondholder" and "holder" of a "Special Project Bond" shall include the holder of such an interim receipt.

Determinations

Whenever in the Special Project Bond Resolution or in any Special Project Bond Series Resolution, or any other resolution adopted relating to Special Project Bonds, it is provided that any selection, designation, determination or estimate shall or may be made by the Authority or that any action may be taken or withheld by the Authority or that any action shall or may be taken or withheld at the option of or dependent upon the opinion, discretion or judgment of the Authority, then the Authority's selection, designation, determination, estimate, action, option, opinion, discretion or judgment expressed by its Board of Commissioners or by a committee or officer or other person duly authorized shall be conclusive as to any Trustee or any Bondholders for the purposes of the Special Project Bond Resolution, or such Special Project Bond Series Resolution, or other resolution adopted by the Authority and relating to any Special Project Bonds.

Special Project Bond Resolution to Constitute a Contract

The Special Project Bond Resolution constitutes a contract with the holders of each series of Special Project Bonds, and with each such holder. Any Special Project Bond Series Resolution may contain such additional terms and provisions as the Authority shall deem necessary or desirable, provided that such additional terms and provisions are not inconsistent with the Special Project Bond Resolution.

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APPENDIX C-2

SUMMARY OF CERTAIN PROVISIONS OF THE SERIES 8 AND 9 RESOLUTION

The following is a summary of certain provisions of the Series Resolution for the Series 8 Bonds and the Series 9 Bonds. This summary does not purport to be comprehensive or definitive and is qualified in all respects by reference to, and is subject to, the Series 8 and 9 Resolution in its complete form, the provisions of which are to constitute a contract with the registered holders of the Series 8 Bonds and, if and when issued, the Series 9 Bonds as determined on the basis of the books and records of the Trustee, acting in its capacity as Registrar for the Series 8 Bonds and, if and when issued, the Series 9 Bonds. Copies of the Series 8 and 9 Resolution may be reviewed in the manner set forth in this Preliminary Official Statement under "MISCELLANEOUS."

Capitalized terms used in this Appendix C-2 have the following definitions:

The term "1996 Resolution" shall mean the resolution of the Authority adopted October 17, 1996, entitled "*Special Project Bonds, Series 6 and 7, JFK International Air Terminal LLC Project – Establishment and Authorization of Issuance.*"

The term "1996 Sale Resolution" shall mean the resolution of the Authority adopted October 17, 1996, entitled "*Special Project Bonds, Series 6 and 7, JFK International Air Terminal LLC Project – Authorization of Sale.*"

The term "2010 Expansion Project" shall mean a multi-level expansion of Terminal 4 at John F. Kennedy International Airport including new gates, hold rooms, other passenger facilities, airline support facilities, retail facilities and passenger processing facilities and other related improvements and airport facilities and covered by the Lease.

The term "2010 Expansion Project Costs" shall mean the costs as provided in the Lease to be financed or refinanced through the issuance of the Series 8 Bonds and Series 9 Bonds for or in connection with the 2010 Expansion Project, including, without limitation, any fees, costs or reserves related to the financing, refinancing, construction or installation of the 2010 Expansion Project or in connection with the issuance of the Series 8 Bonds and Series 9 Bonds.

The term "Authority" shall mean the Port Authority of New York and New Jersey.

The term "Authorized Officer" shall mean any of the officers or employees of the Authority designated as such from time to time by the Chairman of the Authority; Vice Chairman of the Authority; Chairman of the Committee on Finance of the Authority; Executive Director; Deputy Executive Director; Chief Financial Officer; Treasurer; or Assistant Treasurer of the Authority.

The term "Bond Fund" shall mean the special trust fund established by the Authority in connection with the 1996 Resolution, known as the "*Special Project Bonds JFK International Air Terminal LLC Project Bond Fund.*"

The term "Bondholder" shall mean the registered holder or holders, individually and collectively, of the Bonds, as determined on the basis of the books and records maintained with respect to the Bonds by the Registrar; provided, however, the term "Bondholder" shall refer to the holder or holders of either series of the Bonds on an individual basis, in a consistent manner throughout the Resolution, but shall not refer to the holder or holders of both series, collectively, unless otherwise specified.

The term "Bonds" shall mean each of The Port Authority of New York and New Jersey Special Project Bonds, Series 8, JFK International Air Terminal LLC Project and The Port Authority of New York and New Jersey Special Project Bonds, Series 9, JFK International Air Terminal LLC Project on an individual basis; provided however, the term "Bonds" shall refer to either of such series on an individual basis, in a consistent manner, throughout the Resolution but shall not refer to both series, collectively, unless otherwise specified.

The term “Construction Fund” shall mean the special trust fund established by the Authority in connection with the 1996 Resolution known as the “Special Project Bonds JFK International Air Terminal LLC Project Construction Fund.”

The term “Debt Service” shall mean the interest payable on the Bonds, and the amounts which the Authority is obligated by agreements with or for the benefit of the Bondholder to pay or set aside for the amortization, maturity, redemption (including redemption premium, if any) or retirement of the Bonds.

The term “Debt Service Fund” shall mean the special trust fund established by the Authority in connection with the 1996 Resolution currently known as the “Special Project Bonds JFK International Air Terminal LLC Project Debt Service Reserve Fund.”

The term “Facility Rental” shall mean, the “Facility Rental” (as defined in the Lease) payable by the Lessee pursuant to the Lease.

The term “Governmental Obligations” shall mean (i) direct obligations of the United States of America for the payment of which the full faith and credit of the United States of America is pledged or (ii) obligations issued by any agency controlled or supervised by or acting as an instrumentality of the United States of America, the payment of the principal of and interest on which is fully and unconditionally guaranteed, as a full faith and credit obligation of the United States of America (including any securities described in clause (i) or clause (ii) issued or held in book-entry form on the books of the Department of the Treasury of the United States of America).

The term “Guaranty by JFK International Air Terminal LLC” shall mean the guaranty dated as of May 13, 1997 by JFK International Air Terminal LLC in favor of The Port Authority of New York and New Jersey and The Bank of New York, as trustee, as the same shall be amended and supplemented in connection with the Bonds, and as the same may from time to time be further amended and supplemented.

The term “Investment Securities” shall mean those types of securities in which the Trustee is authorized to invest the monies held in the account(s) pertaining to the Bonds within each of the Construction Fund, the Bond Fund, the Debt Service Fund and any fund established pursuant to Section 7(e) of the Resolution (Establishment of Additional Funds within the Trust Estate).

The term “JFK International Air Terminal LLC” shall mean JFK International Air Terminal LLC, a limited liability company formed under the laws of the State of New York.

The term “Lease” shall mean the agreement of lease pertaining to the Project dated May 13, 1997 between the Authority and the Lessee, as amended and supplemented by that certain Supplemental Lease Agreement No. 1, dated as of August 10, 2001, that certain Supplemental Lease Agreement No. 2, dated as of December 20, 2002, that certain Supplemental Lease Agreement No. 3, dated as of January 1, 2004, that certain Supplemental Lease Agreement No. 4, dated as of December 1, 2004, and as the same shall be amended and supplemented in connection with the authorization and issuance of the Bonds and as the same may from time to time be further amended and supplemented.

The term “Leasehold Mortgage by the Lessee” shall mean the leasehold mortgage dated as of May 13, 1997 by the Lessee in favor of The Bank of New York, as trustee, of its interest in the Lease, as the same shall be amended and supplemented in connection with the Bonds, and as the same may from time to time be further amended and supplemented.

The term “Lessee” shall mean JFK International Air Terminal LLC, or its successors or assigns pursuant to the Lease.

The term “Minimum Debt Service Fund Balance” shall mean with respect to the Bonds, as of any date of calculation, the amount of monies and the value of Investment Securities and the other assets required to be on deposit in the account established in connection with the Bonds within the Debt Service Fund on such date of

calculation in accordance with the provisions of the Special Project Bond Resolution, the Resolution, the Lease and the Trust Indenture.

The term “Paying Agent” shall have the meaning set forth in Appendix C-1 – “SUMMARY OF CERTAIN PROVISIONS OF THE SPECIAL PROJECT BOND RESOLUTION.”

The term “Paying Agent’s Agreement” shall have the meaning set forth in Appendix C-1 – “SUMMARY OF CERTAIN PROVISIONS OF THE SPECIAL PROJECT BOND RESOLUTION.”

The term “Personal Property Security Interest by the Lessee” shall mean the personal property security interest dated as of May 13, 1997 granted by the Lessee to the Authority, mortgaged by the Authority in favor of The Bank of New York, as trustee, in certain items of personalty of the Lessee located or to be located at the Project and listed on schedules attached or to be attached to the Personal Property Security Interest by the Lessee from time to time, as the same shall be amended and supplemented in connection with the Bonds, and as the same may from time to time be further amended and supplemented.

The term “Port District” shall have the meaning set forth in Appendix C-1 – “SUMMARY OF CERTAIN PROVISIONS OF THE SPECIAL PROJECT BOND RESOLUTION.”

The term “Project” shall mean the buildings, structures and other improvements in connection with a passenger terminal at John F. Kennedy International Airport and covered by the Lease, including the equipment permanently affixed thereto or permanently located therein, including but not limited to electrical, plumbing, sprinkler, fire protection and fire alarm, heating, steam, sewage, drainage, refrigerating, communications, gas and other systems, and their pipes, wires, mains, lines, tubes, conduits, equipment and fixtures, and all paving, drains, culverts, ditches and catch basins, located or to be located or constructed or to be constructed in connection with the Lease by or on behalf of the Lessee, or necessary or convenient in connection therewith, and any future expansions thereof, including without limitation the 2010 Expansion Project.

The term “Refunding” shall have the meaning set forth in Appendix C-1 – “SUMMARY OF CERTAIN PROVISIONS OF THE SPECIAL PROJECT BOND RESOLUTION.”

The term “Refunding Bonds” shall have the meaning set forth in Appendix C-1 – “SUMMARY OF CERTAIN PROVISIONS OF THE SPECIAL PROJECT BOND RESOLUTION.”

The term “Registrar” shall have shall have the meaning set forth in Appendix C-1 – “SUMMARY OF CERTAIN PROVISIONS OF THE SPECIAL PROJECT BOND RESOLUTION.”

The term “Registrar’s Agreement” shall have the meaning set forth in Appendix C-1 – “SUMMARY OF CERTAIN PROVISIONS OF THE SPECIAL PROJECT BOND RESOLUTION.”

The term “Resolution” shall mean the Special Project Bond Series Resolution adopted August 5, 2010, entitled “*Special Project Bonds, Series 8 and 9, JFK International Air Terminal LLC Project – Establishment and Authorization of Issuance,*” including any amendments, modifications or supplements to the Resolution.

The term “Series 6 Bonds” shall mean The Port Authority of New York and New Jersey Special Project Bonds, Series 6 JFK International Air Terminal LLC Project established by and authorized to be issued under the 1996 Resolution.

The term “Series 8 Bonds and Series 9 Bonds” shall mean, collectively, if and when issued, The Port Authority of New York and New Jersey Special Project Bonds, Series 8, JFK International Air Terminal LLC Project and The Port Authority of New York and New Jersey Special Project Bonds, Series 9, JFK International Air Terminal LLC Project.

The term “Special Project Bond Resolution” shall mean the resolution of the Authority adopted June 9, 1983, entitled “*Special Project Bonds – Establishment of Issue*,” including any amendments, modifications or supplements thereto.

The term “Special Project Bond Series Resolution” shall mean the resolution adopted by the Authority establishing and authorizing a particular series of Special Project Bonds.

The term “Special Project Bonds” shall mean bonds of the issue established by the Special Project Bond Resolution, of which the Bonds are each a series.

The term “Trust Estate” shall mean, with respect to the Bonds, all rights, title and interest of the Authority, in and to (i) the Facility Rental; (ii) all amounts on deposit from time to time in the account(s) pertaining to the Bonds within the Construction Fund (to the extent not disbursed or otherwise disbursable as provided in the Lease), the Bond Fund, the Debt Service Fund and any fund established pursuant to Section 7(e) of the Resolution (Establishment of Additional Funds within the Trust Estate), subject to the provisions of the Resolution, the Special Project Bond Resolution, the Trust Indenture and the Lease, permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution, the Special Project Bond Resolution, the Trust Indenture and the Lease; (iii) the Personal Property Security Interest by the Lessee; and (iv) any assets of the Lessee (other than those described in clause (iii) above) in which the Authority is granted a security interest by the Lessee to the extent of such security interest granted by the Lessee.

The term “Trust Indenture” shall mean the Trust Indenture dated as of May 13, 1997 between the Authority and The Bank of New York, as trustee, as the same shall be amended and supplemented in connection with the Bonds, and as the same may from time to time be further amended and supplemented.

The term “Trustee” shall mean the Trustee appointed under Section 9 of the Resolution (The Trustee) by the Authority pursuant to the Special Project Bond Resolution for and in connection with the Bonds, and any successor Trustee appointed in accordance with the foregoing.

Establishment and Issuance of and Security for the Bonds

Each of “The Port Authority of New York and New Jersey Special Project Bonds, Series 8, JFK International Air Terminal LLC Project” and “The Port Authority of New York and New Jersey Special Project Bonds, Series 9, JFK International Air Terminal LLC Project” has been established as a separate series of Bonds, to be issued in conformity with the provisions of the Special Project Bond Resolution and the Resolution, in an aggregate principal amount of up to One Billion Two-Hundred Million Dollars (\$1,200,000,000) at any one time outstanding; *provided, however*, that the total aggregate principal amount of the Series 8 Bonds and Series 9 Bonds shall not exceed One Billion Two Hundred Million Dollars (\$1,200,000,000) at any one time outstanding. The Resolution applies with equal force and effect to each of such series on an individual basis.

The Series 8 Bonds and the Series 9 Bonds are to be secured on a parity basis with each other and with the Series 6 Bonds, in the manner and shall be payable from the sources and to the extent provided in or pursuant to the Special Project Bond Resolution, the Resolution, the Lease, the Trust Indenture, the Leasehold Mortgage by the Lessee, the Personal Property Security Interest by the Lessee and the Guaranty by JFK International Air Terminal LLC.

The issuance of the Bonds is determined to be necessary to accomplish the purposes for which the Series 8 Bonds and Series 9 Bonds are authorized to be issued – to wit, to provide for the financing and/or refinancing of 2010 Expansion Project Costs.

The payment of Debt Service on the Series 8 Bonds and Series 9 Bonds, regardless of the dates of their issue or maturity, shall be separately secured equally and ratably, on a parity basis with each other and with the Series 6 Bonds by (i) a mortgage by the Authority, in favor of the Trustee, of the Facility Rental; (ii) the Leasehold Mortgage by the Lessee; (iii) the Personal Property Security Interest by the Lessee; (iv) the assets of the Lessee encompassed by clause (iv) of the Trust Estate under the Trust Indenture; and (v) the Guaranty by JFK International

Air Terminal LLC. The Authority in the Resolution reaffirms that the Facility Rental is irrevocably mortgaged pursuant to the Resolution, on a parity basis as between the Series 8 Bonds and Series 9 Bonds and the Series 6 Bonds by the Authority in favor of the Trustee, and pledged, on a parity basis as between the Series 8 Bonds and Series 9 Bonds and the Series 6 Bonds, to the payment, when due, of Debt Service, subject, however, to the provisions of the Resolution, the Special Project Bond Resolution, the Lease and the Trust Indenture relating to the application of funds in the Construction Fund, the Bond Fund, and Debt Service Fund and any fund established pursuant to Section 7(e) of the Resolution (Establishment of Additional Funds within the Trust Estate).

The Bonds shall constitute special limited obligations of the Authority payable by the Authority solely from the revenues and other sources pledged, mortgaged and assigned by the Authority in the Special Project Bond Resolution, the Resolution and the Trust Indenture and shall not constitute general obligations of the Authority or of either of the States of New York or New Jersey, or of any municipality or subdivision of either of the States of New York or New Jersey, and neither the full faith and credit of the Authority nor any of its revenues, assets or reserve funds (other than Facility Rental, the Construction Fund, to the extent not disbursed or otherwise disbursable as provided in the Lease, the Bond Fund, the Debt Service Fund, any fund established pursuant to Section 7(e) of the Resolution (Establishment of Additional Funds within the Trust Estate), the Personal Property Security Interest by the Lessee and the assets of the Lessee encompassed by clause (iv) of the Trust Estate under the Trust Indenture) are pledged or shall be deemed to be pledged by the Authority in any manner whatsoever for the payment of Debt Service or for the fulfillment of any obligation which the Authority has assumed or may hereafter assume to or for the benefit of the Bondholders.

In the event that all or a portion of the Bonds shall be deemed to be paid in accordance with the provisions of Section 10(a) the Resolution (Discharge of Pledges, Mortgages, Security Interests and Assignments; Bonds Deemed to be Paid Under the Resolution) from the proceeds of a series of Refunding Bonds, then and in that event the same pledges, mortgages, security interests and assignments applicable to the Bonds may be extended to the Refunding Bonds in the Special Project Bond Series Resolution pertaining to the Refunding Bonds, and the Trustee shall execute such documents as may reasonably be required by the Authority acting at the request of the Lessee to accomplish such purpose.

Additional Series of Special Project Bonds for the Project

The Authority may, from time to time, establish and authorize the issuance and sale of additional series of Special Project Bonds for purposes of the Project on a parity basis with the Series 8 Bonds and Series 9 Bonds and, in accordance with the 1996 Resolution, the Series 6 Bonds, and the same pledges, mortgages, security interests and assignments applicable to the Series 8 Bonds and Series 9 Bonds and the Series 6 Bonds may be extended to each of such additional series in the Special Project Bond Series Resolution pertaining to such series, and the Trustee shall execute such documents as may reasonably be required by the Authority acting at the request of the Lessee to accomplish such purposes.

Establishment of Funds

Construction Fund. The Resolution directs the establishment of account(s) pertaining to the Bonds within the Construction Fund by an Authorized Officer as such Authorized Officer shall deem necessary on the date of sale of the Bonds, into which there shall be deposited any portion of the proceeds received from the sale of the Bonds which is required to be deposited into such Construction Fund account(s) in accordance with the Special Project Bond Resolution, the Resolution, the Lease and the Trust Indenture. In addition, there shall also be deposited into the Construction Fund account(s) pertaining to the Bonds all other monies required to be paid thereto in accordance with the Special Project Bond Resolution, the Resolution, the Lease and the Trust Indenture. The Construction Fund account(s) pertaining to the Bonds shall be administered by the Trustee in accordance with the provisions of the Special Project Bond Resolution, the Resolution, the Lease and the Trust Indenture and any amounts remaining in such account(s) upon completion of the 2010 Expansion Project shall be applied as provided in the Trust Indenture, the Resolution, the Special Project Bond Resolution and the Lease.

Bond Fund. The Resolution directs the establishment of account(s) pertaining to the Bonds within the Bond Fund by an Authorized Officer as such Authorized Officer shall deem necessary on the date of the sale of the Bonds, and into which there shall be deposited any portion of the proceeds received from the sale of the Bonds

required to be deposited into such account(s) in accordance with the Special Project Bond Resolution, the Resolution, the Lease and the Trust Indenture. In addition thereto, the Lessee shall pay the Facility Rental, when due in accordance with the Lease and the Trust Indenture, in an amount sufficient together with other monies available therefor in the Bond Fund account(s) pertaining to the Bonds to pay Debt Service not later than when due, directly to the Trustee for deposit into such account(s). Further, the Trustee shall transfer from the Construction Fund account(s) pertaining to the Bonds amounts remaining in such account(s) within the Construction Fund upon completion of the 2010 Expansion Project, if any, for deposit to the Bond Fund account(s) pertaining to the Bonds in accordance with the Resolution, the Special Project Bond Resolution, the Lease and the Trust Indenture. In the event that the Trustee shall receive any monies from a partial sale (by condemnation or otherwise) of the premises covered by the Lease, and the Lease has not been terminated in accordance with its terms, such monies shall be deposited into the Bond Fund in accordance with the Series 8 and 9 Bond Resolution, the Special Project Bond Resolution, the Lease and the Trust Indenture. Any portion of the proceeds of a series or installment of Refunding Bonds issued to refund the Bonds shall be paid to the Trustee, deposited into the Bond Fund account(s) pertaining to the Bonds and disbursed in accordance with the terms and conditions for the Refunding of the Bonds as provided in the Resolution and in the Special Project Bond Series Resolution pertaining to the Refunding Bonds issued to refund the Bonds. In addition, there shall also be deposited into the Bond Fund account(s) pertaining to the Bonds all other monies required to be paid thereto in accordance with the Special Project Bond Resolution, the Resolution, the Lease and the Trust Indenture. The Bond Fund account(s) pertaining to the Bonds shall be administered by the Trustee in accordance with the provisions of the Special Project Bond Resolution, the Resolution, the Lease and the Trust Indenture.

Pursuant to the Special Project Bond Resolution, the Resolution, the Lease and the Trust Indenture, in the event that the monies in the Bond Fund account(s) pertaining to the Bonds are insufficient to pay Debt Service on the Bonds in full, such monies in such account(s) shall be applied to the payment of interest, then to the payment of premium (if any), and then to the payment of the principal of the Bonds ratably as to each of the Series 8 Bonds and the Series 9 Bonds.

Debt Service Fund. The Resolution directs the establishment of account(s) pertaining to the Bonds within the Debt Service Fund by an Authorized Officer as such Authorized Officer shall deem necessary on the date of the sale of the Bonds. The monies, Investment Securities and other assets credited to the Debt Service Fund account(s) pertaining to the Bonds shall constitute a reserve for the payment of Debt Service on the Bonds. The Minimum Debt Service Fund Balance shall be determined by an Authorized Officer in connection with the sale of the Bonds, or each installment thereof, at the time of each such sale. There shall be deposited into the Debt Service Fund account(s) pertaining to the Bonds, or each installment thereof, from the proceeds received from the sale of the Bonds, or each installment thereof, any amount which is required to be deposited from such proceeds to cause the amount on deposit in the Debt Service Fund account(s) pertaining to the Bonds, together with any amounts to be deposited by the Lessee pursuant to the Lease in connection with the Bonds, to equal the then applicable Minimum Debt Service Fund Balance. In addition, there shall also be deposited into the Debt Service Fund account(s) pertaining to the Bonds all other monies required to be deposited therein in connection with the Bonds in accordance with the Special Project Bond Resolution, the Resolution, the Lease and the Trust Indenture. The Debt Service Fund account(s) pertaining to the Bonds shall be administered by the Trustee in accordance with the provisions of the Special Project Bond Resolution, the Resolution, the Lease and the Trust Indenture.

Establishment of Accounts and Sub-Accounts of the Construction Fund, the Bond Fund and the Debt Service Fund. Pursuant to Section 7(d) of the Resolution (Establishment of Accounts and Sub-Accounts of the Construction Fund, the Bond Fund and the Debt Service Fund), any Authorized Officer may establish in connection with the Bonds such additional accounts or sub-accounts within the Construction Fund, the Bond Fund and the Debt Service Fund for such purposes as such Authorized Officer shall deem necessary, consistent with the Resolution, the Special Project Bond Resolution, the Lease and the Trust Indenture.

Establishment of Additional Funds within the Trust Estate. Pursuant to Section 7(e) of the Resolution (Establishment of Additional Funds within the Trust Estate), any Authorized Officer may establish any funds and all accounts and sub-accounts therein in connection with the Bonds, to be established, held and administered by the Trustee under the Resolution, the Lease or the Trust Indenture for purposes of or in connection with those assets comprising a portion of the Trust Estate, encompassed by clause (iv) of the Trust Estate.

Continuation of Funds. Pursuant to Section 7(f) of the Resolution (Continuation of Funds), the Construction Fund, the Bond Fund, and the Debt Service Fund shall remain in existence so long as any of the Bonds are outstanding, subject to the provisions of the Special Project Bond Resolution, the Resolution, the Lease and the Trust Indenture.

Investments

Subject to the provisions of Section 7 of the Special Project Bond Resolution (Investments), the Trustee may invest the monies in the account(s) pertaining to the Bonds within the Construction Fund, the Bond Fund, the Debt Service Fund and in any funds and all accounts and sub-accounts therein established pursuant to Section 7(e) of the Resolution (Establishment of Additional Funds within the Trust Estate), respectively, in such Investment Securities as are designated by an Authorized Officer for such purposes.

The value of Investment Securities shall be computed at such times and by such methods provided in or pursuant to the Trust Indenture.

Pursuant to Section 7 of the Special Project Bond Resolution, all income or other gain derived from or attributable to Investment Securities shall be credited to or deposited into the account(s) pertaining to the Bonds within the fund which purchased such Investment Securities and any loss derived from or attributable to Investment Securities shall be charged to such account(s). In accordance with the Special Project Bond Resolution, the Resolution, the Lease and the Trust Indenture, any such income or gain credited to or deposited into the account pertaining to the Bonds within the Debt Service Fund shall be transferred by the Trustee for deposit into the account(s) pertaining to the Bonds within the Construction Fund to the extent and upon the determination by the Trustee in accordance with Section 7(c) of the Resolution (Debt Service Fund) that there is in the account pertaining to the Bonds within the Debt Service Fund an amount in excess of the Minimum Debt Service Fund Balance required to be maintained therein, and upon and after final disbursement of the Construction Fund account(s) pertaining to the Bonds into the Bond Fund account(s) pertaining to the Bonds, to be applied in accordance with the Special Project Bond Resolution, the Resolution, the Lease and the Trust Indenture.

The Trustee

The Authority shall appoint a bank or trust company as Trustee for and in connection with the Bonds. The Resolution authorizes the Trustee to (i) institute any action or proceeding on behalf of the Bondholders against the Authority or others, or (ii) intervene in any pending action or proceeding, or (iii) take any other action which it shall in its sole discretion determine to be necessary or advisable in order to protect the rights of the Bondholders; provided, however, that any action instituted or taken with respect to the Authority shall only be instituted or taken to the limited extent of any liability of the Authority with respect to the Bonds. The rights of the Trustee in this respect and in all other respects shall be in addition to and not in substitution of any and all rights which would otherwise inure to the Bondholders. The Trustee in its sole discretion may, but shall be under no obligation to, review the activities or operations of the Authority concerning the Project or any of the contracts or agreements of the Authority concerning the Project or exercise any of the rights or powers vested in it under the Resolution in connection with the Project whether on the Trustee's initiative or at the request or direction of any of the Bondholders.

Declaration by the Trustee of Principal of and Interest on the Bonds as Due

In the event that the Lessee fails to provide sufficient monies for deposit into the Bond Fund account(s) pertaining to the Bonds to pay Debt Service, when due, or, to the extent set forth in the Lease, in the event that certain events involving the bankruptcy or insolvency of the Lessee or the appointment of a receiver, trustee or liquidator in connection therewith for the property of the Lessee shall occur, to the extent set forth in the Trust Indenture, the Trustee may, and upon the written request or direction of the Bondholders representing not less than a majority in aggregate principal amount of the Bonds then outstanding (excluding any of the Bonds held by or for the account of the Authority or the Lessee), the Trustee shall, by written notice to the Authority and the Lessee, declare the principal amount of the Bonds then outstanding and the interest accrued thereon to be immediately due and payable, and said principal and interest shall thereupon become immediately due and payable (subject to the

rights or rescission and annulment set forth in the paragraph below and in the Lease), anything contained in the Special Project Bond Resolution, the Resolution, the Trust Indenture and the Lease, to the contrary notwithstanding.

If however, at any time after the principal of the Bonds then outstanding and the accrued interest thereon shall have been so declared to be due and payable, and before the later of (i) entry of final judgment or decree in any suit, action or proceeding instituted on account of any of the events referred to in the preceding paragraph and (ii) the completion of the enforcement of any other remedy under the Resolution, monies shall have accumulated or shall have been deposited into the Bond Fund account(s) pertaining to the Bonds sufficient to pay the principal of and any premium (or redemption price) on all of such matured Bonds, and all of such Bonds (or portions of the principal amount thereof) then or theretofore required to be redeemed pursuant to any provisions of the Resolution (excluding principal not then due except by reason of the aforesaid declaration) and all arrears of interest and interest then due, if any, upon all of such Bonds then outstanding, and if the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and all other amounts then payable by the Authority hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee, and every other such event (other than a default in the payment of the principal of such Bonds then due only by reason of the aforesaid declaration) shall have been remedied to the satisfaction of the Trustee or, in the case of any such event other than the nonpayment of an amount due and owing or an event involving the bankruptcy or insolvency of the Lessee or the appointment of a receiver, trustee or liquidator in connection therewith for the property of the Lessee to the extent set forth in the Lease, the Authority or the Lessee shall be taking, or shall be causing to be taken, appropriate action in good faith to effect its cure, then in every such event the Trustee may, and upon the written request or direction of the Bondholders representing not less than a majority in aggregate principal amount of the Bonds then outstanding (excluding any of the Bonds held by or for the account of the Authority or the Lessee) not then due by their terms (except by reason of the aforesaid declaration), the Trustee shall, by written notice to the Authority and the Lessee, rescind and annul such declaration and its consequences, and such rescission shall be binding upon the Bondholders. No such rescission or annulment pursuant to the preceding sentence shall extend to or affect any subsequent default or impair any right consequent thereto.

Liability of the Trustee

The Trustee shall not be liable for any action taken or suffered upon any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine, and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may or may not be counsel to the Authority or the Lessee, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Resolution, the Special Project Bond Resolution, the Trust Indenture, the Lease, the Leasehold Mortgage by the Lessee, the Personal Property Security Interest by the Lessee and the Guaranty by JFK International Air Terminal LLC, in good faith and in accordance therewith. The Trustee shall not be liable in connection with the exercise, performance or non-performance of its powers and duties except for its own willful misconduct, negligence or bad faith.

Evidence Upon Which the Trustee May Act

If the Trustee for the Bonds shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Resolution, the Special Project Bond Resolution, the Trust Indenture, the Lease, the Leasehold Mortgage by the Lessee, the Personal Property Security Interest by the Lessee and the Guaranty by JFK International Air Terminal LLC, such matter (unless other evidence in respect thereof be specifically prescribed) may be deemed to be conclusively proved and established as to the Trustee and the Bondholders by a certificate of an Authorized Officer or an authorized representative of the Lessee as provided in the Lease, and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of the Resolution, the Special Project Bond Resolution, the Trust Indenture, the Lease, the Leasehold Mortgage by the Lessee, the Personal Property Security Interest by the Lessee and the Guaranty by JFK International Air Terminal LLC, in reliance thereon; provided, however, that in its discretion the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

Reports by Trustee

In addition to any other reports or information which the Trustee shall be required to furnish to the Authority and the Lessee pursuant to the Trust Indenture, not more than ninety (90) days after the close of each bond year with respect to the Bonds, the Trustee shall furnish to the Authority, the Lessee and any Bondholder filing with the Trustee a written request for a copy, a statement setting forth (to the extent applicable) in respect to such bond year (i) all transactions relating to the receipt, disbursement and application of all monies received by the Trustee applicable to the Bonds; (ii) the amount held by the Trustee at the end of such bond year to the credit of each fund established in connection with the Bonds, including a breakdown by account and sub-account; (iii) a brief description of all Investment Securities held by the Trustee as of the end of such bond year as an investment of monies in each fund established in connection with the Bonds, including a breakdown by account and sub-account; (iv) the principal amount of the Bonds, purchased by the Trustee during such bond year from monies available therefor in each fund pursuant to the provisions of the Resolution, and the respective purchase price of the Bonds; (v) the principal amount of the Bonds redeemed or retired during such bond year and the redemption prices thereof, if any; and (vi) any other information which the Authority or Lessee may reasonably request. The Trustee shall also furnish to the Authority and the Lessee monthly statements setting forth the foregoing information (to the extent applicable) with respect to each month of such bond year.

Compensation of the Trustee, the Paying Agent and the Registrar

The Authority shall provide in the Lease for the Lessee to (i) pay to the Trustee, the Paying Agent and the Registrar, from time to time, reasonable compensation for all services rendered by each of them under the Resolution, the Special Project Bond Resolution, the Trust Indenture, the Paying Agent's Agreement, the Registrar's Agreement, the Lease, the Leasehold Mortgage by the Lessee, the Personal Property Security Interest by the Lessee and the Guaranty by JFK International Air Terminal LLC; (ii) reimburse the Trustee, the Paying Agent and the Registrar upon each of their requests for all reasonable expenses, disbursements and advances incurred or made by each of them in connection with the exercise, performance or non-performance of any of their powers or duties under the Series 8 and 9 Bond Resolution, the Special Project Bond Resolution, the Trust Indenture, the Paying Agent's Agreement, the Registrar's Agreement, the Lease, the Leasehold Mortgage by the Lessee, the Personal Property Security Interest by the Lessee and the Guaranty by JFK International Air Terminal LLC (including the reasonable compensation and the expenses and disbursements of each of their agents and counsel); and (iii) to indemnify the Trustee, the Paying Agent and the Registrar for, and hold each of them harmless against, any loss, liability or expense incurred without willful misconduct, negligence or bad faith on their part, arising out of or in connection with the exercise, performance or non-performance of each of their powers and duties under the Resolution, the Special Project Bond Resolution, the Trust Indenture, the Paying Agent's Agreement, the Registrar's Agreement, the Lease, the Leasehold Mortgage by the Lessee, the Personal Property Security Interest by the Lessee and the Guaranty by JFK International Air Terminal LLC, including the costs and expenses of any defense against any claim or liability in connection with such exercise, performance or non-performance.

Right of the Trustee to Own or Hold Bonds

The Trustee may become a Bondholder with the same rights as it would have if it were not the Trustee. To the extent permitted by law, the Trustee may act as depository for the Authority, act as paying agent and registrar for other obligations of the Authority and obligations of others, act itself and permit any of its officers or directors to act in any other capacity with respect to the Authority, the Lessee, the Bonds and the Bondholders, as it or its officers or directors would be able to act were it not the Trustee. The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Authority or the Lessee.

Resignation and Removal of Trustee, Appointment of a Successor Trustee

The Trustee may at any time resign and be discharged of all of the duties and obligations created by the Resolution by giving not less than sixty (60) days' written notice to the Authority and the Lessee and by giving such notice thereof, specifying the date when such resignation shall take effect, to the Bondholders. Such notice shall be given to the Bondholders by deposit of a copy of such notice, postage prepaid by first class mail, certified or registered, in a United States Post Office, addressed to the Bondholders at their last known addresses as appearing upon the books for the registration of the Bonds. Notice of such resignation shall also be published by the

Trustee once in each week for two (2) successive calendar weeks in a newspaper of general circulation in the Port District. Such resignation shall take effect upon the later of the date specified in such notice (unless previously a successor Trustee shall have been appointed by the Authority in which event such resignation shall take effect immediately on the appointment of such successor Trustee) and the appointment by the Authority of a successor Trustee. The Trustee or any successor thereto may be removed at any time by an instrument or concurrent instruments in writing, filed with the Trustee, and signed and acknowledged by the Bondholders representing a majority in aggregate principal amount of Bonds then outstanding or by their attorneys duly authorized, excluding any of the Bonds held by or for the account of the Authority or the Lessee.

In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, a successor may be appointed by the Bondholders representing a majority in aggregate principal amount of the Bonds then outstanding (excluding any of the Bonds held by or for the account of the Authority or the Lessee), by an instrument or concurrent instruments in writing signed and acknowledged by such Bondholders or by their attorneys duly authorized and delivered to such successor Trustee, notification thereof being given to the Authority and the predecessor Trustee; provided, however, that the Authority shall forthwith appoint a Trustee to fill such vacancy unless and until a successor Trustee shall be appointed by the Bondholders as authorized in Section 9 of the Resolution (The Trustee). The Authority shall mail notice of any such appointment made by it to the Bondholders. Such notice shall be given to the Bondholders by deposit of a copy of such notice, postage prepaid by first class mail, certified or registered, in a United States Post Office, addressed to the Bondholders at their last known addresses as appearing upon the books for the registration of the Bonds. Notice of such appointment shall also be published by the Authority once in each week for two (2) consecutive calendar weeks, in a newspaper of general circulation in the Port District, the first publication to be made within twenty (20) days after such appointment. Any successor Trustee appointed by the Authority shall, immediately and without further act, be superseded by a Trustee appointed by the Bondholders representing a majority in aggregate principal amount of Bonds then outstanding as authorized in Section 9 of the Resolution. Any appointment of a successor Trustee or Trustees shall be made in compliance with the requirements of Section 9 of the Resolution.

Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all of substantially all of its corporate trust business shall be the successor to the Trustee without the execution or filing of any paper or the performance of any further act; provided, however, that such company shall otherwise meet the qualifications set forth in Section 9 of the Resolution.

The failure of the Authority to take any action required by Section 9 of the Resolution shall not invalidate any of the Bonds or affect any other actions of the Authority. The Authority shall in no way be restricted by Section 9 of the Resolution from entering any defense to an action or proceeding instituted by the Trustee or by the Bondholders.

Discharge of Pledges, Mortgages, Security Interests and Assignments; Bonds Deemed to be Paid Under the Resolution

The obligations of the Authority and the Lessee under the Special Project Bond Resolution, the Resolution and the Trust Indenture, and the pledges, mortgages, security interests and assignments of the Authority and the Lessee provided for in the Resolution, the Special Project Bond Resolution, the Trust Indenture, the Leasehold Mortgage by the Lessee, the Personal Property Security Interest by the Lessee and the Guaranty by JFK International Air Terminal LLC, shall be fully discharged and satisfied as to each of the Bonds and each bond shall be deemed to have been paid for all purposes of Section 10(b) of the Resolution (Release of this Resolution; Termination of Right, Title and Interest of the Trustee) (related to the release of the Resolution and the termination of the right, title and interest of the Trustee) either:

- (i) when such bond shall have been cancelled, or shall have been surrendered for cancellation and is subject to cancellation, or shall have been purchased or redeemed in whole by the Trustee from monies in the Bond Fund account(s) pertaining to the Bonds; or

- (ii) as to any bond not so cancelled, or not so surrendered for cancellation and subject to cancellation, or not so purchased pursuant to (i) above, when payment of the principal of and the premium, if any (or redemption price) on such bond, plus interest on such principal to the due date thereof (whether such due date be by reason of maturity or upon redemption or prepayment or by declaration as provided in Section 9(c) (Declaration by the Trustee of Principal of and Interest on the Bonds as Due) of the Resolution, or otherwise), either (a) shall have been made or caused to be made in accordance with the terms of such bond, or (b) shall have been provided by irrevocably depositing with the Trustee or Paying Agent, in trust, and irrevocably appropriating and setting aside exclusively for such payment, either (1) monies sufficient to make such payment or (2) Governmental Obligations maturing as to principal and interest in such amounts and at such times as will ensure the availability of sufficient monies to make such payment, or (3) a combination of both such monies and such Governmental Obligations, and all necessary and proper fees, compensation and expenses of the Trustee and Paying Agent pertaining to the bond with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee and such Paying Agent.

At such time as a bond shall be deemed to be paid under the provisions summarized above, such bond shall cease to bear interest from the due date thereof (whether such due date be by reason of maturity, or upon redemption or by declaration as aforesaid, or otherwise) and, except for the purpose of any payment to be made with respect to such bonds from such monies or Governmental Obligations, such bond shall no longer be secured by or entitled to the benefits of the Resolution, the Special Project Bond Resolution, the Trust Indenture, the Leasehold Mortgage by the Lessee and the Guaranty by JFK International Air Terminal LLC.

Notwithstanding the foregoing, in the case of any of the Bonds which the Authority has been requested to redeem or otherwise prepay prior to their stated maturities and which by their terms may be so redeemed or otherwise so prepaid, no deposit under clause (b) of subparagraph (ii) above shall constitute such payment, discharge and satisfaction as aforesaid, until such bonds shall have been irrevocably called or designated for redemption or prepayment and proper notice of such redemption or prepayment shall have been previously given or provision satisfactory to the Trustee shall have been irrevocably made for the giving of such notice at the first date at which such notice may be given to the Bondholders.

Any of the monies deposited with the Trustee or other Paying Agent as provided above may, in accordance with the instruction of the Authority acting at the request of the Lessee, also be invested and reinvested in Governmental Obligations, maturing in the amounts and at the times as hereinbefore set forth, and all income from all Governmental Obligations in the custody of the Trustee or the Paying Agent pursuant to Section 10 of the Resolution (Discharge) which is not required for the payment of Debt Service in full on the particular bonds with respect to which such monies shall have been so deposited, shall be paid to the Lessee as received by the Trustee, free and clear of any trust, lien or pledge under the Resolution.

Notwithstanding any provision of any other section of the Resolution which may be contrary to the provisions of Section 10 of the Resolution, all monies or Governmental Obligations set aside and held in trust pursuant to the provisions of Section 10 of the Resolution for the payment of Debt Service in full on a particular bond shall be applied to and used solely for such payment of the particular bond with respect to which such monies and Governmental Obligations have been so set aside in trust.

If monies or Governmental Obligations have been deposited or set aside with the Trustee or a Paying Agent pursuant to Section 10 of the Resolution for such payment of bonds prior to the due date thereof (whether such due date be by reason of maturity or upon redemption or by declaration as aforesaid, or otherwise) and such bonds shall be deemed to have been paid as provided in Section 10 of the Resolution, but such bonds shall not have in fact been actually paid in full, no amendment to the provisions of Section 10 of the Resolution shall be made without the consent of the Bondholder of each bond affected thereby.

Release of the Resolution; Termination of Right, Title and Interest of the Trustee

When all of the Bonds shall be deemed to be paid in accordance with the provisions of Section 10(a) of the Resolution (Discharge of Pledges, Mortgages, Security Interests and Assignments; Bonds Deemed to be Paid Under this Resolution) then and in that event the right, title and interest of the Trustee in the Trust Estate, the

Leasehold Mortgage by the Lessee and the Guaranty by JFK International Air Terminal LLC, shall thereupon cease, determine and become void with respect to the Bonds, and the Trustee in such case, shall release the Resolution, the Special Project Bond Resolution, the Trust Indenture, the Leasehold Mortgage by the Lessee and the Guaranty by JFK International Air Terminal LLC, with respect to the Bonds, and shall execute such documents to evidence such release, and shall turn over to or as directed by the Lessee any surplus monies and balances remaining in any of the funds and accounts pertaining to the Bonds created in or held under the Resolution other than monies and Governmental Obligations held by it pursuant to the third-to-last paragraph of Section 10(a) of the Resolution or the provisions of Section 4(b) of the Special Project Bond Resolution for the redemption, payment or prepayment of any of the Bonds; otherwise, the Resolution shall be, continue and remain in full force and effect.

Certain Actions to be Taken by the Lessee under the Internal Revenue Code of 1986

In the event that the Bonds are issued on the basis that the Bonds are to be in conformity with, and that the interest on the Bonds is not to be includible for Federal income tax purposes, in the gross income of the recipients thereof under Section 103(a) of the Internal Revenue Code of 1986, or successor provisions of law, and the regulations thereunder, the Authority shall provide in the Lease for the Lessee to take any action which may be appropriate to assure that the Bonds are issued and during their term are outstanding, on such basis.

Establishment of Funds not a Part of the Trust Estate

Pursuant to the Resolution, any Authorized Officer is authorized to provide for the establishment of all funds and accounts and sub-accounts therein with respect to the Bonds, to be established, held and administered by the Trustee separate and apart from the Trust Estate under the Resolution, the Lease or the Trust Indenture for purposes of or in connection with the receipt of monies by the Trustee which are not required to be deposited into the account(s) pertaining to the Bonds in each of the Construction Fund, the Bond Fund, the Debt Service Fund or any fund established pursuant to Section 7(e) of the Resolution (Establishment of Additional Funds within the Trust Estate), the Lease or the Trust Indenture. Any such funds, accounts or sub-accounts and the amounts deposited therein shall not be subject to any mortgage, pledge, security interest or assignment to the Trustee in favor of the Bondholders or otherwise be or be deemed to be a part of the Trust Estate or be available for the payment of Debt Service.

Resolution to Constitute a Contract

The provisions of the Resolution shall constitute a contract with the Bondholders of the Bonds, and with each such Bondholder.

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APPENDIX C-3

SUMMARY OF CERTAIN PROVISIONS OF THE TRUST INDENTURE

The following is a summary of certain provisions of the Trust Indenture, as modified by the First Supplemental Trust Indenture. This summary does not purport to be comprehensive or definitive and is qualified in all respects by reference to, and is subject to, the provisions of the Trust Indenture and the First Supplemental Trust Indenture, in their complete forms. Copies of the Trust Indenture and the First Supplemental Trust Indenture may be reviewed in the manner set forth in this Preliminary Official Statement under "MISCELLANEOUS."

Capitalized terms used in this Appendix C-3 have the following definitions:

"Accelerated Facility Rental" shall have the meaning given to such term in Appendix D-1 – "SUMMARY OF CERTAIN PROVISIONS OF THE LEASE."

"Authority" or "Port Authority" shall mean The Port Authority of New York and New Jersey.

"Bondholders" shall mean collectively, the Series 6 Bondholders and the Series 8 Bondholders and the holders of Special Project Bonds of any other series from time to time issued on a parity basis with the Series 6 Bonds and the Series 8 Bonds as provided in and pursuant to the Series 6 Resolution and the Series 8 and 9 Resolution.

"Bonds" shall mean collectively, the Series 6 Bonds and the Series 8 Bonds, and any other series of Special Project Bonds from time to time issued on a parity basis with the Series 6 and the Series 8 Bonds as provided in and pursuant to the Series 6 Resolution and the Series 8 and 9 Resolution.

"Debt Service" shall have the meaning given to such term in Appendix C-4 – "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT."

"Facility Rental" shall have the meaning given to such term in Appendix D-3 – "SUMMARY OF CERTAIN PROVISIONS OF LEASE SUPPLEMENT NO. 5."

"First Supplemental Trust Indenture" shall mean the First Supplemental Trust Indenture entered into in connection with the issuance of the Series 8 Bonds by and between the Authority and the Trustee.

"Governmental Obligations" shall have the meaning given to such term in Appendix C-2 - "SUMMARY OF CERTAIN PROVISIONS OF THE SERIES 8 AND 9 RESOLUTION."

"Investment Securities" shall have the meaning set forth in Appendix C-4 – "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT – Funds and Accounts – Investment of Funds and Accounts – Trust Estate Funds."

"Lease" shall have the meaning given to such term in Appendix C-4 – "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT."

"Lessee" shall have the meaning given to such term in Appendix C-4 – "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT."

"Lessee Funds" shall have the meaning given to such term in Appendix C-4 – "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT."

"Leasehold Mortgage" shall have the meaning given to such term in Appendix C-4 – "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT."

“Permitted Investments” shall have the meaning set forth in Appendix C-4 – “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT – Funds and Accounts – Investment of Funds and Accounts – Permitted Investments.”

“Personal Property Security Interest” shall have the meaning given to such term in Appendix C-4 – “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT.”

“Section 13 Funds” shall have the meaning given to such term in Appendix C-4 – “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT.”

“Series 6 Bondholder” shall have the meaning given to such term in Appendix C-4 – “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT.”

“Series 6 Bonds” shall mean The Port Authority of New York and New Jersey Special Project Bonds, Series 6, JFK International Air Terminal LLC Project.

“Series 8 and 9 Resolution” shall have the meaning given to such term in Appendix C-4 – “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT.”

“Series 8 Bonds” shall mean The Port Authority of New York and New Jersey Special Project Bonds, Series 8, JFK International Air Terminal LLC Project.

“Series 8 Bondholder” shall have the meaning given to such term in Appendix C-4 – “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT.”

“Series Resolution” or “Series 6 Resolution” shall mean the Special Project Bond Series Resolution adopted October 17, 1996, entitled “*Special Project Bonds, Series 6 and 7, JFK International Air Terminal LLC Project- Establishment and Authorization of Issuance*,” including any amendments, modifications or supplements to such resolution.

“Special Project Bond Resolution” shall mean the resolution of the Authority adopted June 9, 1983, entitled “*Special Project Bonds—Establishment of Issue*,” including any amendments, modifications or supplements to such resolution.

“Special Project Bonds” shall have the meaning given to such term in Appendix C-4 – “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT.”

“Trust Administration Agreement” shall mean the Trust Administration Agreement dated May 13, 1997, between the Trustee and the Lessee, with respect to the use, investment and disposition of the proceeds of, and other actions to be taken in connection with, the Project and the Bonds, as the same may be amended and supplemented from time to time in accordance with its terms and the terms of the Trust Indenture, as the Trust Indenture may be amended or supplemented from time to time.

“Trust Estate” means: (i) all right, title and interest of the Authority in and to the Facility Rental (which includes the Accelerated Facility Rental, if applicable) payable by the Lessee to the Authority pursuant to the Lease; (ii) all amounts on deposit from time to time in the Construction Fund (to the extent not disbursed or otherwise disbursable as provided in the Lease), the Bond Fund, the Debt Service Reserve Fund and any fund established pursuant to Section 7(e) of the Series Resolution or Section 7(e) of the Series 8 and 9 Resolution, subject to the provisions of the Trust Indenture, the Lease, the Special Project Bond Resolution, the Series Resolution, the Series 8 and 9 Resolution and the Trust Administration Agreement, permitting the application of such amounts on deposit in the Construction Fund (to the extent not disbursed or otherwise disbursable as provided in the Lease), the Bond Fund, the Debt Service Reserve Fund and any fund established pursuant to Section 7(e) of the Series Resolution or Section 7(e) of the Series 8 and 9 Resolution, for the purposes and on the terms and conditions set forth in the Trust Indenture, the Lease, the Special Project Bond Resolution, the Series Resolution, the Series 8 and 9 Resolution and the Trust Administration Agreement; (iii) all right, title and interest of the Authority in and to the

Personal Property Security Interest by the Lessee, and (iv) any assets of the Lessee (other than those described in (iii) above) in which the Authority is granted a security interest by the Lessee to the extent of such security interest granted by the Lessee.

“Trust Estate Funds” shall have the meaning given to such term in Appendix C-4 – “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT.”

“Trust Indenture” shall mean the Trust Indenture, dated as of May 13, 1997, between the Authority and the Trustee, as amended and supplemented.

Appointment of Trustee

The Port Authority, pursuant to Section 9 of the Special Project Bond Resolution, Section 9 of the Series Resolution, and Section 9 of the Series 8 and 9 Resolution, as part of the action taken by the Port Authority, pertaining to the sale of the Series 6 Bonds and the Series 8 Bonds, has appointed The Bank of New York Mellon, as Trustee, for and in connection with the Series 6 Bonds and the Series 8 Bonds.

Administration of Construction Fund

The Trust Indenture provides that the Construction Fund (including all accounts and sub-accounts therein) established pursuant to the Special Project Bond Resolution, the Series Resolution and the Series 8 and 9 Resolution will be administered by the Trustee in accordance with the provisions of the Lease, the Trust Administration Agreement, the Trust Indenture, and such resolutions.

Administration of Bond Fund

The Trust Indenture provides that the Bond Fund (including all accounts and sub-accounts therein) established pursuant to the Special Project Bond Resolution, the Series Resolution and the Series 8 and 9 Resolution will be administered by the Trustee in accordance with the provisions of the Lease, the Trust Administration Agreement, the Trust Indenture, and such resolutions.

Administration of Debt Service Reserve Fund

The Trust Indenture provides that the Debt Service Reserve Fund (including all accounts and sub-accounts therein) established pursuant to the Special Project Bond Resolution, the Series Resolution and the Series 8 and 9 Resolution will be administered by the Trustee in accordance with the provisions of the Lease, the Trust Administration Agreement, the Trust Indenture, and such resolutions.

Administration of Additional Funds within the Trust Estate

The Trust Indenture provides that all funds (including all accounts and sub-accounts therein) established pursuant to Section 7(e) of the Series Resolution or Section 7(e) of the Series 8 and 9 Resolution will be administered by the Trustee in accordance with the provisions of the Lease, the Trust Administration Agreement, the Trust Indenture, and such resolutions.

Administration of Funds not a Part of the Trust Estate

The Trust Indenture provides that all Lessee Funds (including all accounts and sub-accounts therein) established pursuant to the Trust Administration Agreement will be held by the Trustee separate and apart from the Trust Estate and will be administered by the Trustee in accordance with the provisions of the Trust Administration Agreement and the Trust Indenture. Any such funds (including all accounts and sub-accounts therein) shall not be or be deemed to be a part of the Trust Estate.

The Trust Indenture provides that all Section 13 Funds (including all accounts and sub-accounts therein) will be held by the Trustee separate and apart from the Trust Estate and will be administered by the Trustee

in accordance with the provisions of the Trust Administration Agreement and the Trust Indenture. Any such funds (including all accounts and sub-accounts therein) shall not be subject to any mortgage, pledge, security interest or assignment to the Trustee in favor of the Bondholders or otherwise be or be deemed to be a part of the Trust Estate or be available for the payment of Debt Service.

Investments

The Trust Indenture provides that the monies held in each of the Trust Estate Funds shall be invested and reinvested by the Trustee in such Investment Securities as the Lessee shall direct in writing, in conformity with the sections of the Special Project Bond Resolution, the Series Resolution, the Series 8 and 9 Resolution, and the Trust Administration Agreement pertaining to investments; and the monies held in each of the Lessee Funds and Section 13 Funds shall be invested and reinvested by the Trustee in such Permitted Investments as the Lessee shall direct in writing in conformity with the Trust Administration Agreement; provided, however, that the Trustee may refuse to accept any such direction if it reasonably believes, based on the advice of legal counsel, that such investment is not permitted under the Trust Indenture and under the Trust Administration Agreement, provided further, however, that the Trustee shall have no obligation whatsoever to determine if such investment is so permitted. The Trustee shall provide the Authority with a notice detailing any revisions to the list of Investment Securities or Permitted Investments, as in effect from time to time under the Trust Administration Agreement. In conformity with Section 7 of the Special Project Bond Resolution, Section 8 of the Series Resolution, Section 8 of the Series 8 and 9 Resolution and the Trust Administration Agreement, the monies and/or securities held in each of the Trust Estate Funds, the Lessee Funds and the Section 13 Funds shall be deposited with the Trustee.

Agreement By Trustee

In the Trust Indenture, the Trustee agrees to be bound by the terms and conditions of the Series 6 Bonds and the Series 8 Bonds and the specified resolutions and documents adopted and executed in connection therewith, and to perform the duties and obligations imposed upon the Trustee by, pursuant to or under such resolutions and documents.

Default or Termination of Lease; Declaration of Acceleration of Bonds

For a description of the Trustee's right to exercise remedies upon a default under or termination of the Lease or the other Financing Documents, including the right to accelerate the Bonds, see the description of the Port Authority Financing Consent and Agreement under the heading "SECURITY AND SOURCES OF PAYMENT – Port Authority Financing Consent and Agreement" in the Preliminary Official Statement.

Discharge of Trust Indenture

The Trust Indenture shall be deemed discharged and of no further force and effect as to any series of the Bonds upon the retirement, redemption, refunding, satisfaction or other payment or discharge (excluding any payment under the bond insurance policy insuring the Series 6 Bonds), in each case subject to the provisions of Section 14 of the Trust Indenture, of such applicable series of the Bonds in full, in accordance with the provisions of the Special Project Bond Resolution, the Series 6 Resolution or the Series 8 and 9 Resolution, as the case may be, and such series of the Bonds, and the Trustee shall execute and deliver to or as directed by the Authority all documents that may be required or reasonably requested by the Authority in writing to evidence the discharge of the Trust Indenture, as to such series of the Bonds. Upon the retirement, redemption, refunding, satisfaction or other payment or discharge (excluding any payment under the bond insurance policy insuring the Series 6 Bonds) of all series of the Bonds, the Trustee shall release and convey the Trust Estate to or as directed by the Lessee in writing, or discharge the same, as appropriate.

Discharge of Bonds

The Trustee shall not apply any Governmental Obligations for purposes permitted in Section 10 of the Series 6 Resolution or Section 10 of the Series 8 and 9 Resolution unless such Governmental Obligations shall be non-callable prior to their scheduled maturity date. The Trustee shall not make any deposits pursuant to clause

(b) of Section 10(a)(ii) of the Series 6 Resolution or clause (b) of Section 10(a)(ii) of the Series 8 and 9 Resolution unless, with respect to any of the Bonds to which such deposits are applicable: (a) in computing the amount of interest due on any of such Bonds bearing interest at a variable rate, the maximum permissible interest rate on such Bonds is used in computing the required deposits; (b) with respect to any of the Bonds that are permitted or required to be tendered by the holders thereof for purchase prior to the date on which such Bonds are required to be purchased or redeemed in whole, the amount on deposit is also sufficient to pay and available to pay the purchase price of any such Bonds so tendered; and (c) provision is made for the cancellation by the Trustee of any such Bonds so tendered immediately upon their purchase.

Modification of the Trust Administration Agreement and Leasehold Mortgage

The Trustee shall not amend or modify the Trust Administration Agreement or the Leasehold Mortgage without the written consent of the Authority.

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APPENDIX C-4

SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT

The following is a summary of certain provisions of the Trust Administration Agreement, as amended and supplemented through and including by the Sixth Supplemental Trust Administration Agreement. This summary does not purport to be comprehensive or definitive and is qualified by reference to, and is subject to, the Trust Administration Agreement in its complete form, as amended and supplemented, copies of which may be reviewed as set forth in the Preliminary Official Statement under the caption "MISCELLANEOUS."

Capitalized terms used in this Appendix C-4 have the following definitions:

"1997 Assignment" shall mean the Assignment of Construction Contracts, Plans and Specifications, and Service and Other Contracts, dated as of May 13, 1997, from JFK IAT to the Trustee.

"2010 Assignment" shall mean the Assignment of Construction Contracts, Plans and Specifications, and Service and Other Contracts from Delta to JFK IAT executed in connection with the issuance of the Series 8 Bonds.

"2010 Expansion Project Costs" shall have the meaning given to such term in the Series 8 and 9 Resolution.

"2010 Expansion DBO" shall have the meaning given to such term in Appendix D-3 – "SUMMARY OF CERTAIN PROVISIONS OF LEASE SUPPLEMENT NO. 5."

"2010 Expansion Project Preliminary Expenditures" shall mean expenditures of the type set forth in Treas. Reg. Section 1.150-2(f)(2), i.e., architectural, engineering, surveying, soil testing, reimbursement bond issuance and similar costs incurred prior to commencement of, construction of the 2010 Expansion Project, other than land acquisition, site preparation, and similar costs incident to commencement of construction of the 2010 Expansion Project.

"Affiliate" shall mean any Person which directly or indirectly controls, or is under common control with, or is controlled by, the Lessee and, if such Person is an individual, any member of the immediate family (including parents, spouse, children and siblings) of such individual and any trust whose principal beneficiary is such individual or one or more members of such immediately family and any Person who is controlled by any such member or trust.

"Airport" shall mean John F. Kennedy International Airport, located in the County of Queens, in the City and State of New York.

"Alternative Annual Period" shall mean each twelve month period commencing on December 1 and ending on the immediately following November 30.

"Annual Audited Financial Statements" shall mean a balance sheet of the Lessee as of the end of each Fiscal Year and the related statements of income, equity, and cash flow for such Fiscal Year, setting forth in each case in comparative form the corresponding information, if any, for the previous Fiscal Year, all such information to be prepared in accordance with GAAP, and audited by, and accompanied by a report of Coopers & Lybrand L.L.P. or such other firm of independent certified public accountants of recognized national standing as shall be selected by the Lessee and satisfactory to the Trustee.

"Annual Capital Improvements Reserve Fund Requirement" means, with respect to each Alternative Annual Period, an additional line item in the Annual Operating Budget of the Lessee for such Alternative Annual Period (or, if such Annual Operating Budget has not yet been adopted by the Lessee (or approved by the Third Party Consultant, if required), the Annual Operating Budget for the preceding Alternative Annual Period) equal to fifteen percent (15%) of the maintenance expense in such Annual Operating Budget.

"Annual CPI Percentage Increase" shall mean the percentage increase, if any, derived by subtracting the CPI for the immediately preceding Annual Period from the CPI for the then current Annual Period,

dividing the difference by the CPI for the immediately preceding Annual Period and expressing that result as a percentage.

“Annual Major Maintenance and Renewal Fund Requirement” shall mean, with respect to a Semi-Annual Subordinated Funding Date, the amount shown as an additional line item in the Annual Operating budget of the Lessee for the Alternative Annual Period in which such Semi-Annual Subordinated Funding Date occurs (or, if such Annual Operating budget has not yet been adopted by the Lessee (or approved by the Third Party Consultant, if required), the Annual Operating Budget for the preceding Alternative Annual Period) equal to five percent (5%) of the maintenance expense in such Annual Operating Budget.

“Annual Operating Budget” shall mean, with respect to any Fiscal Year, Annual Period or Alternative Annual Period, as appropriate, the operating plan and budget for such Fiscal Year, Annual Period or Alternative Annual Period prepared by the Lessee for the Project, including any modification, amendment or supplement thereto; provided, however, during a Lock-Box Period such Annual Operating Budget, including any modification, amendment or supplement thereto, shall be reviewed and approved by the Third Party Consultant.

“Authority” shall mean The Port Authority of New York and New Jersey.

“Bankruptcy Code” shall mean the Federal Bankruptcy Code of 1978, as amended from time to time and any successor code or provisions.

“Bankruptcy Event” shall mean, with respect to any Person: (i) such Person’s general inability, or its admission in writing of its inability, to pay its debts as such debts become due; (ii) the application by such Person for, or its consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee, examiner or liquidator of itself or of all or a substantial part of its property; (iii) the commencement by such Person of a voluntary case under the Bankruptcy Code; (iv) the filing of a petition by such Person seeking to take advantage as a debtor of any other law relating to bankruptcy, insolvency, reorganization, liquidation, dissolution, arrangement or winding-up, or composition or readjustment of debts; (v) the failure by such Person to controvert in a timely and appropriate manner, or its acquiescence in writing to, any petition filed against it in any involuntary case under the Bankruptcy Code; (vi) the commencement of a proceeding or case, without the application or consent of such Person, in any court of competent jurisdiction seeking (A) such Person’s reorganization, dissolution, arrangement or winding-up, or the composition or readjustment of its debts, (B) the appointment of a receiver, custodian, trustee, examiner, liquidator or the like of such Person or of all or any substantial part of its property; or (C) similar relief with respect to such Person under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts; and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of 90 or more days, or (vii) an order for relief against such Person shall be entered in an involuntary case under the Bankruptcy Code.

“Bond Counsel” shall mean Darrell Buchbinder, Esq., General Counsel of the Authority or any other General Counsel or Deputy General Counsel of the Authority.

“Bond Fund” shall mean the special trust fund established by the Authority pursuant to the Series 6 Resolution known as the “Special Project Bonds JFK International Air Terminal LLC Project Bond Fund” and administered pursuant to the Trust Administration Agreement, including Appendix A thereto.

“Bond Insurer” shall mean MBIA Insurance Corporation (“MBIA”) or National Public Finance Guarantee Corporation.

“Bondholder” shall mean, with respect to any series of Bonds, the registered holder or holders of such Bonds, as determined on the basis of the books and records maintained with respect to such Bonds by the Registrar.

“Bonds” shall mean the Series 6 Bonds, the Series 8 Bonds and other series of Bonds issued as contemplated by Section 2(b) or 2(c) of the Series 6 Resolution and Section 2(b) or 2(c) of the Series 8 and 9 Resolution.

“Business Day” shall mean every day other than a Saturday, a Sunday, a legal holiday or a day on which banking institutions within the Port District are required or authorized by law to remain closed.

“Capital Improvements Reserve Fund” shall mean the trust established by the Trustee pursuant to the Trust Administration Agreement, as part of the Lessee Funds.

“Capital Improvements Reserve Fund Requirement” means, with respect to each Semi-Annual Subordinated Funding Date beginning with the Semi-Annual Subordinated Funding Date occurring on January 1, 2007, an amount equal to one-half (1/2) of the Annual Capital Improvements Reserve Fund Requirement for the Alternative Annual Period in which such Semi-Annual Subordinated Funding Date occurs, plus, in the case of the second Semi-Annual Subordinated Funding Date occurring in such Alternative Annual Period, an amount equal to any deficiency in the deposit required to have been made on the immediately preceding Semi-Annual Subordinated Funding Date; provided that no contribution shall be required to the extent that the balance of the Capital Improvements Reserve Fund shall equal or exceed fifteen percent (15%) of the sum of (x) the sum total actual maintenance expense for the four preceding Fiscal Years and/or Annual Periods and/or Alternative Annual Periods, as appropriate, and (y) the total maintenance expense in the Annual Operating Budget for the Alternative Annual Period in which such Semi-Annual Subordinated Funding Date occurs.

“Capital Improvements Reserve Fund Requirement Cap” shall mean, with respect to an Alternative Annual Period, the sum of (x) fifteen percent (15%) of the aggregate total actual maintenance expense for the four preceding Fiscal Years and/or Annual Periods and/or Alternative Annual Periods, as appropriate, and (y) the Annual Capital Improvements Reserve Fund Requirement for the then current Alternative Annual Period.

“Capital Lease Obligations” shall mean, for any Person, the obligations of such Person to pay rent or other amounts under a lease of (or other agreement conveying the right to use) Property of such Person to the extent such obligations are required to be classified and account for as a capital lease on a balance sheet of such Person under GAAP and, for purposes of the Financing Documents, the amount of such obligations shall be the capitalized amount thereof, determined in accordance with GAAP.

“Closing Date” shall mean May 13, 1997.

“Code” shall mean the Internal Revenue Code of 1986, as in effect from time to time, and any successor code or provision of law, including the regulations thereunder.

“Collateral” shall mean (a) the “Collateral” as defined in the Personal Property Security Interest, which consists of all items of tangible and intangible personal property of the Lessee located at the Premises from time to time, subject to certain specified exceptions, (b) the Mortgaged Property, and (c) all other collateral of whatsoever nature purported to be subject to the Lien of any Financing Document.

“Construction Fund” shall mean the special trust fund established by the Authority pursuant to the Series 6 Resolution known as the “Special Project Bonds JFK International Air Terminal LLC Project Construction Fund” and administered pursuant to the Trust Administration Agreement, including Appendix A thereto.

“Construction Payment” shall have the meaning set forth in subheading “Withdrawals and Transfers” under the heading “Construction Fund” below.

“Construction Work” shall have the meaning given to such term in Appendix D-1 – “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE.”

“Debt Service” shall mean, with respect to any Series of Bonds, the interest payable on such Bonds and the amounts which the Authority is obligated by agreements with or for the benefit of the Bondholders of

such Series to pay or set aside for the amortization, maturity, redemption (including redemption premium, if any) or retirement of such Bonds.

“Debt Service Coverage Ratio” shall mean for any period, the ratio of (i) the sum of the amount of Net Revenues during such period to (ii) the Debt Service Requirement for such period.

“Debt Service Payment Date” shall mean any date upon which Debt Service with respect to the Series 6 Bonds and/or the Series 8 Bonds is due and payable, as applicable.

“Debt Service Requirement” shall mean, for any period of computation, the sum of the Interest Portion and the Principal Portion for such period net of contributions from the Construction Fund for interest accruing during construction and other amounts available in the Bond Fund.

“Debt Service Reserve Fund” shall mean the special trust fund established by the Authority pursuant to the Series 6 Resolution known as the “Special Project Bonds JFK International Air Terminal LLC Project Debt Service Reserve Fund” and administered pursuant to the Trust Administration Agreement, including Appendix A thereto.

“Debt Service Reserve Requirement” shall mean (i) in the case of the Series 6 Bonds, an amount equal to \$93,410,000, and (ii) in the case of the Series 8 Bonds, an amount equal to \$62,320,025.

“Delta Affiliate Carriers” shall have the meaning given to such term in Appendix E – “Summary OF CERTAIN PROVISIONS OF THE ANCHOR TENANT AGREEMENT.”

“Environmental Requirements” shall mean all applicable present and future laws, statutes, enactments, resolutions, regulations, rules, ordinances, codes, licenses, permits, orders, approvals, plans, authorizations, concessions, franchises, requirements and similar items of all governmental agencies, departments, commissions, boards, bureaus or instrumentalities of the United States, states and political subdivisions thereof and all applicable judicial, administrative, voluntary and regulatory decrees, judgments, orders and agreements relating to the protection of human health or the environment.

“Existing Project” shall mean the Project, as in existence on the date of the Sixth Supplemental Trust Administration Agreement (excluding the 2010 Expansion Project).

“Expansion Project Costs” shall have the meaning given to the term “2010 Expansion Project Costs,” as such term is defined in the Series 8 and 9 Resolution.

“Financing Documents” shall mean:

- (a) Series 6 Bonds and Series 8 Bonds,
- (b) Trust Indenture,
- (c) Trust Administration Agreement,
- (d) Assignment of Rents,
- (e) Series Resolutions,
- (f) any Parity Resolution,
- (g) Special Project Bond Resolution,
- (h) Personal Property Security Interest,
- (i) Leasehold Mortgage,
- (j) Guaranty,
- (k) 2010 Assignment,
- (l) 1997 Assignment,
- (m) Assignment of Tenant Leases and Rents,
- (n) Port Authority Financing Consent and Agreement,
- (o) Lease Assignment, and
- (p) Any other Security Document defined as such in the Lease.

“First Semi-Annual Period” shall mean, with respect to each Alternative Annual Period, the period from December 1 to May 31 of such Alternative Annual Period.

“Fiscal Year” shall mean the fiscal year of the Lessee.

“GAAP” shall mean generally accepted accounting principles in the United States of America in effect from time to time.

“Governmental Approvals” shall mean (a) any authorization, consent, approval, license, lease, ruling, permit, tariff, rate, certification, exemption, waiver, permission, filing, variance claim order, judgment, decree or publication of, by or with (b) any notice to, (c) any declaration of or with or (d) any registration by or with, any Governmental Authority, in each case relating to (i) the due execution and delivery of, and the performance by each intended party (other than the Trustee) of its obligations and the exercise of its rights under, each Financing Document to which it is (or is intended to be) a party, (ii) with respect to the Lessee, the grant by the Lessee of the liens created pursuant to the Financing Documents to which the Lessee is a party, the validity, enforceability and perfection of such Liens and the exercise by the Trustee of its rights and remedies under such Financing Documents or (iii) the development, operation and use of the Project. Governmental Approvals shall exclude employment and tax filings required in the ordinary course of business.

“Governmental Authority” shall mean any United States Federal, state, municipal, local, territorial, or other governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, judicial or administrative body, domestic or foreign, including without limitation, the Federal Aviation Administration, the Authority, and the Federal Department of Transportation.

“Government Rule” shall mean any statute, law, regulation, ordinance, rule, judgment, order, decree, permit, concession, grant, franchise, license, agreement, directive, guideline, policy or rule of common law, requirement of, or other governmental restriction of any similar form of decision of or determination by, or any interpretation or administration of any of the foregoing by, any Government Authority, whether now or hereafter in effect.

“Ground Rental” shall have the meaning set forth in Appendix D-3 – “SUMMARY OF CERTAIN PROVISIONS OF LEASE SUPPLEMENT NO. 5” under the caption “*Rental – Permitted O & E Expenses and Ground Rental.*”

“Interest Portion” shall mean, for any period of calculation, an amount equal to the interest accruing during such period on the Bonds.

“Lease” shall mean the Agreement of Lease (identified by the Authority lease number AYC-685) dated as of May 13, 1997 between the Authority and the Lessee (as amended, modified, or supplemented from time to time).

“Leasehold Mortgage” shall mean the Leasehold Mortgage, dated as of May 13, 1997, from the Lessee to the Trustee, as the same may be amended, modified or supplemented from time to time.

“Lessee” shall mean JFK International Air Terminal LLC.

“Lessee Fund Collateral” shall have the meaning set forth in subsection “Lessee Covenants, Events of Default and Remedies” under the heading “Funds and Accounts,” below.

“Lessee Funds” shall have the meaning set forth in subsection “Establishment of Series 6 Funds and Accounts and Series 8 Funds and Accounts” under the heading “Funds and Accounts,” below.

“Lessee Residual Funds” shall mean funds remaining for distribution to the Lessee in an amount equal to the percentage of the funds remaining after all higher level Subordinated Fundings have been made.

“Leveraged Leasing Revenues” shall mean any revenues realized from a leveraged leasing transaction involving a leasehold interest of the Premises or any part thereof.

“Liens” shall mean, with respect to any Property of any Person, any mortgage, lien, pledge, charge, lease, easement, servitude, right of others or security interest or encumbrance of any kind in respect of such Property of such Person.

“Lock-Box Period” shall have the meaning set forth in subparagraph (B) under the heading “Events of Default and Remedies,” below.

“Major Maintenance and Renewal Fund” shall mean shall mean the trust established by the Trustee pursuant to the Trust Administration Agreement, as part of the Lessee Funds.

“Major Maintenance and Renewal Fund Requirement” shall mean, with respect to an Alternative Annual Period, (x) one-half (1/2) of the current Annual Major Maintenance and Renewal Fund Requirement plus (y) in the case of the second Semi-Annual Subordinated funding Date occurring in such Alternative Annual Period, an amount equal to any deficiency in the deposit required to have been made in accordance with clause (x) of this sentence and Section 6(B)(6)(a) of the Amended and Restated Appendix A to the Trust Administration Agreement on the immediately preceding Semi-Annual Subordinated Funding Date.

“Major Maintenance and Renewal Fund Requirement Cap” shall mean, with respect to an Alternative Annual Period, the sum of (x) five percent (5%) of the aggregate total actual maintenance expense for the four preceding Fiscal Years and/or Annual Periods and/or Alternative Annual Periods, as appropriate, and (y) the Annual Major Maintenance and Renewal Fund Requirement for the then current Alternative Annual Period.

“Mortgaged Property” shall mean the property mortgaged pursuant to the Leasehold Mortgage.

“Net Revenues” shall mean, for any period, Revenues less Permitted Operating and Maintenance Expenses and Ground Rental.

“New Air Terminal” shall mean the Project.

“Operation and Maintenance Expense Fund” shall mean the trust established by the Trustee pursuant to the Trust Administration Agreement, as part of the Lessee Funds.

“Operation and Maintenance Reserve Fund” shall mean the trust established by the Trustee pursuant to the Trust Administration Agreement, as part of the Lessee Funds.

“Outstanding” shall mean, with respect to the Bonds, as of the date of determination, all Bonds theretofore authenticated and delivered under the Trust Indenture, except (i) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation; (ii) Bonds, or portions thereof, for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee in trust for the holders of such Bonds, provided that if such Bonds are to be redeemed, (x) notice of such redemption has been duly given pursuant to the Special Project Bond Resolution, the Series Resolution, any applicable Parity Resolution, the Trust Indenture and the Trust Administration Agreement or (y) provision therefor reasonably satisfactory to the Trustee has been made; and (iii) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered pursuant to the Special Project Bond Resolution, the Series Resolution, any applicable Parity Resolution, the Trust Indenture and the Trust Administration Agreement, other than any such Bonds in respect of which there shall have been presented to the Trustee proof reasonably satisfactory to it that such Bonds are held by a bona fide purchaser in whose hands the Bonds are valid obligations of the Authority; provided, however, that no Series 6 Bonds shall be deemed not to be Outstanding as a result of any payment made with respect to such Series 6 Bonds by the Bond Insurer.

“Parent” shall mean any and all of JFK IAT Member LLC, Schiphol USA Inc., Schiphol North American Holding Inc., Schiphol International B.V. and N.V. Luchthaven Schiphol, individually, and “Parents” shall mean any or all of the above entities collectively, and their successors and assigns.

“Parity Resolution” shall mean any resolution of the Authority authorizing the issuance of Bonds on a parity basis with the Series 6 Bonds, the Series 8 Bonds and the Series 9 Bonds, if any.

“Permitted Debt” shall mean (i) the Series 6 Bonds and any additional Bonds (including Bonds issued to refund any Bonds), (ii) reimbursement obligations of the Lessee in respect of letters of credit and other financial instruments or obligations delivered to the Reserve Fund Credit Facility Fund pursuant to the terms of the Trust Administration Agreement; (iii) purchase money obligations incurred to finance discrete items that extend only to the equipment being financed and that do not in the aggregate have annual debt service or lease obligations exceeding \$25 million (escalated annually), (iv) trade accounts payable (other than for borrowed money) arising, and accrued expenses incurred, in the ordinary course of business so long as such trade accounts payable are payable within 180 days of the date of the respective goods are delivered or the respective services are rendered, (v) obligations in respect of surety bonds or similar instruments, other than any such obligations described in clause (vii) below, in an aggregate amount not exceeding \$25 million (escalated annually) at any one time outstanding, (vi) Subordinated Debt; (vii) reimbursement obligations of the Lessee in respect of letters of credit or similar instruments that are fully cash collateralized, (viii) reimbursement obligations of the Lessee in respect of letters of credit or similar instruments in an aggregate amount not exceeding \$25 million (escalated annually) at any one time outstanding, (ix) Permitted Guarantees, (x) Capital Lease Obligations of the Lessee in an aggregate amount not exceeding \$25 million (escalated annually) at any one time outstanding and (xi) obligations for the payment of insurance premiums or services the term of which does not extend for a period exceeding one year.

“Permitted Guarantees” shall mean (i) indemnities of the Lessee with respect to mechanic’s liens arising in the course of the development and operation of the Project, or mechanics’ liens that constitute Permitted Liens, (ii) indemnities of the Lessee to Government Authorities relating to any expenses incurred that are incidental to licenses, easements and rights of way for the benefit of the Project and (iii) guarantees, indemnities or similar commitments of the Lessee set forth in the Financing Documents.

“Permitted Liens” shall mean (i) Liens specifically created or required by the Financing Documents or otherwise created to secure payment of the Series 6 Bonds and any additional Bonds (including Bonds issued to refund any Bonds), (ii) Liens in favor of any working capital provider that are subordinate to the Liens created by the Financing Documents, (iii) Liens with respect to Subordinated Debt, (iv) Liens for Taxes which are either not yet due, are due but payable without penalty or are the subject of a good faith contest by the Lessee, (v) any exceptions to title which are contained in the title report delivered by the title company to the Lessee in connection with the issuance and sale of the Series 6 Bonds, (vi) such minor defects, easements, rights of way, restrictions, irregularities, encumbrances and clouds on title and statutory liens that do not materially impair the property affected thereby and that do not individually or in the aggregate materially impair the value of the security interests granted under the Financing Documents, (vii) deposits or pledges to secure statutory obligations or appeals, release of attachments, stay of execution or injunction, performance of bids, tenders, contracts (other than for the repayment of borrowed money) or leases, or for purposes of like general nature in the ordinary course of business, (viii) Liens in connection with worker’s compensation, unemployment insurance or other social security or pension obligations, (ix) legal or equitable encumbrances deemed to exist by reason of the existence of any litigation or other legal proceeding if the same is subject of a good faith contest (excluding any judgment lien or attachment in aid of execution on a judgment), (x) mechanic’s, workmen’s, materialmen’s, construction or other like Liens arising in the ordinary course of business or incident to the construction or improvement of any property in respect of obligations not yet due and payable (after expiration of any grace periods or permitted extensions) or which are the subject of a good faith contest or which are bonded over (xi) Liens securing purchase money obligations permitted to be incurred by the Lessee as described in clause (iii) of the definition of “Permitted Debt,” (xii) Liens in favor of issuers of surety bonds, letters of credit or similar instruments, (xiii) Liens for which the Trustee has received such executed releases as may be necessary to terminate such Liens and (xiv) any Liens on the Premises consisting of the following: (x) easements, restrictions, reservations, covenants and agreements, if any, to which the Premises may be subject, and rights of the public in and to any public street; (y) rights, if any, of any enterprise, public or private which is engaged in furnishing heating, cooling, lighting, power, telegraph, telephone, steam or transportation

services and of the City and State of New York, and (z) permits, licenses, regulations and restrictions, if any, of the United States, the City or State of New York or other governmental authority.

“Permitted O&M Expenses” or “Permitted Operating and Maintenance Expenses” shall have the meaning set forth in Appendix D-1 – “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE” under the caption “Permitted O&M Expenses.”

“Person” shall mean any firm, association, partnership (including a limited partnership or limited liability partnership), trust, corporation and other legal entity, including a public body, as well as a natural person.

“Personal Property Security Interest” shall mean the Personal Property Security Interest, dated as of May 13, 1997, from the Lessee to the Authority relating to the Project and delivered pursuant to the Series Resolution, as the same may be amended, modified or supplemented from time to time.

“Premises” shall mean the premises let by the Authority to the Lessee at the Airport pursuant to and as described in the Lease, together with all buildings, improvements and structures now or hereafter erected thereon and the equipment permanently affixed or located therein.

“Port Authority Bond Expenses” shall have the meaning given to such term in Appendix D-1 – “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE.”

“Port District” shall have the meaning given to such term in Appendix C-1 – “SUMMARY OF CERTAIN PROVISIONS OF THE SPECIAL PROJECT BOND RESOLUTION.”

“Principal Installment” shall mean (i) the principal amount of Bonds maturing on any date and (ii) the mandatory sinking fund installment established for any date of the Bonds.

“Principal Portion” shall mean, for any period of computation, an amount equal to that portion of any Principal Installment which would accrue during such period if such Principal Installment were deemed to accrue in equal daily amounts from the later of (i) the preceding Interest Payment Date on which a Principal Installment was due or if no Principal Installment was due on a preceding Interest Payment Date, the corresponding date of the prior calendar year to the date on which such Principal Installment is due or (ii) the Closing Date of the series of Bonds of which such Principal Installment is a part.

“Project” shall mean the buildings, structures and other improvements in connection with a passenger terminal at the Airport and covered by the Lease, including the equipment permanently affixed thereto or permanently located therein, including but not limited to electrical, plumbing, sprinkler, fire protection and fire alarm, heating, steam, sewage, drainage, refrigerating, communications, gas and other systems, and their pipes, wires, mains, lines, tubes, conduits, equipment and fixtures, and all paving, drains, culverts, ditches and catch basins, located or to be located or constructed or to be constructed in connection with the Lease by or on behalf of the Lessee, or necessary or convenient in connection therewith, and any future expansions thereof, the costs of which, including, without limitation, any fees, costs or reserves related to the financing, construction or installation thereof or in connection with the issuance of the Bonds, are to be financed through the issuance of the Bonds.

“Project Costs” shall mean all costs as provided in the Lease to be financed or refinanced through the issuance of the Bonds for or in connection with the Project, including, without limitation, any fees, costs or reserves related to the financing, refinancing, construction, installation or future expansion of the Project or in connection with the issuance of the Bonds.

“Property” shall mean any right or interest in or to property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible.

“Qualified Cost” shall mean any and all 2010 Expansion Project Costs that: (i) are costs of facilities directly related and essential to either servicing aircraft or enabling aircraft to take off and land or transferring passengers or cargo to or from aircraft or are functionally related and subordinate to such facilities

(including restaurants and retail stores located within the terminal or ground transportation parking areas); (ii) are properly chargeable to the capital account of the 2010 Expansion Project for U.S. federal income tax purposes, or would be so chargeable either with a proper election or but for a proper election; (iii) do not represent payment of, or reimbursement for, a cost incurred in connection with the acquisition of any property (or an interest therein), the first use of which was not or will not be pursuant to such acquisition; (iv) do not represent payment of, or reimbursement for, any intercompany profits resulting from the participation in the construction of the 2010 Expansion Project of Lessee, Parent, Delta or any other principal user (which includes any person who is the owner, lessee or user of more than 10% of the 2010 Expansion Project measured either by occupiable space (excluding common space used by the general public) or fair rental, under any formal or informal arrangement pertaining to the 2010 Expansion Project) or any “related person” (as defined in Section 144(a)(3) of the Code) to any of the foregoing; (v) are not for a hotel or any type of lodging facility, office buildings, retail facilities (including food and beverage facilities) in excess of a size necessary to serve passengers and employees at the Airport, retail facilities (other than public parking to the extent described in the next following sentence) for passengers or the general public located outside of the Premises, industrial parks or manufacturing facilities, an airplane, a skybox or other luxury box, a health club facility, a facility primarily used for gambling (e.g., racetrack), a store the principal business of which is the sale of alcoholic beverages for consumption off premises or offices at which more than a de minimis amount of the function to be performed is not directly related to the day-to-day operations of the Airport; and (vi) do not represent any expenditure paid more than 60 days prior to August 5, 2010 (other than 2010 Expansion Project Preliminary Expenditures). For these purposes, “passengers” includes persons meeting or accompanying persons arriving or departing on flights to and from the Airport, and public parking which is limited to no more than a size necessary to service passengers and employees at the Airport is not treated as a “retail facility.”

“Quarter” shall mean, for each Fiscal Year, the respective periods, or parts thereof (i) from January 1 to March 31, (ii) from April 1 to June 30, (iii) from July 1 to September 30, and (iv) from October 1 to December 31.

“Redemption” shall mean any redemption, payment of the principal of, defeasance or other procedure whereby the principal of Series 6 Bonds or the Series 8 Bonds, as applicable, is paid or deemed to be paid pursuant to either applicable Series Resolution, including the making of open market or other purchases of Series 6 Bonds or the Series 8 Bonds, as applicable, that are delivered to the Trustee for cancellation (provided that, with respect to certain excess bond proceeds or condemnation or insurance proceeds transferred from the Construction Fund to Bond Fund in accordance with the provisions of the Trust Administration Agreement, such funds will be applied to purchases of Series 6 Bonds or the Series 8 Bonds, as applicable, only to the extent expressly permitted by applicable Treasury Regulation or other administrative pronouncement or otherwise in accordance with an opinion (provided by the Lessee at its sole cost and expense) of a firm of nationally recognized bond counsel (which may include Bond Counsel) to the effect that such application would not jeopardize the continuing characterization of the Series 6 Bonds or the Series 8 Bonds, as applicable, as Tax-Exempt Obligations), but not including amounts paid by the Bond Insurer.

“Refunding Bonds” shall have the meaning set forth in Appendix C-1 – “SUMMARY OF CERTAIN PROVISIONS OF THE SPECIAL PROJECT BOND RESOLUTION.”

“Requisition Certificate” shall have the meaning set forth in subheading “Withdrawals and Transfers” under the heading “Funds and Accounts - Construction Fund” below.

“Restricted Payments” shall mean distributions to the Lessee and/or the Affiliates of the Lessee from the Subordinated Payments and Lessee Reserve Fund representing distributions of Lessee Residual Funds, but not including other Subordinated Fundings.

“Revenue Fund” shall mean the trust established by the Trustee pursuant to the Trust Administration Agreement, as part of the Lessee Funds.

“Revenues” shall mean, for any period, the revenues, income, rent, receipts, payments, proceeds, fees, charges, income or earnings, and other earnings received by or on behalf of the Lessee in connection with the Project, including proceeds of insurance for business interruption at the Project, and earnings on deposit in the Lessee Funds; provided, however that Revenues shall not include the proceeds of Bonds, any other indebtedness,

Leveraged Lease Revenues, proceeds of Builder's Risk (All Risk) Completed Value Insurance, earnings on deposits in the Major Maintenance and Renewal Fund or the Capital Improvements Reserve Fund, or any contribution to the Lessee by or on behalf of a Parent.

"Second Semi-Annual Period" shall mean, with respect to each Alternative Annual Period, the period from June 1 to November 30 of such Alternative Annual Period.

"Section 13 Funds" shall have the meaning set forth in subheading "Establishment of Series 6 Funds and Accounts and Series 8 Funds and Accounts" under the heading "Funds and Accounts" below.

"Section 148(f) Payment Fund" shall mean the special trust fund established for and in connection with the Series 6 Bonds.

"Semi-Annual Period" shall mean, with respect to an Alternative Annual Period, the First Semi-Annual Period or the Second Semi-Annual Period, as applicable.

"Semi-Annual Subordinated Funding Date" shall mean, for any Semi-Annual Period, the day that is the first day of the second month of the immediately succeeding Semi-Annual Period, such that July 1 is the Semi-Annual Subordinated Funding Date for the immediately preceding Semi-Annual Period commencing December 1 and ending May 31, and January 1 is the Semi-Annual Subordinated Funding Date for the immediately preceding Semi-Annual Period commencing on June 1 and ending November 30; *provided, however*, that if a Semi-Annual Subordinated Funding Date falls on a day that is not a Business Day, it shall be deemed to occur on the next Business Day and *provided further, however*, that the Lessee and the Authority may both execute a writing delivered to the other party on or before any particular (x) January 1 Semi-Annual Subordinated Funding Date pursuant to which they agree that such particular January 1 Semi-Annual Subordinated Funding Date shall be deemed to occur three Business Days prior to such January 1 Semi-Annual Subordinated Funding Date or (y) July 1 Semi-Annual Subordinated Funding Date pursuant to which they agree that such particular July 1 Semi-Annual Subordinated Funding Date shall be deemed to occur on the June 15 immediately preceding such July 1 Semi-Annual Subordinated Funding Date except that these clauses (x) and (y) shall apply if, and only if, no outstanding payments are owed by the Lessee to the Authority on account of deferred subordinated rental payments as of the date which the parties propose as the deemed Semi-Annual Subordinated Funding Date.

"Series 6 Accounts" shall mean, collectively, all of the accounts and sub-accounts in the funds established in Appendix A to the Trust Administration Agreement designated as Series 6 Accounts which relate to the Series 6 Bonds.

"Series 6 Accounts in the Bond Fund" shall have the meaning set forth in subheading "Establishment of Series 6 Funds and Accounts and Series 8 Funds and Accounts" under the heading "Funds and Accounts," below.

"Series 6 Bondholder" shall mean the registered holder or holders of the Series 6 Bonds, as determined on the basis of the books and records maintained with respect to the Series 6 Bonds by the Registrar.

"Series 6 Bonds" shall mean The Port Authority of New York and New Jersey Special Project Bonds, Series 6 JFK International Air Terminal LLC Project established by and authorized to be issued under the Series 6 Resolution.

"Series 6 Debt Service Requisition" shall have the meaning set forth in subheading "Withdrawals and Transfers" under the heading "Construction Fund," below.

"Series 6 Excess Proceeds" shall have the meaning set forth in subsection "Withdrawals and Transfers" under the heading "Construction Fund," below.

"Series 6 Requisition Certificate" shall have the meaning set forth in subheading "Withdrawals and Transfers" under the heading "Construction Fund," below.

“Series 6 Resolution” shall mean the resolution of the Authority adopted October 17, 1996, entitled “*Special Project bonds, Series 6 and 7, JFK International Air Terminal LLC Project—Establishment and Authorization of Issuance,*” including any amendments, modifications or supplements thereto.

“Series 8 Accounts” shall mean, collectively, all of the accounts and sub-accounts in the funds established in Appendix A to the Trust Administration Agreement designated as Series 8 Accounts which relate to the Series 8 Bonds.

“Series 8 Accounts in the Bond Fund” shall have the meaning set forth in subheading “Establishment of Series 6 Funds and Accounts and Series 8 Funds and Accounts” under the heading “Funds and Accounts,” below.

“Series 8 and 9 Resolution” shall mean the Special Project Bond Series Resolution adopted August 5, 2010, entitled “*Special Project Bonds, Series 8 and 9, JFK International Air Terminal LLC Project—Establishment and Authorization of Issuance,*” including any amendments, modifications or supplements thereto.

“Series 8 Bondholder” shall mean the registered holder or holders of the Series 8 Bonds, as determined on the basis of the books and records maintained with respect to the Series 8 Bonds by the Registrar.

“Series 8 Bonds” shall mean The Port Authority of New York and New Jersey Special Project Bonds, Series 8 JFK International Air Terminal LLC Project established by and authorized to be issued under the Series 8 and 9 Resolution.

“Series 8 Debt Service Requisition” shall mean a requisition for payment to the Series 8 Interest Account in the Bond Fund.

“Series 8 Excess Proceeds” shall have the meaning set forth in subsection “Withdrawals and Transfers” under the heading “Construction Fund,” below.

“Series 8 Issue Date” shall mean the first date on which the Authority receives the purchase price of the Series 8 Bonds in exchange for the delivery of the Series 8 Bonds.

“Series 8 Net Sale Proceeds” shall mean Series 8 Sales Proceeds less the portion of the Series 8 Sale Proceeds, if any, invested in a reasonably required reserve or replacement fund under Section 148(d) of the Code or as part of a minor portion amount under Section 148(e) of the Code.

“Series 8 Requisition Certificate” shall have the meaning set forth in subheading “Withdrawals and Transfers” under the heading “Construction Fund,” below.

“Series 8 Sale Proceeds” shall mean amounts actually or constructively received from the sale (or other disposition) of the Series 8 Bonds, including amounts used to pay underwriters’ discount or compensation but excluding any amounts which are received as, and which, before the first anniversary date of the Series 8 Issue Date, are used to pay, pre-issuance accrued interest on the Series 8 Bonds.

“Series 9 Bonds” shall mean, if and when issued, The Port Authority of New York and New Jersey Special Project Bonds, Series 9 JFK International Air Terminal LLC Project established by and authorized to be issued under the Series 8 and 9 Resolution.

“Series Resolutions” shall mean, collectively, the Series 6 Resolution and the Series 8 and 9 Resolution.

“Sixth Supplemental Trust Administration Agreement” shall mean the Sixth Supplemental Trust Administration Agreement between the Trustee and the Lessee.

“Special Project Bond Resolution” shall mean the resolution of the Authority adopted June 9, 1983, entitled “Special Project Bonds – Establishment of Issue,” including any amendments, modifications or supplements thereto.

“Special Project Bonds” shall mean bonds of the issue established by the Special Project Bond Resolution and which relate to the Project, of which the Series 6 Bonds and the Series 8 Bonds are each a series.

“Subordinated Debt” shall mean indebtedness of the Lessee other than its obligations under the Financing Documents that is unsecured or secured by amounts permitted to be distributed from the Subordinated Payments and Lessee Reserve Fund or by liens on funds and assets of the Lessee that are subordinate to the Liens specifically created or required by the Financing Documents.

“Subordinated Fundings” shall have the meaning given to such term in Appendix D- 3–
“SUMMARY OF CERTAIN PROVISIONS OF LEASE SUPPLEMENT No.5.”

“Subordinated Payments and Lessee Reserve Fund” shall have the meaning set forth under the caption “*Subordinated Payments and Lessee Reserve Fund*,” below.

“Supplemental Lease Agreement No. 5” shall mean that certain Supplemental Lease Agreement No. 5, between the Authority and the Lessee, that modifies and supplements the Lease in connection with the Series 8 Bonds.

“Tax-Exempt Obligation” shall mean an obligation, the interest on which is not included in gross income for Federal income tax purposes pursuant to Section 103(a) of the Code.

“Taxes” shall mean any and all present or future fees (including, without limitation, documentation, recording, license and registration fees), taxes (including, without limitation, income, gross or net income, gross receipts, sales, use, rental, transfer, capital, property (personal and real, tangible and intangible)), intangibles, excise and stamp taxes, levies, imposts, duties, charges, assessments or withholdings of any nature whatsoever, general or special, ordinary or extraordinary, together with any and all penalties, fines, additions to tax and interest thereon paid to any Governmental Authority. For these purposes, “Governmental Authority” shall not include the Authority.

“Third Party Consultant” shall mean the firm or firms appointed to act as Third Party Consultant as described under the caption “*Third Party Consultant*,” below.

“Transferred Powers” shall have the meaning set forth in subparagraph (B) under the heading “*Events of Default and Remedies*,” below.

“Treasury Regulation” shall mean the Income Tax Regulations promulgated by the United States Treasury Department pursuant to the Code as in effect from time to time and applicable to the Series 6 Bonds or the Series 8 Bonds, as applicable.

“Trust Administration Agreement” shall mean that certain Trust Administration Agreement, dated as of May 13, 1997 between the Lessee and the Trustee, as amended and supplemented by that certain First Supplemental Trust Administration Agreement to the Trust Administration Agreement, dated as of August 10, 2001, that certain Second Supplemental Trust Administration Agreement to the Trust Administration Agreement, dated as of December 20, 2002, that certain Third Supplemental Trust Administration Agreement to the Trust Administration Agreement, dated as of January 1, 2004, that certain Fourth Supplemental Trust Administration Agreement to the Trust Administration Agreement, dated as of December 1, 2004, that certain Fifth Supplemental Trust Administration Agreement to the Trust Administration Agreement, dated as of December 1, 2007, and that certain Sixth Supplemental Trust Administration Agreement, entered into in connection with the issuance of the Series 8 Bonds.

“Trust Estate” shall have the meaning given to such term in the Trust Indenture.

“Trust Estate Funds” shall have the meaning set forth in subsection “Establishment of Series 6 Funds and Accounts and Series 8 Funds and Accounts” under the heading “Funds and Accounts” below.

“Trust Indenture” shall mean the Trust Indenture dated as of May 13, 1997, by and between the Authority and the Trustee, pertaining, inter alia, to the Series 6 Bonds and the Series 8 Bonds, as the same may from time to time be amended, modified or supplemented.

“Trustee” shall mean The Bank of New York Mellon.

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The Trust Administration Agreement, by and between the Lessee and the Trustee, includes several appendices and schedules attached thereto and incorporated therein, including, among others, an appendix captioned “Flow of Funds and Related Matters” and an appendix captioned “Lessee Covenants, Events of Default and Remedies.”

TAX COVENANTS, AMENDMENTS AND OTHER MATTERS

Tax Covenants of Lessee and Trustee

The Trust Administration Agreement provides that it is understood by the Lessee and the Trustee that the Port Authority will be issuing the Series 8 Bonds subject to and in accordance with the provisions of Sections 103 and 141 through 150 of the Code. The Trust Administration Agreement also provides that it is the intention of the Lessee that the interest on the Series 8 Bonds not be includible, for Federal income tax purposes, in the gross income of the recipients thereof under Section 103(a) of the Code (except for any period that any such bond or bonds shall be held by a “substantial user” or “related person” of facilities provided from the proceeds of the Series 8 Bonds within the meaning of Section 147(a) of the Code) and to that end the Lessee agrees and covenants with the Trustee that (1) the Lessee shall take any and all actions under the Code to assure that no portion of the proceeds of the Series 8 Bonds will be used in a manner, and (2) that the Lessee shall neither take any actions nor fail to take any actions under the Code with respect to the use of the Project, the revenues therefrom or the proceeds of the Series 8 Bonds as will cause interest on the Series 8 Bonds to be includible, for Federal income tax purposes, in the gross income of the recipients thereof (except as aforesaid) under Section 103(a) of the Code. The covenants and conditions set forth in the Sixth Supplemental Trust Administration Agreement are based upon the Code as it exists on the date of the Sixth Supplemental Trust Administration Agreement and the Lessee acknowledges that the Code may be subsequently interpreted or modified in a manner which is inconsistent with the covenants set forth in the Sixth Supplemental Trust Administration Agreement. The Lessee agrees that upon notification by the Trustee any such subsequent modification or interpretation of the Code, to the extent such subsequent modification or interpretation is applicable to the Series 8 Bonds, such modification or interpretation shall be deemed a requirement that must be met pursuant to the general covenant set forth in this paragraph.

Amendment and Supplement

The Trust Administration Agreement may be amended modified or supplemented only by a written instrument signed by the Lessee and the Trustee, which has been consented to in writing (i) by the Authority and (ii) by the Bond Insurer (so long as the Series 6 Bonds are Outstanding, the Bond Insurance Policy is in force and effect and the Bond Insurer is not in default under the Bond Insurance Policy). As a condition to the issuance of any additional series of Bonds under the Series Resolution, the Trust Administration Agreement shall be amended and/or supplemented to the extent required in connection with such additional series of Bonds.

Parties Interested in the Trust Administration Agreement

Nothing in the Trust Administration Agreement expressed or implied is intended or shall be construed to confer upon, or to give to, any Person, other than the Authority, the Lessee, the Trustee and the holders of the Series 6 Bonds and the holders of the Series 8 Bonds any right, remedy or claim under or by reason of the Trust Administration Agreement or any covenant, condition or stipulation thereof; and all covenants, stipulations, promises and agreements in the Trust Administration Agreement shall be for the sole and exclusive benefit of the Authority, the Lessee, the Trustee and the holders of the Series 6 Bonds and the holders of the Series 8 Bonds. The Bond Insurer (so long as the Series 6 Bonds are Outstanding, the Bond Insurance Policy is in force and effect and the Bond Insurer is not in default under the Bond Insurance Policy) shall be a third-party beneficiary of the Sixth Supplemental Trust Administration Agreement solely with respect to the rights provided for it under Section 10.2 and Section 10.3 of the Sixth Supplemental Trust Administration Agreement.

Interpretation

Notwithstanding anything contained in the Trust Administration Agreement, it is understood and agreed that, as among the Lessee, the Trustee, the Authority and the holders of the Series 6 Bonds and the holders of

the Series 8 Bonds, any right, remedy or claim under or by reason of the Trust Administration Agreement shall in all respects be subject and subordinate to the terms, covenants, conditions and provisions of the Trust Indenture, the Lease, the Special Project Bond Resolution, the Series Resolutions, the Leasehold Mortgage and the Personal Property Security Interest.

FUNDS AND ACCOUNTS

Establishment of Series 6 Funds and Accounts and Series 8 Funds and Accounts

The Trustee shall establish the following accounts, which shall be part of the Trust Estate: (i) within the Construction Fund, the Series 6 Account, the Series 6 Insurance and Condemnation Proceeds Account, the Series 8 Account and the Series 8 Insurance and Condemnation Proceeds Account, (ii) within the Bond Fund, the Series 6 Interest Account and the Series 6 Redemption Account (which contains the Condemnation Proceeds Subaccount and the Excess Proceeds Subaccount) (collectively, together with any other accounts and subaccounts necessary to segregate deposits for a particular purpose, the "Series 6 Accounts in the Bond Fund") and the Series 8 Interest Account and the Series 8 Redemption Account (which contains the Condemnation Proceeds Subaccount and the Excess Proceeds Subaccount) (collectively, together with any other accounts and subaccounts necessary to segregate deposits for a particular purpose, the "Series 8 Accounts in the Bond Fund"), and (iii) within the Debt Service Reserve Fund, the Series 6 Account and the Series 8 Account (collectively, the "Trust Estate Funds").

The Trustee shall establish the following funds, separate and apart from the Trust Estate pursuant to Section 13 of the Series Resolutions: (i) the Section 148(f) Payment Fund, which contains a Series 6 Account and a Series 8 Account and (ii) the Reserve Fund Credit Facility Fund, which contains a Series 6 Account and a Series 8 Account (collectively, the "Section 13 Funds").

The Trustee shall establish the following funds and accounts, separate and apart from the Trust Estate: (i) the Revenue Fund, (ii) the Operation and Maintenance Expense Fund, (iii) the Operation and Maintenance Reserve Fund, (iv) the Major Maintenance and Renewal Fund, (v) the Capital Improvements Reserve Fund and (vi) the Subordinated Payments and Lessee Reserve Fund (collectively, the "Lessee Funds").

The Trust Estate Funds, the Section 13 Funds, and the Lessee Funds shall be held in accordance with the terms of the respective documents governing their establishment and administration, including the Trust Administration Agreement, and shall be held by the Trustee, including by one or more depositories in trust for the Trustee. All monies and securities deposited with the Trustee shall be held in trust and applied only in accordance with the applicable provisions of the respective documents governing the establishment and administration of the funds in which such monies and securities are deposited, including the Trust Administration Agreement.

Construction Fund

Deposits

There shall be deposited in the Series 6 Account in the Construction Fund the Net Sale Proceeds received by the Authority from the sale of the Series 6 Bonds and any other monies required to be deposited therein pursuant to the Special Project Bond Resolution, the Series Resolutions, the Lease, the Trust Indenture or the Trust Administration Agreement.

There shall be deposited in the Series 8 Account in the Construction Fund the Series 8 Net Sale Proceeds received by the Authority from the sale of the Series 8 Bonds and any other monies required to be deposited therein pursuant to the Special Project Bond Resolution, the Series Resolutions, the Lease, the Trust Indenture or the Trust Administration Agreement.

There shall be deposited in the Series 6 Insurance and Condemnation Proceeds Account and the Series 8 Insurance and Condemnation Proceeds Account (pro rate in proportion to the then aggregate Outstanding principal amount of the Series 6 Bonds and the Series 8 Bonds, respectively, as of the date of receipt by the Trustee) any proceeds received with respect to the condemnation of all or any part of the Premises and any proceeds of

property insurance available to the Trustee with respect to damage or destruction of the Premises. The Lessee shall requisition such amounts for purposes of replacing, repairing or restoring part or all of the Premises and the Trustee shall disburse such amounts generally as provided below under “*Requisitions for Project Costs and Debt Service.*” If such condemnation proceeds are not to be applied to replace, repair or restore part or all of the Premises, the Trustee shall transfer all such amounts deposited or to be deposited in the Series 6 Insurance and Condemnation Proceeds Account in the Construction Fund to the Condemnation Proceeds Subaccount of the Series 6 Redemption Account in the Bond Fund and all such amounts deposited or to be deposited in the Series 8 Insurance and Condemnation Proceeds Account in the Construction Fund to the Condemnation Proceeds Subaccount of the Series 8 Redemption Account in the Bond Fund and apply such proceeds to the Redemption of Series 6 or Series 8 Bonds in accordance with the applicable provisions of the Trust Administration Agreement.

There shall be transferred to the Series 6 Account or Series 8 Account in the Construction Fund income or gain credited to or deposited into the corresponding account in the Debt Service Reserve Fund and any other amounts which may be transferred from the corresponding account in the Debt Service Reserve Fund pursuant to the Trust Administration Agreement (prior to the final disbursement of the corresponding account in the Construction Fund) in such amounts as are in excess of the Debt Service Reserve Requirement with respect to the corresponding series of Bonds in accordance with the Trust Administration Agreement.

There shall be deposited in the appropriate account in the Construction Fund the amount of the reimbursement of an overpayment of arbitrage rebate received by the Department of the Treasury of the United States for a particular series of Bonds.

Withdrawals and Transfers

The Trustee shall make disbursements from the Series 6 Account in the Construction Fund for Project Costs (other than 2010 Expansion Project Costs). Except to the extent provided in the Lease with respect to the payment of the Port Authority Bond Expense on the Closing Date, any such disbursement shall be made only upon receipt by the Trustee of a written certificate (a “Series 6 Requisition Certificate”) signed by one or more Designated Representative(s) containing the following:

1. the amount of the Project Costs to be disbursed;
2. the requisition number;
3. the name(s) and address(es) of the person(s) to whom payment is due (which may include the Lessee, the Trustee or the Authority, if applicable) or, in the case of payment to the Series 6 Interest Account in the Bond Fund (a “Series 6 Debt Service Requisition”), instructions to make such payment thereto for such purpose;
4. the amount to be paid, and, except in the case of a Series 6 Debt Service Requisition, the portion of the Project to which such disbursement relates and, in reasonable detail, the purpose and circumstances under which each such obligation, item of cost or expense was incurred;
5. a statement that such obligation to pay such amount mentioned therein has been incurred and the amount thereof constitutes a Project Cost and is a proper charge against the Construction Fund;
6. a statement that such obligation to pay such amount has not been the basis of any previous withdrawal from the Construction Fund (unless the amount of such previous withdrawal was subsequently reimbursed to the Construction Fund); and
7. a statement that the payment of each obligation to pay an amount from the Series 6 Account in the Construction Fund represented by the Series 6 Requisition Certificate will not render the certification provided in the applicable provisions of the Trust Administration Agreement untrue.

The Trustee shall make disbursements from the Series 8 Account in the Construction Fund for 2010 Expansion Project Costs. Except to the extent provided in the Lease with respect to the payment of Port Authority Bond Expenses on the Series 8 Issue Date, any such disbursement shall be made only upon receipt by the Trustee of a written certificate (a "Series 8 Requisition Certificate," and together with a Series 6 Requisition Certificate, a "Requisition Certificate") signed by one or more Designated Representative(s).

The Lessee shall provide a copy of each Requisition Certificate to the Authority at the time the Lessee transmits such certificate to the Trustee. All records of the Lessee with respect to each disbursement from the Construction Fund shall be kept at all times within the Port District for a period of seven years after the final disbursement of the Series 6 Account or the Series 8 Account in the Construction Fund, as applicable, and shall be subject to the audit and inspection of the Trustee or the Authority, and their respective representatives and employees during normal business hours and upon reasonable notice to the Lessee.

Within five days after the delivery of a duly submitted Requisition Certificate or on the same day as the day of delivery of a duly submitted Series 6 Debt Service Requisition or a duly submitted Series 8 Debt Service Requisition or the initial requisition for the Existing Project or for the 2010 Expansion Project, the Trustee shall pay to the person(s) indicated as payee(s) on such requisition (or, with respect to a Series 6 Debt Service Requisition or a Series 8 Debt Service Requisition, deposit into the Series 6 Interest Account or the Series 8 Interest Account in the Bond Fund, as applicable) the amount requested and certified in such certificate (each such payment being referred to herein as a "Construction Payment").

Upon the Trustee's receipt of a certificate from the Lessee that the Construction Work has been substantially completed, the Trustee shall transfer all monies and securities remaining in the Series 6 Account in the Construction Fund ("Series 6 Excess Proceeds") to the Excess Proceeds Subaccount of the Series 6 Redemption Account in the Bond Fund as the Lessee shall direct, except that the Trustee shall retain in the Construction Fund such amount as specified by the Lessee for payment of items not then due or the liability for which the Lessee was disputing or contesting until such time as such amounts shall have been expended or such dispute or contest had been resolved, at which time the Trustee shall transfer any Series 6 Excess Proceeds to such Excess Proceeds Subaccount of the Series 6 Redemption Account in the Bond Fund. Any Series 6 Excess Proceeds transferred from the Construction Fund to the Bond Fund shall be held by the Trustee in accordance with the Trust Administration Agreement.

Upon the Trustee's receipt of a certificate from, or at the direction of, the Lessee that the construction work with respect to the 2010 Expansion Project has been substantially completed, the Trustee shall transfer all monies and securities remaining in the Series 8 Account in the Construction Fund ("Series 8 Excess Proceeds") to the Excess Proceeds Subaccount in the Series 8 Redemption Account in the Bond Fund as the Lessee shall direct, except that the Trustee shall retain in the Construction Fund such amount as shall be specified by the Lessee for payment of items not then due or the liability for which the Lessee is disputing or contesting until such time as such amounts shall have been expended or such dispute or contest has been resolved, at which time the Trustee shall transfer any Series 8 Excess Proceeds to such Excess Proceeds Subaccount in the Series 8 Redemption Account in the Bond Fund. Any Series 8 Excess Proceeds transferred from the Construction Fund to the Bond Fund shall be held by the Trustee in accordance with the Trust Administration Agreement.

At the direction of the Lessee, the Trustee shall transfer the amount specified by the Lessee from the appropriate accounts in the Construction Fund to the appropriate account in the Section 148(f) Payment Fund.

Bond Fund

Deposits

There shall be deposited in the appropriate account in the Bond Fund:

1. The proceeds received from the sale of Series 6 Bonds which are received as pre-issuance accrued interest on the Series 6 Bonds, all of which shall be deposited in the Series 6 Interest Account; and

the proceeds from the sale of the Series 8 Bonds which are received as pre-issuance accrued interest on the Series 8 Bonds, all of which shall be deposited in the Series 8 Interest Account.

2. Any amount transferred from the Series 6 Account in the Construction Fund pursuant to a Series 6 Debt Service Requisition, which shall be deposited in the Series 6 Interest Account in the Bond Fund for payment of interest on the Series 6 Bonds due on the applicable Debt Service Payment Date; and any amount transferred from the Series 8 Account in the Construction Fund pursuant to a Series 8 Debt Service Requisition, which shall be deposited in the Series 8 Interest Account in the Bond Fund for payment of interest on the Series 8 Bonds due on the applicable Debt Service Payment Date.

3. Any amount transferred from the Series 6 Account in the Construction Fund following substantial completion of the Construction Work, which shall be deposited in the Excess Proceeds Subaccount of the Series 6 Redemption Account for Redemption of the Series 6 Bonds as directed by the Lessee; and any amount transferred from the Series 8 Account in the Construction Fund following substantial completion of the construction work on the 2010 Expansion Project, which shall be deposited in the Excess Proceeds Subaccount in the Series 8 Redemption Account for Redemption of the Series 8 Bonds as directed by the Lessee.

4. Any amount transferred from the Series 6 Insurance and Condemnation Proceeds Account in the Construction Fund in the event that condemnation proceeds are not to be applied to replace, repair or restore part of all of the Premises, which shall be deposited in the Condemnation Proceeds Subaccount of the Series 6 Redemption Account for Redemption of the Series 6 Bonds as directed by the Lessee; any amount transferred from the Series 8 Insurance and Condemnation Proceeds Account in the Construction Fund in the event that condemnation proceeds are not to be applied to replace, repair or restore part of all of the Premises, which shall be deposited in the Condemnation Proceeds Subaccount in the Series 8 Redemption Account for Redemption of the Series 8 Bonds as directed by the Lessee.

5. Any amount transferred from the Revenue Fund in accordance with subparagraphs 3 and 4 under the caption "*Revenue Fund - Withdrawals and Transfers*," below, for deposit in the appropriate account in the Bond Fund.

6. Any amount transferred from the Debt Service Reserve Fund in accordance with the provisions described under the caption "*Debt Service Reserve Fund - Withdrawals and Transfers*," below, for deposit in the appropriate account in the Bond Fund.

7. Any amounts transferred from the Capital Improvements Reserve Fund in accordance with the second and third paragraphs under the caption "*Capital Improvements Reserve Fund - Withdrawals and Transfers*," and subparagraph 3 under the caption "*Investment of Funds and Accounts - Earnings on Funds and Accounts*," below, for deposit in the appropriate account in the Bond Fund.

8. Any amount received by the Trustee from the disposition of the Collateral or any portion of the Trust Estate which is required to be deposited in the Bond Fund, into the Series 6 Accounts in the Bond Fund and the Series 8 Accounts in the Bond Fund, pro rata based upon the then outstanding principal amount of the Series 6 Bonds and the Series 8 Bonds.

9. (a) Income or gain credited to or deposited in the Series 6 Account in the Debt Service Reserve Fund and any other amounts which may be transferred from the Series 6 Account in the Debt Service Reserve Fund pursuant to the Trust Administration Agreement (on or after final disbursement from the Series 6 Account in the Construction Fund) in such amounts as are in excess of the Debt Service Reserve Requirement with respect to the Series 6 Bonds as described in the third paragraph under the caption "*Debt Service Reserve Fund - Withdrawals and Transfers*," below.

(b) Income or gain credited to or deposited in the Series 8 Account in the Debt Service Reserve Fund and any other amounts which may be transferred from the Series 8 Account in the Debt Service Reserve Fund pursuant to the Sixth Supplemental Trust Administration Agreement (on or after

final disbursement from the Series 8 Account in the Construction Fund) in such amounts as are in excess of the Debt Service Reserve Requirement with respect to the Series 8 Bonds as described in the third paragraph under the caption "*Debt Service Reserve Fund - Withdrawals and Transfers*," below.

10. Any amounts transferred from the Major Maintenance and Renewal Fund in accordance with the terms of the Trust Administration Agreement for deposit in the appropriate account in the Bond Fund.

11. Any other amount received by the Trustee when and if required by any of the Financing Documents or the Lease to be paid into the Bond Fund, which shall be paid into the appropriate account in the Bond Fund.

Withdrawals and Transfers

On each Debt Service Payment Date for the Series 6 Bonds, the Trustee shall transfer from the Series 6 Interest Account, to the extent of available funds therein, to the Paying Agent the amount required for the payment of the interest due and payable on the Series 6 Bonds on such date; and on each Debt Service Payment Date for the Series 8 Bonds, the Trustee shall transfer from the Series 8 Interest Account, to the extent of available funds therein, to the Paying Agent the amount required for the payment of the interest due and payable on the Series 8 Bonds on such date.

On each date on which Series 6 Bonds are subject to Redemption, the Trustee shall transfer from the Series 6 Redemption Account (or appropriate subaccount thereof) to the extent of available funds therein, to the Paying Agent an amount equal to the Redemption price of the Series 6 Bonds subject to Redemption on the applicable Debt Service Payment Date of the Series 6 Bonds; on each date on which Series 8 Bonds are subject to Redemption, the Trustee shall transfer from the Series 8 Redemption Account (or appropriate subaccount thereof) to the extent of available funds therein, to the Paying Agent, an amount equal to the Redemption price of the Series 8 Bonds subject to Redemption on the applicable Debt Service Payment Date of the Series 8 Bonds, provided that:

(a) Any amount transferred from the Series 6 Account in the Construction Fund following the substantial completion of the Construction Work, which shall be deposited in the Excess Proceeds Subaccount of the Series 6 Redemption Account for Redemption of the Series 6 Bonds, shall be applied to the Redemption of Series 6 Bonds as directed by the Lessee; and any amount transferred from the Series 8 Account in the Construction Fund following the substantial completion of the construction work with respect to the 2010 Expansion Project, which shall be deposited in the Excess Proceeds Subaccount in the Series 8 Redemption Account for Redemption of the Series 8 Bonds, shall be applied to the Redemption of Series 8 Bonds as directed by the Lessee; and

(b) Any amount transferred from the Series 6 Insurance and Condemnation Proceeds Account in the Construction Fund in the event that condemnation proceeds are not to be applied to replace, repair or restore part or all of the Premises, which shall be deposited in the Condemnation Proceeds Subaccount of the Series 6 Redemption Account for Redemption of the Series 6 Bonds, shall be applied to the Redemption of Series 6 Bonds as directed by the Lessee; and any amount transferred from the Series 8 Insurance and Condemnation Proceeds Account in the Construction Fund in the event that condemnation proceeds are not to be applied to replace, repair or restore part or all of the Premises, which shall be deposited in the Condemnation Proceeds Subaccount in the Series 8 Redemption Account for Redemption of the Series 8 Bonds, shall be applied to the Redemption of Series 8 Bonds as directed by the Lessee.

At the direction of the Lessee, there shall be transferred to the appropriate account in the Section 148(f) Payment Fund from the appropriate Series 6 Account in the Bond Fund or Series 8 Account in the Bond Fund the amount specified by the Lessee.

Debt Service Reserve Fund

Deposits

There shall be deposited into the appropriate account in the Debt Service Reserve Fund (i) an amount equal to the Debt Service Reserve Requirement with respect to the Series 6 Bonds, which is to be deposited therein from the proceeds of the Series 6 Bonds, (ii) an amount equal to the Debt Service Reserve Requirement with respect to the Series 8 Bonds, which is to be deposited therein from the proceeds of the Series 8 Bonds, (iii) any amount delivered to the Trustee by the Lessee for deposit therein, and (iv) any amount required to be transferred from the Revenue Fund for deposit to the Debt Service Reserve Fund as determined under the Trust Administration Agreement (as described in subparagraph 5 under the caption “*Revenue Fund - Withdrawals and Transfers*,” below).

Withdrawals and Transfers

On each Debt Service Payment Date, the Trustee shall determine whether sufficient funds have been provided for deposit into the Series 6 Accounts in the Bond Fund or the Series 8 Accounts in the Bond Fund, as applicable, to pay Debt Service with respect to the Series 6 Bonds or the Series 8 Bonds, as applicable, due and payable on such date from such accounts. If on any Debt Service Payment Date there shall not be on deposit in the Series 6 Accounts in the Bond Fund or the Series 8 Accounts in the Bond Fund an amount which is sufficient to make the interest payment or the Redemption payment, due and payable on the Series 6 Bonds or the Series 8 Bonds, respectively, on such date, the Trustee shall transfer from the Series 6 Account or the Series 8 Account in the Debt Service Reserve Fund, as appropriate, to the extent of funds available therein, an amount sufficient, together with amounts then on deposit in the corresponding account in the Bond Fund, to make such payments on the Series 6 Bonds or on the Series 8 Bonds, as applicable, on such date. Transfers from the Series 6 Account in the Debt Service Reserve Fund shall be made in the following order of priority: first, to the Series 6 Interest Account, an amount sufficient, together with amounts then on deposit in the Series 6 Interest Account, to make the interest payment due on the Series 6 Bonds on such date and second, to the Series 6 Redemption Account, an amount sufficient, together with amounts then on deposit in the Series 6 Redemption Account (or appropriate subaccounts thereof), to make the Redemption payment due on the Series 6 Bonds on such date. Transfers from the Series 8 Account in the Debt Service Reserve Fund shall be made in the following order of priority: first, to the Series 8 Interest Account, an amount sufficient, together with amounts then on deposit in the Series 8 Interest Account, to make the interest payment due on the Series 8 Bonds on such date and second, to the Series 8 Redemption Account, an amount sufficient, together with amounts then on deposit in the Series 8 Redemption Account, (or appropriate subaccounts thereof), to make the Redemption payment due on the Series 8 Bonds on such date.

To the extent that any amount is transferred from the Debt Service Reserve Fund to pay the applicable Debt Service that the Lessee was otherwise required to pay pursuant to its obligations to pay Facility Rental under the Lease, the Trustee shall succeed to the Authority’s right to such unpaid Facility Rental in an amount equal to the amount transferred from the Debt Service Reserve Fund to pay such Debt Service on such Debt Service Payment Date, and the use of funds available in the Debt Service Reserve Fund to pay such Debt Service shall not constitute a default or Event of Default, except as specifically provided in the Lease or the Trust Administration Agreement. Any deposit or transfer by the Lessee to the Debt Service Reserve Fund described in subparagraph (iii) or (iv) under the caption “*Debt Service Reserve Fund - Deposits*,” above, to the extent so designated by the Lessee, shall be applied to reduce the amount, if any, of unpaid Facility Rental to which the Trustee has succeeded pursuant to this paragraph.

If, on any Debt Service Payment Date for the Series 6 Bonds or the Series 8 bonds, there shall be on deposit in the applicable Series 6 Account or the Series 8 Account in the Debt Service Reserve Fund an amount in excess of the applicable Debt Service Reserve Requirement, the Trustee shall, at the direction of the Lessee, transfer such excess (i) in the case of the Series 6 Account in the Debt Service Reserve Fund to the Series 6 Account in the Construction Fund (if such Debt Service Payment Date is prior to the final disbursement of the Series 6 Account in the Construction Fund) or to the Series 6 Accounts in the Bond Fund (first to the Series 6 Interest Account and then to the Series 6 Redemption Account), and (ii) in the case of the Series 8 Account in the Debt Service Reserve Fund to the Series 8 Account in the Construction Fund (if such Debt Service Payment Date is prior to the final disbursement of the Series 8 Account in the Construction Fund) or to the Series 8 Accounts in the Bond Fund (first to the Series 8 Interest Account and then to the Series 8 Redemption Account); provided, that any

transfers of income or gain from the Debt Service Reserve Fund shall only be made on a Debt Service Payment Date.

At such time as the sum of (i) the aggregate amount on deposit in the Series 6 Accounts in the Bond Fund and (ii) the aggregate amount on deposit in the Series 6 Account in the Debt Service Reserve Fund, shall be equal to or greater than the sum of (x) the then-outstanding principal of the Series 6 Bonds, *plus* (y) the premium (if any) in respect of payment of the Series 6 Bonds, *plus* (z) the then-accrued and unpaid interest thereon, the Trustee shall transfer the aggregate amount on deposit in the Series 6 Account in the Debt Service Reserve Fund to the Series 6 Accounts in the Bond Fund.

At such time as the sum of (i) the aggregate amount on deposit in the Series 8 Accounts in the Bond Fund and (ii) the aggregate amount on deposit in the Series 8 Account in the Debt Service Reserve Fund, shall be equal to or greater than the sum of (x) the then-outstanding principal of the Series 8 Bonds, *plus* (y) the premium (if any) in respect of payment of the Series 8 Bonds, *plus* (z) the then-accrued and unpaid interest thereon, the Trustee shall transfer the aggregate amount on deposit in the Series 8 Account in the Debt Service Reserve Fund to the Series 8 Accounts in the Bond Fund.

At such time as the sum of (i) the aggregate amount on deposit in the Major Maintenance and Renewal Fund that is being transferred to the Bond Fund, (ii) the aggregate amount on deposit in the Capital Improvements Reserve Fund that is being transferred to the Bond Fund, (iii) the aggregate amount on deposit in the Series 8 Accounts in the Bond Fund and (iv) the aggregate amount on deposit in the Series 8 Account in the Debt Service Reserve Fund, shall be equal to or greater than the sum of (x) the then-outstanding principal of the Series 8 Bonds, *plus* (y) the premium (if any) in respect of payment of the Series 8 Bonds, *plus* (z) the then-accrued and unpaid interest thereon, the Trustee shall transfer the aggregate amount on deposit in the Series 8 Account in the Debt Service Reserve Fund to the Series 8 Accounts in the Bond Fund, *provided, however* that no such transfer shall occur if any Bond (other than a Series 8 Bond) remains Outstanding.

Subject to the Trustee's receipt of an approving opinion of nationally recognized bond counsel to the effect that such action does not adversely affect the tax exemption on the particular series of Bonds and, where required under the Lease, the consent of the Authority, the Lessee may deposit a reserve fund credit facility into the Series 6 Account or the Series 8 Account in the Debt Service Reserve Fund, and if all or a portion of the applicable Debt Service Reserve Requirement is funded with a reserve fund credit facility, the Trustee shall make such transfers from the Series 6 Account or the Series 8 Account in the Debt Service Reserve Fund, as applicable, as are directed by the Lessee, unless such transfers are otherwise directed pursuant to the terms of the applicable reserve fund credit facility.

Section 148(f) Payment Fund

Deposits

Deposits into the Series 6 Account and the Series 8 Account, respectively, in the Section 148(f) Payment Fund shall be made, at the direction of the Lessee, from the Bond Fund, the Construction Fund and the Revenue Fund, in accordance with the Trust Administration Agreement.

Withdrawals and Transfers

Withdrawals and transfers from the Series 6 Account and the Series 8 Account, respectively, in the Section 148(f) Payment Fund shall be made periodically in accordance with the provisions of the Trust Administration Agreement, consistent with the tax covenants of the Lessee and the Trustee described above.

Revenue Fund

Deposits

The Lessee shall deposit or cause to be deposited in the Revenue Fund, as and when received: (1) all Revenues (including items of income and gain referred in subparagraph 1 under the caption "*Investment of Funds and Accounts - Earnings on Funds and Accounts*" below) except any (i) condemnation proceeds, (ii) earnings on the Reserve Fund Credit Facility Fund (to the extent provided in the agreements with respect to any reserve fund credit facility), (iii) earnings on the Trust Estate Funds, (iv) amounts required to be deposited in the Bond Fund as described in subparagraph 7 under "*Bond Fund - Deposits*" above, (v) authorized payments made to the Lessee from any Lessee Funds or pursuant to requisition(s) from the Construction Fund, (vi) Revenues constituting rebates or refunds of Taxes previously paid by the Lessee (except to the extent such Taxes were included in Permitted O&M Expenses). Except to the extent of limitations on Restricted Payments, amounts described in clauses (v) and (vi) may be used by the Lessee for any lawful purpose and may be retained or distributed by the Lessee to its Parent or the Authority without restriction and no such use or distribution shall constitute a Restricted Payment. Restricted Payments remitted to the Trustee following an Event of Default under the Trust Administration Agreement shall also constitute Revenues for these purposes; and (2) all amounts transferred from (i) the Operation and Maintenance Reserve Fund as described in the second paragraph under the caption "*Operation and Maintenance Reserve Fund - Withdrawals and Transfers*," below, (ii) the Major Maintenance and Renewal Fund as described in the second paragraph under the caption "*Major Maintenance and Renewal Fund - Withdrawals and Transfers*," below, (iii) the Subordinated Payments and Lessee Reserve Fund as described under the Caption "*Subordinated Payments and Lessee Reserve Fund - Withdrawals and Transfers*," below, and (iv) the Capital Improvements Reserve Fund as described in the second paragraph under the caption "*Operation and Maintenance Reserve Fund - Withdrawals and Transfers*," below.

Withdrawals and Transfers

The Trustee shall, at the direction of the Lessee, transfer amounts then on deposit in the Revenue Fund and make the following payments, or the following deposits into the following funds and accounts, in the following order of priority, but only to the extent of monies then available in the Revenue Fund:

1. On each Monthly Funding Date, into the Operation and Maintenance Expense Fund, an amount equal to the amount budgeted for Permitted O&M Expenses for the month in which such deposit is being made. Additionally, if Permitted O&M Expenses are expected to exceed the amount of operating and maintenance expenses provided for in the Annual Operating Budget for such period, the Trustee shall transfer the amount of such excess at the times requested by the Lessee so long as the Lessee shall have provided the Trustee with a certificate (x) specifying the amount of such excess and (y) stating that the amount of such excess, plus the aggregate amount of any previous excesses of Permitted O&M Expenses over budgeted operating and maintenance expenses during the Alternative Annual Period in which such monthly period occurs, does not exceed 20% of the aggregate Permitted O&M Expenses set forth in the Annual Operating Budget for such Alternative Annual Period; and
2. On each Monthly Funding Date, into the Operation and Maintenance Expense Fund, for Ground Rental payable in the month in which such Monthly Funding Date occurs.
3. On each Monthly Funding Date, into the Series 6 Interest Account and the Series 8 Interest Account in the Bond Fund, the portion of the Facility Rental required to be paid on such date pursuant to the Lease that is allocable to the payment of interest on the Series 6 Bonds and the Series 8 Bonds.
4. On each Monthly Funding Date, into the Series 6 Redemption Account and the Series 8 Redemption Account in the Bond Fund, the portion of the Facility Rental required to be paid on such date pursuant to the Lease that is allocable to the payment of the Redemption Price of Series 6 Bonds and the Series 8 Bonds, respectively.

5. On each Debt Service Payment Date:

(i) into the Series 6 Account and the Series 8 Account in the Debt Service Reserve Fund, the amount, if any, required so that the balance in each such account in the Debt Service Reserve Fund shall equal the applicable Debt Service Reserve Requirement for such series; *provided, however*, that if the amount in either account in the Debt Service Reserve Fund is less than the applicable Debt Service Reserve Requirement by reason of a draw against a reserve fund credit facility for such account, amounts otherwise required to be paid into the Debt Service Reserve Fund as described in this paragraph 5(i) shall instead be deposited as described in paragraph 5(ii) immediately below;

(ii) into the applicable account in the Reserve Fund Credit Facility Fund, the amount, if any, required to reimburse the issuer of a reserve fund credit facility, provided such reserve fund credit facility (a) is utilized to meet all or a portion of the Debt Service Reserve Requirement, (b) is on deposit in the corresponding account in the Debt Service Reserve Fund and (c) was drawn upon for payment of amounts required to be paid from the Debt Service Reserve Fund; and

(iii) to the extent the amount in the Debt Service Reserve Fund is less than the applicable Debt Service Reserve Requirement, and the deficiency was the result of both (a) a draw on a reserve fund credit facility on deposit in such account in the Debt Service Reserve Fund that was utilized to make a payment of the applicable Debt Service and (b) any other cause, then the Trustee shall allocate transfers in respect of such account as described in paragraphs 5(i) and 5(ii) above at the written direction of the Lessee or as otherwise required pursuant to the terms of the applicable reserve fund credit facility.

6. On (or, in the Lessee's sole discretion, at any time within the month immediately preceding) each Semi-Annual Subordinated Funding Date, into the Operation and Maintenance Reserve Fund, the amount, if any, required so that the balance in the Operation and Maintenance Reserve Fund shall equal the Operation and Maintenance Reserve Requirement, which shall be six percent (6%) of Permitted O&M Expenses set forth in the Annual Operating Budget for the Alternative Annual Period in which such Semi-Annual Subordinated Funding Date occurs (or, if such Annual Operating Budget has not yet been adopted by the Lessee (or approved by the Third Party Consultant, if required), the Annual Operating Budget for the preceding Alternative Annual Period), subject to the limitation that, on any Semi-Annual Subordinated Funding Date, the Lessee's obligation to replenish the Operation and Maintenance Reserve Fund shall not exceed (x) \$1,250,000 (as adjusted annually, beginning after 2010 Expansion DBO, to reflect the Annual CPI Percentage Increase) multiplied by (y) the number of elapsed Semi-Annual Periods in such Alternative Annual Period and reduced by (z) the amount of prior replenishments during such Alternative Annual Period.

7. On (or, in the Lessee's sole discretion, at any time within the month immediately preceding) each Semi-Annual Subordinated Funding Date, commencing with the Semi-Annual Subordinated Funding Date occurring on January 1, 2007, into the Major Maintenance and Renewal Fund, the Major Maintenance and Renewal Fund Requirement; provided that no contribution shall be required to the extent that the balance of such Major Maintenance and Renewal Fund shall equal or exceed the Major Maintenance and Renewal Fund Requirement Cap.

8. On (or, in the Lessee's sole discretion, at any time within the month immediately preceding) any Semi-Annual Subordinated Funding Date, commencing with the Semi-Annual Subordinated Funding Date occurring on January 1, 2008, into the Major Maintenance and Renewal Fund, at the option of the Lessee, in addition to the contribution described in paragraph (7) above, an amount (if any) determined by the Lessee in order to replenish all or a portion of the sum of (i) the amounts withdrawn from the Major Maintenance and Renewal Fund pursuant to the terms of the Trust Administration Agreement during the then current Alternative Annual Period, plus (ii) the aggregate amount withdrawn from the Major Maintenance and Renewal Fund pursuant to the terms of the Trust Administration Agreement during all preceding Fiscal Years, Annual Periods and Alternative Annual Periods,

commencing with the Alternative Annual Period which commences December 1, 2007, in each case to the extent such withdrawn amounts have not been replenished as of such Semi-Annual Subordinated Funding Date (or such earlier date within the month immediately preceding such Semi-Annual Subordinated Funding Date), provided that no such contribution shall be permitted to the extent that the resulting balance of the Major Maintenance and Renewal Fund shall equal or exceed the Major Maintenance and Renewal Fund Requirement Cap.

9. To the extent required by the Lease, semi-annually, payment to the Authority in the amount required to pay any outstanding payments owed by the Lessee to the Authority on account of scheduled or deferred subordinated rental payments pursuant to the Lease.

10. On each Semi-Annual Subordinated Funding Date, into the Subordinated Payments and Lessee Reserve Fund, an amount equal to the balance of the amount in the Revenue Fund after all withdrawals and transfers required to be made as described in paragraphs (1) through (9) above have been made as required on or prior to such Semi-Annual Subordinated Funding Date.

Prior to all transfers required to be made as described in paragraphs (1) through (10) above, the Trustee shall, at the direction of the Lessee, transfer the amount specified by the Lessee from the Revenue Fund to the Section 148(f) Payment Fund.

If on any day amounts are required to be deposited into (a) both the Series 6 Interest Account and the Series 8 Interest Account, (b) both the Series 6 Redemption Account and the Series 8 Redemption Account, (c) both the Series 6 Account and the Series 8 Account in the Debt Service Reserve Fund, or (d) the Reserve Fund Credit Facility Fund in respect of a reserve fund credit facility deposited in the Series 6 Account in the Debt Service Reserve Fund and a reserve fund credit facility deposited in the Series 8 Account in the Debt Service Reserve Fund, and there are insufficient funds in the Revenue Account to make both such deposits in full, then the Trustee shall deposit such amounts ratably into (i) the Series 6 Interest Account and the Series 8 Interest Account, respectively, or (ii) the Series 6 Redemption Account and the Series 8 Redemption Account, respectively, or (iii) the Series 6 Account in the Debt Service Reserve Fund and the Series 8 Account in the Debt Service Reserve Fund, respectively, or (iv) the Reserve Fund Credit Facility Fund in respect of the Reserve Fund Credit Facilities deposited in the Series 6 Account and the Series 8 Account in the Debt Service Reserve Fund, respectively, in the proportion that the amounts to be deposited in each such account, or in respect of each such facility, bears to the aggregate amount to be deposited in both such accounts or in respect of both such facilities.

Operation and Maintenance Expense Fund

Deposits

There shall be deposited in the Operation and Maintenance Expense Fund the amounts required to be deposited therein from the Revenue Fund as described above, and such additional amounts as may be delivered to the Trustee for deposit therein.

Withdrawals and Transfers

The Trustee shall, at the direction of the Lessee, make disbursements from the Operation and Maintenance Expense Fund to pay Permitted O&M Expenses and Ground Rental.

Operation and Maintenance Reserve Fund

Deposits

There shall be deposited in the Operation and Maintenance Reserve Fund the amounts required to be deposited therein from the Revenue Fund as described above, and such additional amounts as may be delivered to the Trustee for deposit therein.

Withdrawals and Transfers

The Trustee shall, at the direction of the Lessee, make disbursements from the Operation and Maintenance Reserve Fund either (a) for deposit in the Operation and Maintenance Expense Fund or (b) for expenditures that would otherwise qualify as Permitted O&M Expenses and have not otherwise been paid from the Operation and Maintenance Expense Fund.

If on any date on which transfers are required to be made from the Revenue Fund to the Section 148(f) Payment Fund, the Operation and Maintenance Expense Fund, the Bond Fund, the Debt Service Reserve Fund or the Reserve Fund Credit Facility Fund, there are insufficient monies available in the Revenue Fund to make the required deposits, after depleting the Revenue Fund and the Subordinated Payments and Lessee Reserve Fund, the Trustee shall, to the extent funds are available, at the direction of the Lessee, make transfers from the Operation and Maintenance Reserve Fund to the Revenue Fund to be transferred therefrom to the applicable fund or funds in accordance with the priorities for transfers from the Revenue Fund set forth above.

Major Maintenance and Renewal Fund

Deposits

There shall be deposited in the Major Maintenance and Renewal Fund the amounts required to be deposited therein from the Revenue Fund as described above, and such additional amounts as may be delivered to the Trustee for deposit therein.

Withdrawals and Transfers

The Trustee shall make disbursements from the Major Maintenance and Renewal Fund for costs of repairing or replacing portions of the Project (to the extent such costs and items to be repaired or replaced have not otherwise been paid from the Operation and Maintenance Expense Fund) in accordance with a Series 6 Requisition Certificate supplied by the Lessee, except that each reference in such certificate to "Construction Fund" shall be replaced with "Major Maintenance and Renewal Fund," and the certification of the Lessee set forth in clause (vii) of the Series 6 Requisition Certificate shall not be required.

If on any date on which transfers are required to be made from the Revenue Fund to the Section 148(f) Payment Fund, the Operation and Maintenance Expense Fund, the Bond Fund, the Debt Service Reserve Fund, the Reserve Fund Credit Facility Fund, or the Operation and Maintenance Reserve Fund there are insufficient monies available in the Revenue Fund and the Operation and Maintenance Reserve Fund to make any required transfer after depleting the Revenue Fund and the Operation and Maintenance Reserve Fund, the Trustee shall, to the extent funds are available, at the direction of the Lessee, make transfers from the Major Maintenance and Renewal Fund to the Revenue Fund to be transferred therefrom to the applicable fund or funds in accordance with the priorities for transfers from the Revenue Fund set forth above.

At such time as the sum of (i) the aggregate amount on deposit in the Major Maintenance and Renewal Fund, (ii) the aggregate amount on deposit in the Capital Improvements Reserve Fund, (iii) the aggregate amount on deposit in the Series 8 Accounts in the Bond Fund and (iv) the aggregate amount on deposit in the Series 8 Account in the Debt Service Reserve Fund, shall be equal to or greater than the sum of (x) the then-outstanding principal of the Series 8 Bonds, *plus* (y) the premium (if any) in respect of payment of the Series 8 Bonds, *plus* (z) the then-accrued and unpaid interest thereon, the Trustee shall, at the written request of the Lessee, transfer the aggregate amount on deposit in the Major Maintenance and Renewal Fund to the Series 8 Accounts in the Bond Fund (after making the transfer from the Capital Improvements Reserve Fund described in the third paragraph under the caption "*Capital Improvements Reserve Fund - Withdrawals and Transfers*," below), provided, however, that no such transfer from the Major Maintenance and Renewal Fund shall be made which, together with the amount transferred to the Series 8 Accounts in the Bond Fund from the Capital Improvements Reserve Fund as described in the third paragraph under the caption "*Capital Improvements Reserve Fund - Withdrawals and Transfers*," below, would cause the aggregate amount on deposit in the Series 8 Accounts in the Bond Fund, together with the amount on deposit in the Series 8 Account in the Debt Service Reserve Fund, to exceed the sum of (x) the then-outstanding

principal of the Series 8 Bonds, *plus* (y) the premium (if any) in respect of payment of the Series 8 Bonds, *plus* (z) the then-accrued and unpaid interest thereon, *provided, however* that no such transfer shall occur if any Bond (other than a Series 8 Bond) remains Outstanding.

Reserve Fund Credit Facility Fund

Deposits

There shall be deposited to the Reserve Fund Credit Facility Fund the amounts required to be deposited therein from the Revenue Fund as described above, and such additional amounts as the Lessee may deliver to the Trustee for deposit therein.

Withdrawals and Transfers

The Trustee shall transfer from the Reserve Fund Credit Facility Fund amounts required to be paid to the issuer of a reserve fund credit facility meeting the requirements set forth above under “*Revenue Fund - Withdrawals and Transfers*,” which amounts shall be paid to or at the direction of such issuer of the reserve fund credit facility.

Subordinated Payments and Lessee Reserve Fund

Deposits

There shall be deposited in the Subordinated Payments and Lessee Reserve Fund the amounts required to be deposited therein from the Revenue Fund as described above, and such additional amounts as may be delivered to the Trustee for deposit therein.

Withdrawals and Transfers

The Trustee shall, at the direction of the Lessee, make disbursements from the Subordinated Payments and Lessee Reserve Fund (i) to the Revenue Fund, to fund in accordance with the priorities for transfers from the Revenue Fund set forth above, (a) any item of cost for which funds are permitted to be withdrawn from the Construction Fund, the Operation and Maintenance Expense Fund, the Bond Fund, the Debt Service Reserve Fund, the Reserve Fund Credit Facility Fund, the Section 148(f) Payment Fund, the Operation and Maintenance Reserve Fund, or the Major Maintenance and Renewal Fund and (b) the payment described in subparagraph 9 under “*Revenue Fund - Withdrawals and Transfers*,” and (ii) to make Subordinated Fundings in accordance with the provisions of Section 8 of the Lease.

Capital Improvements Reserve Fund

Deposits

There shall be deposited in the Capital Improvements Reserve Fund the amounts required to be deposited therein (i) in accordance with the rental provisions of the Lease, (ii) from the Subordinated Payments and Lessee Reserve Fund, to the extent funds are available, an amount equal to the Capital Improvements Reserve Fund Requirement and, at the option of the Lessee, an amount (if any) determined by the Lessee in order to replenish all or a portion of the sum of (a) the amounts withdrawn from the Capital Improvements Reserve Fund during the then current Alternative Annual Period, *plus* (b) the aggregate amount withdrawn from the Capital Improvements Reserve Fund during all preceding Alternative Annual Periods, commencing with the Alternative Annual Period which commences December 1, 2007, in each case to the extent such withdrawn amounts have not been replenished as of the date of such contribution, *provided* that no such contribution shall be permitted to the extent that the resulting balance of the Capital Improvements Reserve Fund shall equal or exceed the Capital Improvements Reserve Fund Requirement Cap, and *provided further* that the prior written consent of the Port Authority shall be required if the amount of any contribution to be made as described in this sentence is greater than fifty percent

(50%) of the Capital Improvements Reserve Fund Requirement Cap, and (iii) such additional amounts as may be delivered to the Trustee for deposit therein.

Withdrawals and Transfers

The Trustee shall make disbursements from the Capital Improvements Reserve Fund for costs of repairing or replacing portions of the Project (to the extent such costs and items to be repaired or replaced have not otherwise been paid from the Operation and Maintenance Expense Fund) in accordance with a Series 6 Requisition Certificate supplied by the Lessee, except that each reference in such certificate to "Construction Fund" and "Project Costs" shall be replaced with "Capital Improvements Reserve Fund" and "costs," respectively, and the certification of the Lessee set forth in clause (vii) of the Series 6 Requisition Certificate shall not be required.

If on any date on which transfers are required to be made from the Revenue Fund to the Section 148(f) Payment Fund, the Operation and Maintenance Expense Fund, the Bond Fund, the Debt Service Reserve Fund, the Reserve Fund Credit Facility Fund, or the Operation and Maintenance Reserve Fund there are insufficient monies available in the Revenue Fund and the Operation and Maintenance Reserve Fund to make any required transfer after depleting the Revenue Fund and the Operation and Maintenance Reserve Fund, the Trustee shall, to the extent funds are available, at the direction of the Lessee, make transfers from the Capital Improvements Reserve Fund to the Revenue Fund to be transferred therefrom to the applicable fund or funds in accordance with the priorities for transfers from the Revenue Fund set forth above.

At such time as the sum of (i) the aggregate amount on deposit in the Capital Improvements Reserve Fund, (ii) the aggregate amount on deposit in the Major Maintenance and Renewal Fund, (iii) the aggregate amount on deposit in the Series 8 Accounts in the Bond Fund and (iv) the aggregate amount on deposit in the Series 8 Account in the Debt Service Reserve Fund, shall be equal to or greater than the sum of (x) the then-outstanding principal of the Series 8 Bonds, *plus* (y) the premium (if any) in respect of payment of the Series 8 Bonds, *plus* (z) the then-accrued and unpaid interest thereon, the Trustee shall, at the written request of the Lessee, transfer the aggregate amount on deposit in the Capital Improvements Reserve Fund to the Series 8 Accounts in the Bond Fund (prior to making the transfer, if any, from the Major Maintenance and Renewal Fund, as described in the third paragraph under the caption "*Major Maintenance and Renewal Fund - Withdrawal and Transfers*"), provided, however, that no such transfer from the Capital Improvements Reserve Fund shall be made which would cause the aggregate amount on deposit in the Series 8 Accounts in the Bond Fund, together with the amount on deposit in the Series 8 Account in the Debt Service Reserve Fund, to exceed the sum of (x) the then-outstanding principal of the Series 8 Bonds, *plus* (y) the premium (if any) in respect of payment of the Series 8 Bonds, *plus* (z) the then-accrued and unpaid interest thereon, *provided, however* that no such transfer shall occur if any Bond (other than a Series 8 Bond) remains Outstanding.

Release of Funds

After redemption of all outstanding Series 6 Bonds or all outstanding Series 8 Bonds, as the case may be, any money and securities on deposit in or subsequently deposited into the Series 6 Accounts or the Series 8 Accounts, respectively, in the Debt Service Reserve Fund, shall be transferred to the Subordinated Payments and Lessee Reserve Fund, except to the extent the Trustee is instructed by the Lessee to retain money and securities in such account to a later date. After redemption of all outstanding Series 6 Bonds or all outstanding Series 8 Bonds, as the case may be, and the payment of all amounts required to be paid pursuant to Section 6.5 of the Trust Administration Agreement with respect to such series of Bonds, the Trustee shall transfer any remaining money and securities then (or thereafter) on deposit in the Series 6 Account or Series 8 Account, as the case may be, of the Section 148(f) Payment Fund to the Subordinated Payment and Lessee Reserve Fund except to the extent that the Trustee is instructed by the Lessee to retain money and securities in such account to a later date. After redemption of all outstanding Bonds, any money and securities on deposit in or subsequently deposited into any of the Bond Fund, any other Trust Estate Fund (other than the Debt Service Reserve Fund), any Lessee Fund and any Section 13 Fund (excluding the Section 148(f) Fund) shall be transferred to the Subordinated Payments and Lessee Reserve Fund, except to the extent the Trustee is instructed by the Lessee to retain money and securities in such fund to a later date. At such time as all money and securities have been released from each account or fund as described in this paragraph, each such account and fund, as the case may be, shall terminate, and thereafter, the Subordinated

Payments and Lessee Reserve Fund shall terminate when the last funding has been made therefrom pursuant to Section 8 of the Lease.

Investment of Funds and Accounts

Trust Estate Funds

Amounts in the Trust Estate Funds shall be invested in accordance with Section 7 of the Special Project Bond Resolution, Section 8 of the Series 6 Resolution (in the case of any amounts held in any Series 6 Account in any Fund) and the Series 8 and 9 Resolution (in the case of any amounts held in any Series 8 Account in any Fund) and Section 10 of the Trust Indenture in Investment Securities consisting of the following, subject to revision of such list from time to time by the Lessee in accordance with Section 10 of the Trust Indenture (provided that, so long as the Series 6 Bonds are Outstanding, no such revision shall include any securities which are not at such time on and in conformance with the terms and conditions of the Bond Insurer list of "Permissible Investments for Indentured Funds" and the Bond Insurer criteria relating to "Investment Agreements"):

1. Government Obligations (as defined in the Series Resolution);
2. "Guaranteed Investment Contracts," which shall mean contracts or investment agreements with a provider or guarantor meeting the following requirements:
 - (i) So long as the Series 6 Bonds are Outstanding, the provider or guarantor of a Guaranteed Investment Contract must be approved by the Bond Insurer and, as to any account and whether or not the Series 6 Bonds are Outstanding, rated at least "A" or equivalent by S&P and Moody's; *provided* that the guarantee must be unconditional and must be confirmed in writing prior to any assignment by the provider to another subsidiary of the guarantor;
 - (ii) The monies invested under the Guaranteed Investment Contract must be payable to the Trustee without condition (other than notice) and without a breakage fee or other penalty, upon not more than two Business Days' notice for application when and as required or permitted under the Financing Documents;
 - (iii) The Guaranteed Investment Contract must state that it is unconditional and must expressly disclaim any right of set-off. The Guaranteed Investment Contract must also provide for immediate termination in the event of insolvency of the provider and for termination upon demand of the Trustee (which demand shall only be made by the Trustee at the direction of the Lessee) after any payment or other covenant default by the provider;
 - (iv) The terms and provisions of the Guaranteed Investment Contract and any request for bidding thereon shall be in form satisfactory to Bond Counsel; and
 - (v) So long as the Series 6 Bonds are Outstanding, the Guaranteed Investment Contract must satisfy the Bond Insurer criteria relating to "Investment Agreements."
3. bonds, debentures, notes, participation certificates or other evidences of indebtedness issued by, or the principal of and interest on which are unconditionally guaranteed by, any agency or corporation which is or may hereafter be created by or pursuant to an Act of the Congress of the United States of America as a wholly owned agency or instrumentality of the United States of America; provided such obligations are backed by the full faith of the United States of America (unless, so long as the Series 6 Bonds are Outstanding, they are included on the Bond Insurer list of "Permitted Investments"); provided, further, that stripped securities are only permitted if they have been stripped by the agency itself;
4. direct and general obligations to the payment of which the full faith and credit of the State of New York or the State of New Jersey or any political subdivision thereof is pledged, which are rated by Moody's and S&P in one of the two highest rating categories by such agencies; and

5. repurchase and reverse repurchase agreements with a bank, trust company or national banking association which is a member of the Federal Reserve Bank of New York, which agreements are fully secured on a market value basis (based upon evaluation made not less than weekly) by obligations described in clauses (1) or (2) above, provided that, so long as the Series 6 Bonds are Outstanding, the criteria included in the Bond Insurer list of "Permissible Investments" are satisfied; the collateral for such repurchase and reverse repurchase agreements to be segregated and held by the Trustee in the Construction Fund or the Bond Fund, as applicable.

Permitted Investments

Amounts in Lessee Funds and Section 13 Funds held by the Trustee shall be invested only in Permitted Investments, which shall include, subject to revision of such list from time to time by the Lessee in accordance with Section 10 of the Trust Indenture, the following, which investments shall be made so as to mature or be subject to potential redemption not later than the date on which the proceeds of the same are expected to be required to be expended for authorized purposes:

1. Government Obligations;
2. interest-bearing (to the extent available) deposit accounts or money-market accounts (which may be represented by certificates of deposit) in national, state or foreign commercial banks whose outstanding long-term debt is rated at least A or the equivalent by S&P or Moody's;
3. bankers' acceptances drawn on and accepted by any domestic or foreign commercial banks whose outstanding long-term debt is rated at least A or the equivalent by S&P or Moody's;
4. direct obligations of, obligations guaranteed by, and any other obligations the interest on which is excluded from income for federal income tax purposes issued by, any state of the United States or the District of Columbia or the Commonwealth of Puerto Rico, or any political subdivision, agency, authority or instrumentality of any of the foregoing or of the United States which are rated at least A or the equivalent by S&P or Moody's;
5. commercial paper issued by any entity which is rated at least A-1 or the equivalent by S&P or Moody's;
6. instruments issued by an investment company rated at least A or the equivalent by S&P or Moody's having a portfolio consisting of 95% or more of the securities described in paragraphs (1) through (5) above;
7. repurchase agreements with banking institutions and securities dealers recognized as primary dealers by the Federal Reserve Bank of New York whose outstanding long-term debt is rated at least A or the equivalent by S&P or Moody's;
8. Guaranteed Investment Contracts;
9. funding agreements with primary dealers reasonably acceptable to the Trustee; and
10. any instrument rated at least A or its equivalent by S&P or Moody's or other instruments issued by entities whose outstanding unsecured long-term debt is rated at least A or the equivalent by S&P or Moody's.

Valuation of Funds

Investments in the Trust Estate Funds and Lessee Funds shall be valued at their market value as permitted in the Trust Administration Agreement. For purposes of determining whether the amount on deposit in the Debt Service Reserve Fund is equal to the Debt Service Reserve Fund Requirement, investments on deposit

therein shall be valued at market value. The value of any reserve fund credit facility shall be the amount that is available to be drawn under such facility on any valuation date.

Earnings on Funds and Accounts

(1) Income or gain derived from or attributable to Permitted Investments in the Lessee Funds (except for income or gain derived from or attributable to Permitted Investments in the Major Maintenance and Renewal Fund and the Capital Improvements Reserve Fund), the Section 148(f) Payment Fund, and the Reserve Fund Credit Facility Fund (subject to the terms of any reserve fund credit facility) shall constitute Revenues and be transferred to the Revenue Fund from time to time, and any loss derived from or attributable to Permitted Investments in any such fund shall be charged to such fund.

(2) Income or gain derived from or attributable to Investment Securities in the Trust Estate Funds shall be credited to or deposited into the fund (and respective accounts) which purchased such securities and any loss derived from or attributable to securities shall be charged to such fund (and respective accounts). Income or gain credited to or deposited in the Debt Service Reserve Fund shall be transferred in accordance with the provisions described in the fourth paragraph under the caption "*Construction Fund - Deposits*" above and subparagraph 9 under "*Bond Fund - Deposits*" above.

(3) Income or gain derived from or attributable to Permitted Investments in the Major Maintenance and Renewal Fund and the Capital Improvements Reserve Fund shall be transferred to the Series 6 Accounts in the Bond Fund and the Series 8 Accounts in the Bond Fund (pro rata, based upon the then outstanding principal amount of the Series 6 Bonds and Series 8 Bonds, respectively) from time to time, and any loss derived from or attributable to Permitted Investments in either such fund shall be charged to such fund.

Conversion to Cash

As and when any amounts invested as described in the provisions above are needed for disbursements from the particular fund, the Trustee shall as necessary cause a sufficient amount of such Investment Securities or Permitted Investments, as appropriate, to be sold or otherwise converted into cash to the credit of such fund.

Transfers from Funds

Subject to the provisions of the Trust Administration Agreement, the Lessee may select the mechanism by which the Trustee shall make payments, transfers, and disbursements.

The Trustee shall, at the direction of the Lessee, make payments to third parties or deposits to any fund or account established under the Trust Administration Agreement directly from the Revenue Fund or any other fund or account from which transfers may be made to the Revenue Fund and may debit and credit such funds or accounts as if actual transfers had been made, and for all purposes of the Trust Administration Agreement such transfers shall be deemed to have been made in the amount or amounts of such payments and on the dates thereof.

Paying Agent

Payments due on any Debt Service on the Series 6 Bonds or on any Debt Service with respect to the Series 8 Bonds shall, to the extent set forth in the Special Project Bond Resolution and the applicable Series Resolution, be made from the appropriate funds and accounts through a Paying Agent appointed by the Authority.

Compensation of the Trustee; Non-Recourse; Non-Liability of Individuals, etc.

The Lessee shall, from time to time upon demand (i) pay to the Trustee compensation for its services rendered under the Financing Documents, the Paying Agent's Agreement and the Registrar's Agreement as set forth in the separate fee letter issued in connection with the issuance of the Series 8 Bonds; (ii) reimburse the Trustee for its reasonable expenses, disbursements and advances incurred or made in connection with the exercise,

performance or non-performance of any of its powers or duties under the Financing Documents, the Paying Agent's Agreement and the Registrar's Agreement (including the reasonable compensation and the expenses and disbursements of its agents and counsel); and (iii) indemnify the Trustee for, and hold it harmless against, any and all loss, damage, claim, liability or expense incurred without willful misconduct, negligence or bad faith on its part, arising out of or in connection with the acceptance, exercise, performance or non-performance of each of its powers and duties under the Financing Documents, the Paying Agent's Agreement and the Registrar's Agreement, including the reasonable costs and expenses of any defense against any claim or liability in connection with such exercise, performance or non-performance. The Trustee shall have no recourse to the Authority or the Bondholders for the payment of any compensation, reimbursement or other amounts payable by the Lessee as described in this paragraph.

Notwithstanding any other provision of any Financing Document to the contrary, no Commissioner, director, committee manager, manager, managing director, controlling Person, direct or indirect shareholder, member, partner, principal, ultimate beneficial owner, officer, representative, agent or employee of or any Authorized Representative, Committee Member, Adjunct Committee Member, Project Director or Manager (as such Persons are identified by the Lessee), of the Authority or the Lessee, or any affiliate of the Authority or the Lessee or of any of the foregoing, shall be charged personally or held contractually liable by or to the other party, or any third-party beneficiary of any Financing Document, under or in connection with any term or provision of any Financing Document or of any supplement, modification or amendment to any Financing Document or because of any breach thereof, or because of its or their execution or attempted execution.

Notwithstanding any other provision of any Financing Document to the contrary: (x) neither the Trustee nor any third-party beneficiary of any Financing Document, shall have any recourse, or shall make any claim under, or in connection with, any Financing Document, against (i) any member of the Lessee, or (ii) any of the affiliates of the Lessee or of any such member, or (iii) any officer, director, committee member, manager, managing director, employee, agent, representative, direct or indirect shareholder, member, partner, principal, controlling Person or ultimate beneficial owner, or any Authorized Representative, Committee Member, Adjunct Committee Member, Project Director or Manager (as such Persons are identified by the Lessee), of any of the Persons mentioned in clauses (i) or (ii) above and the sole recourse of the Trustee and any third-party beneficiary of any Financing Document shall be against the Lessee's assets irrespective of any failure of the Lessee to comply with applicable law or any provision of any Financing Document, and (y) neither the Trustee nor any third-party beneficiary of any Financing Document shall be subrogated, or have any right of subrogation to, any claim of the Lessee for any capital contributions to the Lessee from any member of the Lessee.

LESSEE COVENANTS, EVENTS OF DEFAULT AND REMEDIES

Covenants

The Lessee has covenanted with the Trustee, for the benefit of the Holders of the Series 6 Bonds and Series 8 Bonds that:

Rate Covenant

The Lessee shall fix, revise, charge and collect rentals, rates, fees and other charges and revenues to produce Net Revenues in each Fiscal Year sufficient to maintain at all times during such Fiscal Year (1) based on the Annual Operating Budget, a projected average Debt Service Coverage Ratio for such Fiscal Year of at least 1.25x (the "Prospective Rate Covenant") and (2) based on Annual Audited Financial Statements of the Lessee, an average Debt Service Coverage Ratio for the previous Fiscal Year of at least 1.25x (the "Retrospective Rate Covenant"). If the Net Revenues in any Fiscal Year are projected to be less than the amount required to satisfy the Prospective Rate Covenant, the Lessee shall request a Third Party Consultant to make recommendations as to revisions to the Annual Operating Budget and the Lessee shall, upon receipt of the recommendations of a Third Party Consultant, revise the Annual Operating Budget to produce, to the extent practicable while using prudent business judgment, Net Revenues for the following Fiscal Year sufficient to satisfy the Prospective Rate Covenant.

Additional Bonds

The Lessee shall not request the issuance of Bonds in addition to the Series 6 Bonds unless (i) the proceeds of such additional Bonds, together with other amounts then available to the Lessee, based on information at the time available to the Lessee, shall be reasonably sufficient for the proposed purpose, as certified by the Lessee to the Trustee, (ii) the proposed use of the proceeds of the additional Bonds and any related additional funds shall not reasonably be expected to impair the reliability of the Project's operations in any material respect, as certified by the Lessee to the Trustee and (iii) the projected minimum Debt Service Coverage Ratio in each Fiscal Year during the remaining term of all Bonds (including the proposed issue of additional Bonds but excluding any Bonds proposed to be refunded) is not less than 1.25x, as certified to the Trustee by the Lessee and confirmed by a Third Party Consultant. For purposes of this paragraph, the remaining term of the Bonds shall be computed by reference to the shortest possible final date of the Bonds Outstanding (taking into account mandatory sinking fund redemption and special mandatory redemption but disregarding permissible early redemption of Bonds at the discretion of the Lessee). Prior to the issuance of any such additional Bonds, the Trust Administration Agreement shall be amended and /or supplemented to the extent required.

Budgets, Rate Covenant Certifications, and Financial Information

Not less than 60 days prior to the commencement of each Fiscal Year, the Lessee shall submit or cause to be submitted to the Trustee (1) the Annual Operating Budget for the coming Alternative Annual Period, detailed by month, which shall specify for each month the estimated Revenues (identified by source), the estimated billing rates associated with each such source (to the extent applicable) and all Permitted Operating and Maintenance Expenses and (ii) a certificate of a Designated Representative of the Lessee projecting, based upon such Annual Operating Budget, compliance with the Prospective Rate Covenant.

The Lessee shall operate and maintain the New Air Terminal, or cause the New Air Terminal to be operated and maintained, substantially in accordance with the Annual Operating Budget then in effect, other than deviations resulting from operation and maintenance requirements or as required or permitted by the Lease; provided, however that the Lessee shall certify to the Trustee, and during a Lock-Box Period (as defined in subparagraph (B) of "Events of Default and Remedies" below) a Third Party Consultant shall confirm, that any deviations that would reasonably be expected to result in an increase in actual costs for any Alternative Annual Period over total amounts set forth in an Annual Operating Budget for such Alternative Annual Period of more than twenty per centum (20%) in the aggregate are reasonably necessary for compliance with the Lease or for operation and maintenance of the New Air Terminal in compliance with prudent engineering and/or operation practices, as applicable.

Not less than 120 days after the end of each Fiscal Year, the Lessee shall submit or cause to be submitted to the Trustee (i) the Annual Audited Financial Statements of the Lessee as of the end of such Fiscal Year and (ii) a certificate of a Designated Representative of the Lessee verifying, based upon such Annual Audited Financial Statements, compliance with the Retrospective Rate Covenant.

Not less than 90 days after the end of each Quarter of the Lessee, the Lessee shall furnish or cause to be furnished to the Trustee, an unaudited balance sheet of the Lessee as of the end of such Quarter and the related unaudited financial statements for the applicable period ending at the end of such Quarter, setting forth in each case in comparative form the corresponding information for the corresponding Quarter of the previous Fiscal Year, all such financial information to be prepared on a cash basis in accordance with GAAP, and certified to be true and complete by a Designated Representative of the Lessee.

Compliance with Lease, Financing Documents and Project Documents

The Lessee shall comply with, and shall use, operate and maintain the New Air Terminal in compliance with, all covenants set forth in the Lease, the Financing Documents and the Project Documents, including without limitation, the Lease (subject to any contest rights, grace periods and/or exceptions, limitations or exclusions contained in the such documents, but without regards to waivers by the Port Authority), except where non-compliance could not reasonably be expected to have a Material Adverse Effect.

Restricted Payments

The Lessee may make Restricted Payments only upon certification by the Lessee to the Trustee that (i) an Event of Default declared as described in subparagraph (A) of “Events of Default and Remedies” below shall not have occurred and be continuing, (ii) all amounts required to be deposited in the Bond Fund in accordance with the provisions of the Lease and the Series Resolution and the Trust Administration Agreement for the period prior to and including the date of such Restricted Payment shall have been deposited in the Bond Fund, (iii) all amounts required to be deposited in the Debt Service Reserve Fund in accordance with the provisions of the Series Resolution and the Trust Administration Agreement for the period prior to and including the date of such Restricted Payment shall have been deposited in the Debt Service Reserve Fund, (iv) all amounts required to be deposited in the Lessee Funds (other than the Revenue Fund) and the Section 13 Funds, in accordance with the provisions of the Trust Administration Agreement for the period prior to and including the date of such Restricted Payment shall have been deposited in the applicable funds, and (v) the Lessee shall not be insolvent and shall not be rendered insolvent by the making of such Restricted Payment (such determination of insolvency to be made without reference to the Lessee’s obligations under the Guaranty).

Prohibition on Fundamental Change and Disposition of Assets

The Lessee shall not enter into any transaction of merger or consolidation, change its form of organization (except to a general partnership, limited partnership or a corporation) or (except in connection with a permitted change of form of organization) liquidate or dissolve itself (or suffer any liquidation or dissolution), except as permitted in the Lease and the Financing Documents.

The Lessee shall not purchase or otherwise acquire all or substantially all of the assets of any other Person, except as permitted in the Lease and the Financing Documents. In addition, the Lessee shall not sell, lease (as lessor) or transfer (as transferor) any property or assets material to the operation of the New Air Terminal except for (1) sales, leases or transfers permitted pursuant to the Lease or the Financing Documents, (ii) disposition of the Bonds, Investment Securities or Permitted Investments, and other sales, exchanges, transfers or leases of Property in the ordinary course of business, (iii) sales, transfers or leases of Property to the extent that such Property is worn out or is no longer useful or necessary in connection with the operation of the New Air Terminal, provided that, if the aggregate fair market value of all such sales, leases and transfers in the Fiscal Year in which the proposed sale, lease or transfer occurs exceeds \$10 million in the aggregate (multiplied annually by a specified budget escalator), the Lessee shall certify to the Trustee that such Property is worn out or is no longer useful or necessary in connection with the operation of the New Air Terminal, (iv) any sale, lease or transfer of Property, provided such Property is replaced and such replacement does not materially impair the operating efficiency of the New Air Terminal or the extent of operations of the Lessee at the New Air Terminal or (v) any other sale, lease or transfer of Property with respect to which the Lessee certifies to the Trustee that such sale, lease or transfer shall not have a Material Adverse Effect.

Transactions with Affiliates

The Lessee shall not enter into any transaction or agreement with any Affiliate, other than (i) transactions in the ordinary course of business on terms that are fair and reasonable to the Lessee, provided that, if such transactions individually exceed \$1,000,000 (multiplied annually by a specified budget escalator) or in the aggregate exceed \$5,000,000 (multiplied annually by a specified budget escalator) for all such transactions in any Fiscal Year, the Lessee shall certify to the Trustee that such transactions are on terms that are fair and reasonable to the Lessee, (ii) loans from Parent or Affiliates of Parent which constitute Permitted Debt, (iii) agreements relating to operation or maintenance of any part of the Project which in any such case are on terms that are fair and reasonable to Lessee, provided that, if such agreements individually exceed \$1,000,000 (multiplied annually by a specified budget escalator) or in the aggregate exceed \$5,000,000 (multiplied annually by a specified budget escalator) for all such agreements in any Fiscal Year, the Lessee shall certify to the Trustee that such agreements are on terms that are fair and reasonable to the Lessee, (iv) agreements with any Affiliate with respect to any natural person serving as a committee member, officer, employee or other representative of the Lessee for reasonable compensation and disbursements for his or her services in such capacity, (v) Restricted Payments or any other payment or distribution made in accordance with the provisions of the Trust Administration Agreement (including the Appendices thereto), the Lease, or the Financing Documents, (vi) transactions or agreements involving any service, material or transfer of

technology or other information from any Affiliate to the Lessee (including personnel costs and disbursements), the cost of which is included in an Annual Operating Budget, (vii) any transaction among any of the Lessee, the Parent, Delta Air Lines Inc. and any Delta Affiliate Carriers contemplated by the Anchor Tenant Agreement, the Sixth Supplemental Trust Administration Agreement or the Supplemental Lease Agreement No. 5, and (viii) transactions not contemplated by clauses (i) through (vii) above and which individually do not exceed \$1,000,000 (multiplied annually by a specified budget escalator) or which in the aggregate do not exceed \$5,000,000 (multiplied annually by a specified budget escalator) for all such contracts in any Fiscal Year.

Liens

The Lessee shall not permit any Lien upon or with respect to the New Air Terminal or any of the funds established pursuant to the Trust Indenture, the Trust Administration Agreement, the Special Project Bond Resolution or the Series Resolution, other than Permitted Liens.

Debt

The Lessee shall not create or incur or suffer to exist on the part of the Lessee any debt obligations, other than Permitted Debt.

Maintenance of Existence and Governmental Approvals

The Lessee shall at all times (i) preserve and maintain in full force and effect its existence as a limited liability company (provided that the Lessee may reorganize as a general partnership, a limited partnership or a corporation, in which case the Lessee shall preserve and maintain in full force and effect its existence as a general partnership, a limited partnership or a corporation, as the case may be), (ii) use its best efforts to obtain by the time needed and maintain in full force and effect (or apply for renewal of) all material Governmental Approvals (including all Governmental Approvals required under relevant Environmental Requirements) required to be obtained by the Lessee in connection with the development, construction and operation of the New Air Terminal, other than any Governmental Approvals the failure to obtain or maintain which could not reasonably be expected to have a Material Adverse Effect, and (iii) preserve and maintain good title to its real property and its other material assets (subject to no Liens other than Permitted Liens).

Compliance with Laws

The Lessee shall comply with, and shall operate and maintain the New Air Terminal in compliance with, all applicable Government Rules, except where (i) non-compliance could not reasonably be expected to have a Material Adverse Effect or (ii) the necessity of compliance therewith is contested in good faith by appropriate proceedings.

Nature of Business

The Lessee shall not engage in any business other than the development, construction and operation of the New Air Terminal, and related activities, as contemplated by the Lease and the Financing Documents.

Notification of Defaults

The Lessee shall furnish to the Trustee within ten (10) days after the occurrence of an Event of Default under the Lease or any Financing Document to which it is a party, the written statement by a Designated Representative setting forth the details of such Event of Default and the action which the Lessee proposes to take with respect thereto; provided, that, if an Event of Default is cured and the Lessee ultimately furnishes to the Trustee the requisite written statement relating to such Event of Default, the Lessee's failure to have furnished the requisite written statement within ten (10) days shall be deemed to have been cured.

Amendments to Lease and Financing Documents

1. Without receiving the prior written consent of the Trustee, the Lessee shall not enter into, obtain or otherwise consent to or effectuate any waiver, variation, supplement or amendment of Section 22 (Project Financing); Section 23 (Leasehold Mortgage and Lease Assignment); Section 24 (Additional Rental Obligations); Section 25 (Termination by the Port Authority) except for waivers of immaterial defaults; Section 27 (Waiver of Redemption); Section 28 (Survival of Lessee's Obligations); Section 29 (Reletting by Port Authority); Section 30 (Remedies to be Non-Exclusive); Section 33 (Acceptance of Surrender of Lease); Section 34 (Condemnation); Section 39 (Damage or Destruction of the Premises); Section 65 (Termination by Lessee); and Section 68 (Non-liability of Individuals; Limitations on Recourse) of the Lease; provided, however, that nothing contained in the Lease or any Financing Document shall require the Port Authority to exercise any remedy or restrict the Port Authority from waiving any default or alleged default of the Lessee under the Lease or otherwise, or shall restrict the Lessee from obtaining any waiver by the Port Authority of any default or alleged default by the Lessee;

2. the Lessee shall not consent to, request, or execute any proposed amendment, supplement, modification or alteration of the Lease, the Financing Documents, or the Project Documents if, at the time of such amendment, supplement, modification or alteration, it could be reasonably expected to have a material adverse effect on the Bondholders; and

3. the Lessee shall not make any request for a waiver or approval under the Lease, the Financing Documents, or the Project Documents if, at the time of such request, such waiver or approval could be reasonably expected to have a material adverse effect on the holders of the Bonds.

With respect to the covenant contained in clause (3) above, the Lessee acknowledges and agrees that the Port Authority may conclusively rely upon any request by the Lessee for a waiver or approval as being in compliance with the Lessee's agreement in clause (iii) above and the Port Authority shall not be held liable or responsible to the Bondholders, the Trustee, the Bond Insurer, or otherwise, for any action in connection with a noncomplying request.

Pledge of Lessee Funds

The Lessee has established the Lessee Funds in connection with its operation of the Project and has provided for the administration of the Lessee Funds in Appendix A to the Trust Administration Agreement. In order to secure its obligations under the Lease and the Financing Documents, the Lessee has pledged and assigned to the Trustee, on behalf and for the benefit of the Bondholders, and granted to the Trustee a lien and security interest in the following (collectively, the "Lessee Fund Collateral"):

1. each of the Lessee Funds and all certificates and instruments, if any, from time to time representing or evidencing all or any of the Lessee Funds;

2. all of its right, title and interest in and to all amounts, cash, cash equivalents and funds and all Permitted Investments from time to time representing or evidencing the Lessee Funds and all certificates and instruments, if any, from time to time representing or evidencing such investments, and all other property from time to time on deposit in the Lessee Funds or delivered to or otherwise possessed by Lessee in substitution for or in addition to any or all of the then existing Lessee Fund Collateral; and

3. to the extent not covered by clauses (1) and (2) above, all cash and noncash proceeds and products of any of the foregoing, including, without limitation, interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the then existing Lessee Fund Collateral.

Except as expressly provided in subparagraph (B) of "Events of Default and Remedies" below and pursuant to the terms and conditions of the Lease and the Trust Administration Agreement, the Lessee shall have the right to direct and control deposits to and withdrawals from the Lessee Funds and otherwise use the Lessee Fund

Collateral (and all distributions and payments made by the Lessee to itself or any Affiliate of the Lessee shall be free and clear of any encumbrance by the pledge provided for above).

Events of Default and Remedies

A. The following constitute (subject to any notice period, dispute resolution period or grace period in the Lease which are conditions for the Port Authority's right to take action) "Events of Default" under Appendix B to the Trust Administration Agreement:

1. the Lessee for any reason fails to provide sufficient monies for deposit into the Bond Fund to pay Debt Service when due;

2. the Lessee for any reason fails to satisfy the Prospective Rate Covenant and the Retrospective Rate Covenant;

3. to the extent set forth in the Lease, the occurrence of certain events involving the bankruptcy or insolvency of the Lessee or the appointment of a receiver, trustee or liquidator in connection therewith for the Property of the Lessee;

4. failure by the Lessee to make or cause to be made deposits to and withdrawals from the Trust Estate Funds (other than the Bond Fund), the Lessee Funds and the Section 13 Funds, as required by the Trust Administration Agreement and such failure continues unremedied for more than 10 Business Days from the receipt of notice thereof from the Trustee to the extent the ability to make or to direct the Trustee to make such deposits or withdrawals are in the Lessee's control;

5. failure by the Lessee to perform or observe any covenant or agreement to be performed or observed by it hereunder and such failure continues unremedied for more than 30 days from the receipt of notice thereof from the Trustee, unless such failure is capable of being remedied and the Lessee is diligently attempting to remedy such failure, in which case the period of time permitted for a cure shall be extended to 90 days (or such longer period of time required for such cure) so long as such failure to cure shall not have a Material Adverse Effect;

6. any representation or warranty made by the Lessee in the Lease or any Financing Document to which it is a party shall prove to have been false or misleading in any material respect as of the time made, confirmed or furnished;

7. a final judgment or judgments in excess of \$10 million and which is likely to materially and adversely affect the Lessee's ability to make available funds sufficient to pay Debt Service shall be rendered against the Lessee and shall not be stayed, discharged or bonded within 90 days from the date of entry thereof; and

8. (a) a decision of a court of competent jurisdiction invalidates or has the effect of invalidating or calls into question the perfected Lien purported to be created in the Lease and the Financing Documents or (b) the Lessee challenges the validity, priority, enforceability or perfection of the perfected Lien purported to be created in the Lease and the Financing Documents.

B. Upon the occurrence of an Event of Default described above:

1. the Trustee may pursue all rights and remedies that the Trustee may have or maybe given by reason of any law, statute, ordinance, equitable principles or otherwise, subject, however, to the provisions of the Lease, the Leasehold Mortgage and the other Financing Documents, and no failure by the Trustee to exercise any remedy (including the remedies set forth in the paragraphs immediately below) shall effect a waiver of the Trustee's right to exercise such remedy thereafter;

2. the Trustee shall make deposits to and withdrawals from the Lessee Funds following the presentation of a requisition by the Lessee and only in accordance with the provisions of the current Annual Operating Budget, the Lease, the Trust Administration Agreement and any other Financing Documents; provided, however, the Trustee shall, in any event, have the right, without any requisition from the Lessee, to apply any funds available for the payment thereof, in accordance with the terms of the Lease, including without limitation, in a manner set forth in the definition of Default Available Cash thereunder, to pay any fees, costs or expenses incurred by or payable to the Trustee under the Lease or the other Financing Documents and, provided further, that if the Lessee shall fail to submit a requisition to the Trustee in accordance with the requirements of the Trust Administration Agreement, the Trustee shall, to the extent funds are available to make payments (other than Restricted Payments) or deposits required under the Lease, the Trust Administration Agreement or any other Financing Document, make deposits to and withdrawals from the Lessee Funds in order to make such payments or deposits;

3. no Restricted Payments shall be made, and any and all Restricted Payments made subsequent to the occurrence of an Event of Default shall be immediately remitted by the Lessee to the Trustee, for deposit by the Trustee into the Revenue Fund;

provided, however, the powers described in clauses (2) and (3) above (referred to collectively herein as the “Transferred Powers”) shall be exercised by the Trustee for a period beginning upon the occurrence of an Event of Default and continuing for a period not to exceed one year following the date on which the Trustee certifies that the Event of Default giving rise to such transfer has been cured or remedied by the Lessee (a “Lock-Box Period”), whereupon following the end of a Lock-Box Period Transferred Powers shall immediately revert to the Lessee; *provided, further, however*, upon the cure or remedy by the Lessee of an Event of Default set forth under subparagraph (A)(8) above (as certified by the Trustee as described in subparagraph (D) below) the Lock-Box Period shall immediately end and the Transferred Powers shall immediately revert to the Lessee; *provided, further, however*, the Transferred Powers shall not be exercised by the Trustee upon an Event of Default described in subparagraph (A)(6) above; and

the Trustee may pursue all rights and remedies that the Trustee may have or may be given by reason of any law, statute, ordinance, equitable principles or otherwise, subject, however, to the provisions of the Lease, the Leasehold Mortgage and the other Financing Documents, and no failure by the Trustee exercise any remedy (including the remedies set forth in (1) and (2) above) shall effect a waiver of the Trustee’s right to exercise such remedy thereafter.

C. During any Lock-Box Period, the Trustee shall receive the prior written concurrence of the Third Party Consultant approving (i) any Requisition Certificate (as defined under the caption “*Construction Fund - Withdrawals and Transfers*,” above) provided by the Lessee, other than a Series 6 Debt Service Requisition or a Series 8 Debt Service Requisition, (ii) any disbursement from the Operation and Maintenance Expense Fund to pay Permitted Operating and Maintenance Expenses, and (iii) any certificate provided by the Lessee pursuant to Appendix A to the Trust Administration Agreement in connection with a transfer from the Revenue Fund.

D. The Trustee shall certify that an Event of Default giving rise to a transfer of the Transferred Powers as described in subparagraph (B) above has been cured or remedied by the Lessee promptly upon the Trustee’s receipt of information from the Lessee or such other sources sufficient to allow the Trustee to reasonably conclude that such Event of Default has been cured or remedied.

Third Party Consultant

Appointment of Third Party Consultant

If at any time the appointment of a Third Party Consultant shall be required pursuant to the provisions of the Trust Administration Agreement, the Lessee shall promptly identify and recommend to the Port Authority for its approval one or more firms of engineers or consultants, as appropriate, qualified to advise concerning the relevant matter required to be addressed by a Third Party Consultant under the Trust Administration Agreement. Upon approval by the Port Authority, the Lessee shall then designate such firm as a Third Party

Consultant. Any Third Party Consultant shall accept its duties under the Trust Administration Agreement by executing a Third Party Consultant Agreement, as described below.

Interests Represented by Third Party Consultant

The Lessee and the Trustee agree and acknowledge that the Third Party Consultant shall represent the interests of the Trustee and the holders of the Bonds.

Fees and Expenses of Third Party Consultant

The Lessee agrees to pay all reasonable fees for services rendered by the Third Party Consultant, and all third-party expenses reasonably incurred by the Third Party Consultant in connection with the performance of the Third Party Consultant's duties. The Lessee shall indemnify and hold the Trustee harmless against all claims by the Third Party Consultant for such fees or expenses.

Resignation of Third Party Consultant

The Third Party Consultant may resign and become discharged of its duties at any time, by notice in writing to be given to the Lessee and the Trustee not less than thirty (30) days prior to the date such resignation is to take effect.

Removal of Third Party Consultant.

The Trustee shall remove a Third Party Consultant (i) at any time the Third Party Consultant becomes or is reasonably likely to be subject to a Bankruptcy Event (such removal to be effective immediately), (ii) at the direction of the holders of not less than a majority of the aggregate principal amount of the Bonds Outstanding at any time (such removal to be effective on the date specified in such direction), or (iii) at the direction of the Lessee if the Lessee certifies that the Third Party Consultant is failing to carry out its obligations under this Trust Administration Agreement and its Third Party Consultant Agreement in a timely manner (such removal to be effective on the earlier of (x) the date which is 14 days following receipt by the holders of the then Outstanding Bonds of notice delivered by the Trustee of such proposed removal, during which period the holders of 50% or more in aggregate principal amount of the then Outstanding Bonds do not disapprove of such removal in writing, and (y) the date on which the holders of more than 50% in aggregate principal amount of the then Outstanding Bonds approve such removal in writing).

Appointment of Replacement Third Party Consultant

If at any time a Third Party Consultant shall resign or be removed, or otherwise become incapable of performing the functions of the Third Party Consultant under the Trust Administration Agreement and its Third Party Consultant Agreement, the Lessee shall promptly identify and recommend to the Port Authority for its approval one or more firms of engineers or consultants, as appropriate, qualified to advise concerning the relevant matter required to be addressed by the Third Party Consultant under the Trust Administration Agreement. Upon approval by the Port Authority, the Lessee shall then designate such firm as a replacement Third Party Consultant. Any replacement Third Party Consultant shall accept its duties under the Trust Administration Agreement by executing a Third Party Consultant Agreement.

Third Party Consultant Agreement

Each Third Party Consultant shall execute and deliver to the Trustee and the Lessee a Third Party Consultant Agreement reasonably acceptable to the Lessee and the Trustee. The Third Party Consultant Agreement will include, among other things:

1. an acceptance of the duties of Third Party Consultant set forth in the Trust Administration Agreement;

2. an agreement that whenever an act or action of the Third Party Consultant is required, the Third Party Consultant shall undertake and perform such act or action reasonably, in good faith and without unreasonable delay;

3. an agreement by the Third Party Consultant that (a) wherever the Trust Administration Agreement requires approval, confirmation, concurrence or similar action by the Third Party Consultant, such approval, confirmation, concurrence or similar action will not be unreasonably withheld, conditioned or delayed by the Third Party Consultant and (b) where concurrence of the Third Party Consultant is required for any requisition or disbursement under subparagraph (C) of "Events of Default and Remedies" above, such concurrence shall be provided if such requisition is in accordance with the provisions of the applicable Annual Operating Budget or Project Budget;

4. an agreement by the Third Party Consultant that the Third Party Consultant will look solely to the Lessee for all fees and expenses payable to the Third Party Consultant for the services rendered on behalf of the Trustee, and that the Third Party Consultant will make no claim for payment of such amounts against the Trustee or any member of the Lessee or affiliate thereof;

5. an agreement by the Third Party Consultant that the Third Party Consultant represents the interests of the Trustee and the holders of the Bonds and is acting on their behalf, and not on behalf of the Lessee, in performing the duties of Third Party Consultant, and

6. such other provisions as may be agreed to by the Third Party Consultant, the Trustee and the Lessee.

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE LEASE AND THE LEASE SUPPLEMENTS

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APPENDIX D-1

SUMMARY OF CERTAIN PROVISIONS OF THE LEASE

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The following is a summary of selected provisions of the Lease. This summary is not to be considered a full statement of the terms of the Lease and accordingly is qualified in its entirety by reference thereto and is subject to the full text thereof. Unless the context shall clearly indicate some other meaning or may otherwise require, as used in this summary, any words or phrases specifically defined herein shall be read and construed in accordance with such special definitions.

The provisions of the Lease have been amended, supplemented and otherwise modified since the Lease became effective on May 13, 1997, and certain of those amendments, supplements and other modifications are addressed in this summary. However, please refer to Appendix D-2 - "SUMMARY OF KEY CHANGES TO THE LEASE EFFECTED BY LEASE SUPPLEMENTS NOS. 1-4" for a more complete summary of certain provisions of the Lease that have been amended, supplemented or otherwise modified by Lease Supplements Nos. 1-4, and to Appendix D-3 - "SUMMARY OF CERTAIN PROVISIONS OF LEASE SUPPLEMENT NO. 5" for a more complete summary of certain provisions of the Lease that have been amended, supplemented or otherwise modified by Lease Supplement No. 5. This summary of the Lease should be read in conjunction with Appendix D-2- "SUMMARY OF KEY CHANGES TO THE LEASE EFFECTED BY LEASE SUPPLEMENTS NOS. 1-4" and Appendix D-3 - "SUMMARY OF CERTAIN PROVISIONS OF LEASE SUPPLEMENT NO. 5."

Definitions

"2010 Expansion DBO" shall have the meaning set forth in Appendix D-3 "SUMMARY OF CERTAIN PROVISIONS OF LEASE SUPPLEMENT NO. 5."

"Accelerated Facility Rental" shall mean an amount in the aggregate sufficient, together with any other monies which may be available therefor in the Bond Fund, the Construction Fund (to the extent not disbursed or otherwise disbursable as provided herein) and the Debt Service Fund, if any, to retire all of the outstanding Passenger Terminal Bonds, including accrued and unpaid interest and the premium or premiums, if any, and any other fees, charges, costs and expenses in connection with the Passenger Terminal Bonds then due and owing or incurred or to be incurred or paid or to become due and owing as a result of the retirement thereof.

"Actual Period" shall have the meaning given to such terms as set forth in the definition of "Proratable Amount" below.

"Affiliate" shall mean, as to any specified Person, a Person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Person specified. The term control (including the terms controlling, controlled by and under common control with) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise; provided that, in any event, any Person which owns directly or indirectly ten percent (10%) or more of the securities having ordinary voting power for the election of directors or other governing body of a corporation or ten percent (10%) or more of the partnership or other ownership interests of any other Person shall be deemed to control such corporation or other Person.

"Aircraft Operator" shall mean (a) a Person owning one or more aircraft which are not leased or chartered to any other Person for operation, or (b) a Person to whom one or more aircraft are leased or chartered for operation whether the aircraft so owned, leased or chartered are military or non-military, or are used for private business, pleasure or governmental business, or for carrier or non-carrier operations, or for scheduled or non-scheduled operations or otherwise. Said phrase shall not mean the pilot of an aircraft unless he or she is also the owner or lessee thereof or a Person to whom it is chartered.

"Airline Sublease" shall mean any sublease with an Airline Sublessee as provided for in the Lease.

"Airline Sublessee" shall mean any Scheduled Aircraft Operators that is party to an Airline Sublease as provided for in the Lease.

"Airport" shall mean the land and premises in the City of New York, in the County of Queens and State of New York, which are shown in green upon the Exhibit attached to the Basic Lease marked "Map II" and

lands contiguous thereto which may have been heretofore or may hereafter be acquired by the Port Authority to use for air terminal purposes.

“Alternative Annual Period” shall mean each twelve month period commencing on December 1 and ending on the immediately following November 30, provided, however, the first “Alternative Annual Period” shall be the eleven month period commencing on January 1, 2004 and ending on November 30, 2004.

“Annual Basis” shall mean computations based on an Annual Period, and, in the case of any period that begins on a date other than January 1 or ends on a date other than December 31, prorated over the number of days in such period. Interest rates stated on an Annual Basis shall be adjusted when interest is paid more frequently than annually to achieve the equivalent of a simple annual interest rate and in each instance carried out to not less than eight decimal places. For instance, if interest is accrued quarterly on a balance, the quarterly equivalent of the annual interest shall be the fourth root of $(1 + x)$ minus one (1) where “x” equals the annual interest rate. By way of example, the quarterly equivalent of the Equity Capital Investment Interest Rate is 0.02988357 or 2.988357 percent.

“Annual CPI Percentage Increase” shall mean the percentage increase, if any, derived by subtracting the CPI for the immediately preceding Annual Period from the CPI for the then current Annual Period (the “Current CPI”), dividing the difference by the CPI for the immediately preceding Annual Period and expressing that result as a percentage. The CPI for any given Annual Period shall be (i) for the first Annual Period, the CPI for March 1997 and (ii) for subsequent Annual Periods (or parts thereof) the CPI for the November preceding such Annual Period. In the event that the Consumer Price Index is not available for any specified Month as hereinabove set forth within the time set forth for payment, such index for the latest Month then published shall be used to constitute the Consumer Price Index and such index shall thereafter be adjusted when such index becomes available. In the event of the change of geographic or other material basis or the discontinuance of the publication by the United States Department of Labor of the Consumer Price Index such other appropriate index or indexes shall be substituted as may be agreed by the parties hereto as properly reflecting changes in the value of the current United States money in a manner similar to that established in the said indexes used in the latest adjustment. In the event of the failure of the parties to so agree, the Port Authority may select and use such index or indexes as it deems appropriate, provided, however, that the foregoing shall not preclude the Lessee from contesting the Port Authority’s selection. In no event shall any Annual CPI Percentage Increase result in the reduction of any amount payable under the Lease from one Annual Period to the next.

“Assignee” shall have the meaning given to such term under the caption “*Leasehold Mortgage and Lease Assignment*” below.

“Assignment of Contracts” means that certain Assignment of Construction Contracts, Plans and Specifications, and Service and Other Contracts, dated as of May 13, 1997, by and between the Lessee and the Trustee, as the same may be amended, supplemented, consolidated, replaced, extended, renewed or otherwise modified from time to time.

“Assignment of Leases and Rents” means that certain Assignment of Tenant Leases and Rents, dated as of May 13, 1997, made by the Lessee in favor of the Trustee, as the same may be amended, supplemented, consolidated, replaced, extended, renewed or otherwise modified from time to time, including as amended, supplemented, consolidated, replaced, extended, renewed or otherwise modified in connection with the issuance of the Series 8 Bonds by the First Supplemental Assignment of Leases and Rents.

“Base Rental Amount” shall mean an amount with respect to each Annual Period from the Effective Date to the last day of the term of the Lease which, for the first Annual Period under the Lease, shall be in the amount of \$10,620,285 and, for each successive Annual Period, shall be in the amount of the Base Rental Amount in effect in the immediately preceding Annual Period increased by the greater of (i) one-half ($\frac{1}{2}$) of the Annual CPI Percentage Increase and (ii) four percent (4%). The current Base Rental Amount is \$17,704,920.

“Basic Lease” shall mean the agreement between The City of New York and the Port Authority dated April 17, 1947, as the same from time to time may have been or may be supplemented or amended, including as extended on November 24, 2004, as further described under the section entitled “Term,” below. Said agreement

dated April 17, 1947, has been recorded in the Office of the Register of The City of New York, County of Queens, on May 22, 1947, in Liber 5402 of Conveyances, at pages 319 et seq.

“Bond Fund” shall have the meaning given to such term in Appendix C-2 - “SUMMARY OF CERTAIN PROVISIONS OF THE SERIES 8 AND 9 RESOLUTION.”

“Bondholder” or “Bondholders” shall mean and include the registered holder or registered holders, individually and collectively, of the Passenger Terminal Bonds.

“Bonds” shall have the meaning set forth in the definition of “Passenger Terminal Bonds,” below.

“Cash Basis Financial Statements” shall mean, for each Alternative Annual Period, the cash basis financial statements (consisting of a balance sheet, income statement and related footnotes) for the Lessee’s terminal operations (a) which recognize revenues and expenses at the time physical cash or cash equivalents are actually received or paid out, (b) which have been prepared by the Lessee, and (c) which have been reviewed by a nationally recognized firm of certified public accountants pursuant to procedures agreed upon by such firm and the Lessee.

“Capital Improvements Reserve Fund” shall have the meaning set forth under the caption “*Capital Improvements Reserve Fund*” in Appendix C-4 – “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT.”

“City of New York” shall mean the municipal corporation of the State of New York known as the City of New York.

“Civil Aircraft Operator” shall mean a Person engaged in civil transportation by aircraft or otherwise operating aircraft for civilian purposes, whether governmental or private. If any such Person is also engaged in the operation of aircraft for military, naval or air force purposes, he or she shall be deemed to be a Civil Aircraft Operator only to the extent that he or she engages in the operation of aircraft for civilian purposes.

“Code” shall mean the Internal Revenue Code of 1986 and any amendments or successors thereto and any regulations promulgated under the Lease.

“Commissioners of the Port Authority” shall mean the Board of Commissioners of the Port Authority of New York and New Jersey (each such commissioner hereinafter referred to as a “Commissioner”).

“Comprehensive Retail Plan” shall mean the comprehensive plan for the development and operation of the retail program for the Premises.”

“Control Tower Space” shall mean the ramp control level specified in the Lease on the seventh (7th) level of the Control Tower and shall include without limitation the interior building walls, partitions, floors, ceilings, doors and interior glass and the electrical, mechanical, plumbing, heating, steam, communications and other systems located within, and exclusively serving, the Control Tower Space, and their pipes, wires, mains, lines, tubes, conduits, equipment and fixtures.

“Construction Fund” shall have the meaning given to such term in Appendix C-2 – “SUMMARY OF CERTAIN PROVISIONS OF THE SERIES 8 AND 9 RESOLUTION.”

“Construction Work” shall have the meaning set forth under the heading “Construction,” below.

“Control Tower” shall mean the building in which the air traffic control tower for the Airport is located, known as Building No. 156.

“CPI” or “Consumer Price Index” shall mean the Consumer Price Index for all Urban Consumers, New York-Northern New Jersey, Long Island, NY-NJ-CT (All Items unadjusted 1982-84=100), published by the Bureau of Labor Statistics of the United States Department of Labor.

“Debt Service” shall mean the amount payable with respect to the Passenger Terminal Bonds, including any amounts required to be paid or set aside for any amortization, payment at maturity, redemption (including redemption premium, if any) or retirement of the Passenger Terminal Bonds.

“Debt Service Fund” shall have the meaning given to such term in Appendix C-2 – “SUMMARY OF CERTAIN PROVISIONS OF THE SERIES 8 AND 9 RESOLUTION.”

“Default Available Cash” shall mean, during any period commencing on the date on which the Trustee gives the Trustee Election Notice to the Port Authority and ending on the date on which the Defaulted Payments and past due Facility Rental shall have been paid in full, all Gross Revenues received or controlled by the Trustee and available for the purpose of paying Defaulted Payments. During any period when the Trustee is required to expend Default Available Cash to cure defaults, it shall use the Default Available Cash to pay the following amounts (without duplication) in the following order of priority:

(i) First: The cost of the cure of any condition of the Premises which would threaten the life, safety or security of any of the tenants, occupants or invitees using the Premises or the operation of the Airport generally.

(ii) Second: Costs, including any such costs which are Permitted O&M Expenses, to keep the Premises open for business.

(iii) Third: on a pari passu basis: (A) The current Permitted O&M Expenses, and any past due Permitted O&M Expenses payable to the Port Authority; and (B) Current and past due Ground Rental and past due Building Rental.

(iv) Fourth: to any other Defaulted Payments due the Port Authority.

(v) Fifth: past due Permitted O&M Expenses not covered by clause (iii) above.

(vi) Sixth: any past due and current Facility Rental.

All remaining Default Available Cash, if any, shall be then available for the payment of Subordinated Fundings.

“Environmental Damages” shall mean any one or more of the following: (i) the presence on, about or under the Premises of any Hazardous Substance whether such presence occurred prior to or during the term of the Lease or resulted from any act or omission of the Lessee or others, and/or (ii) the disposal, discharge, release or threatened release of any Hazardous Substance from the Premises and/or (iii) the presence of any Hazardous Substance on, about or under other property at the Airport as a result of the Lessee’s use and occupancy of the Premises or a migration of a Hazardous Substance from the Premises, and/or (iv) any personal injury, including wrongful death, or property damage, arising out of or related to any Hazardous Substance described in (i), (ii) or (iii) above, and/or the violation of any Environmental Requirement pertaining to any Hazardous Substance described in (i), (ii) or (iii) above, the Premises and/or the activities thereon.

“Environmental Requirement” and “Environmental Requirements” shall mean all applicable present and future laws, statutes, enactments, resolutions, regulations, rules, ordinances, codes, licenses, permits, orders, approvals, plans, authorizations, concessions, franchises, requirements and similar items of all governmental agencies, departments, commissions, boards, bureaus or instrumentalities of the United States, states and political subdivisions thereof and all applicable judicial, administrative, voluntary and regulatory decrees, judgments, orders and agreements relating to the protection of human health or the environment, the foregoing to include, without limitation:

(i) All requirements pertaining to reporting, licensing, permitting, investigation and remediation of emissions, discharges, releases or threatened releases of Hazardous Substances into the air, surface

water, groundwater or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Substances; and

(ii) All requirements pertaining to the protection from Hazardous Substances of the health and safety of employees or the public.

“Event of Default” shall have the meaning given to such term under the heading “Termination by the Port Authority,” below.

“FAA” and “Federal Aviation Administration” shall mean The United States of America acting by and through the Federal Aviation Administration.

“Facility Rental” shall have the meaning given to such term in Appendix D-3 - “SUMMARY OF CERTAIN PROVISIONS OF LEASE SUPPLEMENT NO. 5.”

“Federal Inspection Service(s)” or “FIS Service(s)” shall mean agencies of the United States Government which inspect air passengers and their baggage for immigration, customs, public health and other governmental purposes.

“Federal Inspection Services Premises” or “FIS Premises” shall have the meaning set forth in Appendix D-3 “SUMMARY OF CERTAIN PROVISIONS OF LEASE SUPPLEMENT NO. 5.”

“Financing Arrangement” shall mean the financings contemplated by the issuance of Passenger Terminal Bonds in accordance with the terms and provisions of the Lease and the Bond Documents.

“Financing Documents” shall have the meaning set forth in Appendix C-4 – “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT.”

“Fixed Period” shall have the meaning given to such term as set forth in the definition of “Proratable Amount” below.

“Foreclosure” shall have the meaning set forth in paragraph (a)(i)(4) under “Leasehold Mortgage and Lease Assignment,” below.

“Foreclosure Purchaser” shall have the meaning set forth in paragraph (a)(v) under “Leasehold Mortgage and Lease Assignment,” below.

“Future Assignment” shall have the meaning set forth in paragraph (a)(i)(4) under “Leasehold Mortgage and Lease Assignment,” below.

“General Airport Agreement” shall mean those certain agreements each entitled “John F. Kennedy International Airport Airline Lease” dated as of January 1, 1953 (as the same have been extended, supplemented and amended) between the Port Authority and various airlines and which govern the rights, privilege, duties and obligations of and between the parties thereto with respect to the Airport.

“General Counsel” shall mean the person serving as General Counsel of the Port Authority.

“General Manager of the Airport” shall mean the person or persons from time to time designated by the Port Authority to exercise the powers and functions vested in the said General Manager by the Lease; but until further notice from the Port Authority to the Lessee it shall mean the General Manager (or the temporary or acting General Manager) of the Airport for the time being, or his duly designated representative or representatives.

“Governmental Authority,” “Governmental Board” and “Governmental Agency” shall each mean federal, state, municipal and other governmental authorities, boards and agencies of any state, nation or government,

except that they shall not be construed to include The Port Authority of New York and New Jersey, the lessor under the Lease.

“Gross Revenues” shall mean all income and revenue actually received by the Lessee from any source of any nature or in any manner, including other amounts specifically provided for in the Lease, excluding amounts received as Leveraged Leasing Revenues, Lessee Unrestricted Funds and any other amounts paid directly by the Lessee to any Designated Affiliate as permitted under the Lease.

“Guaranty” and “Guaranty by JFK International Air Terminal LLC” shall mean the guaranty by the Lessee to pay Debt Service on the Series 6 Bonds when due, dated as of May 13, 1997, as the same may be amended, supplemented, consolidated, replaced, extended, renewed or otherwise modified from time to time, including as amended, supplemented, consolidated, replaced, extended, renewed or otherwise modified in connection with the issuance of the Series 8 Bonds by the Amended and Restated Guaranty by JFK International Air Terminal LLC, pursuant to which the Lessee will also guaranty the payment of Debt Service on the Series 8 Bonds when due.

“Hazardous Substance” and “Hazardous Substances” shall mean and include, without limitation, any pollutant, contaminant, toxic or hazardous waste, dangerous substance, potentially dangerous substance, noxious substance, toxic substance, inflammable, explosive or radioactive material, urea formaldehyde foam insulation, asbestos, polychlorinated biphenyls (“PCBs”), chemicals known to cause cancer, endocrine disruption or reproductive toxicity, petroleum and petroleum products and other substances which have been and continue to be or in the future shall be declared to be hazardous or toxic, or the removal of which have been or in the future shall be required, or the manufacture, preparation, production, generation, use, maintenance, treatment, storage, transfer, handling or ownership of which have been and continue to be or in the future shall be restricted, prohibited, regulated or penalized by any Environmental Requirement.

“Interim Terminal Operator” shall mean any Person selected by the Trustee and engaged under binding contract with the Trustee to operate and maintain the Premises at the cost and expense of the Trustee as provided in the Lease, provided, however, any Interim Terminal Operator shall be subject to the prior approval of the Port Authority, such approval not to be unreasonably withheld, conditioned or delayed. In determining whether to issue such approval, the Port Authority shall only consider whether such Person has sufficient experience or personnel with sufficient experience in operating and maintaining airline passenger terminals on a basis consistent with the standards set forth in the Lease, whether the scope of work of the engagement, including sufficiency of staffing levels, is reasonably appropriate and whether such Person has a reputation for honesty, integrity and reliability.

“Law” shall mean all applicable provisions of all (a) constitutions, treaties, statutes, laws (including common law), codes, rules, regulations, ordinances or orders of any Governmental Authority, (b) Governmental Authorizations and (c) orders, decisions, injunctions, judgments, awards and decrees of any Governmental Authority.

“Leasehold Mortgage” shall mean the mortgage granted by the Lessee in accordance with the provisions of the Lease in favor of the Trustee of the Lessee’s leasehold interest under the Lease, dated as of May 13, 1997, as the same may be amended, supplemented, consolidated, replaced, extended, renewed or otherwise modified from time to time, including as amended, supplemented, consolidated, replaced, extended, renewed or otherwise modified in connection with the issuance of the Series 8 Bonds by the First Supplemental Leasehold Mortgage.

“Lease Assignment” shall mean the lease assignment, dated as of May 13, 1997, pursuant to which the Lessee assigned to the Trustee all of its right, title and interest in, to and under the Lease, as the same may be amended, supplemented, consolidated, replaced, extended, renewed or otherwise modified from time to time, including as amended, supplemented, consolidated, replaced, extended, renewed or otherwise modified in connection with the issuance of the Series 8 Bonds by the First Supplemental Lease Assignment.

“Lease Supplement No. 1” shall mean Supplemental Lease Agreement No. 1 to the Lease, dated as of August 10, 2001, by and between the Port Authority and the Lessee.

“Lease Supplement No. 2” shall mean Supplemental Lease Agreement No. 2 to the Lease, dated as of December 20, 2002, by and between the Port Authority and the Lessee.

“Lease Supplement No. 3” shall mean Supplemental Lease Agreement No. 3 to the Lease, dated as of January 1, 2004, by and between the Port Authority and the Lessee.

“Lease Supplement No. 4” shall mean Supplemental Lease Agreement No. 4 to the Lease, dated as of December 1, 2004, by and between the Port Authority and the Lessee.

“Lease Supplement No. 5” shall mean the Fifth Supplemental Agreement to the Lease, entered into connection with the issuance of the Series 8 Bonds, by and between the Port Authority and the Lessee.

“Lease Supplements” shall mean, collectively, Lease Supplement No. 1, Lease Supplement No. 2, Lease Supplement No. 3, Lease Supplement No. 4 and Lease Supplement No. 5.

“Lease Term” shall have the meaning set forth under the section entitled “Term,” below.

“Lessee” shall mean JFK International Air Terminal LLC and its successors and permitted assigns.

“Lessee Funds” shall have the meaning set forth in Appendix C-4 – “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT.”

“Lessee Retail Management Funds” shall be a Contingent Obligation for Lessee Unrestricted Funds equal to five percent (5%) applied to the net amount of the Lessee Retail Rentals less rentals and fees received by the Lessee from each Retail Sublessee under an agreement that was assigned to the Lessee on the Effective Date for a period equal to the stated term of such assigned agreement.

“Lessee Terminal Management Funds” shall mean a Proratable Amount and Contingent Obligation for Lessee Unrestricted Funds equal to Two Million Five Hundred Thousand Dollars (\$2,500,000) per year, adjusted as follows: on the first anniversary of the Effective Date and on the first day of every succeeding anniversary of the Effective Date, the Lessee Terminal Management Funds shall be increased from the amount in the previous year by the Annual CPI Percentage Increase.

“Lessee Unrestricted Funds” shall have the meaning set forth in Appendix C-4 “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT.”

“Leveraged Leasing Revenues” shall mean any revenues realized from a leveraged leasing transaction involving a leasehold interest of the Premises or any part thereof.

“Light Rail System” shall mean the light rail passenger distribution system at the Airport.

“Major Maintenance and Renewal Fund” shall have the meaning set forth in Appendix C-4 – “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT.”

“Month” shall mean a calendar month.

“Monthly Funding Date” shall mean the first day of each Month during the Term.

“New Lease” shall mean a new lease of the Premises requested by the Trustee within 60 days if the Lease is terminated pursuant to Section 25 of the Lease by reason of the occurrence of any Event of Default.

“Notice of Default” shall have the meaning set forth under “Termination by the Port Authority,” below.

“Notice of Intention to Terminate” shall have the meaning set forth under “Termination by the Port Authority,” below.

“Notice of Termination” shall have the meaning set forth under “Termination by the Port Authority,” below.

“Operation and Maintenance Expense Fund” shall have the meaning set forth in Appendix C-4 – “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT.”

“Parent” shall mean a Person that has an ownership interest in the Lessee, whether direct or indirect through subsidiaries.

“Passenger Terminal Bonds” or “Bonds” shall mean the Series 6 Bonds, the Series 8 Bonds and other series of bonds issued as contemplated by Section 2(b) or 2(c) of the Series 6 Resolution and Section 2(b) or 2(c) of the Series 8 and 9 Resolution.

“Paying Agent” shall mean the person or entity appointed by the Port Authority to act as “Paying Agent” in connection with the Passenger Terminal Bonds.

“Paying Agent’s Agreement” shall mean the separate agreement appointing the Paying Agent and specifying the rights, responsibilities and duties of such appointee in accordance with the Resolutions. The Lessee shall advise the Port Authority of an acceptable bank or trust company which meets the qualifications to act as Paying Agent, as set forth in the Resolutions.

“Permitted O&M Expenses” shall have the meaning set forth in the section entitled “Permitted O&M Expenses,” below.

“Person” shall mean not only a natural person, corporation or other legal entity, but also two or more natural persons, corporations or other legal entities acting jointly as a firm, partnership, unincorporated association, consortium, joint adventurers or otherwise.

“Personal Property Security Interest” shall mean the security interest granted by the Lessee to the Port Authority, and mortgaged and assigned by the Port Authority in favor of the Trustee, in certain items of personal property of the Lessee described therein, as the same may be amended, supplemented, consolidated, replaced, extended, renewed or otherwise modified from time to time, including as amended, supplemented, consolidated, replaced, extended, renewed or otherwise modified in connection with the issuance of the Series 8 Bonds by the First Supplemental Personal Property Security Interest.

“Port Authority” shall mean the Port Authority of New York and New Jersey and its successors and permitted assigns under the Lease.

“Port Authority Assignment of Rents” means that certain Assignment of Rents, dated as of May 13, 1997, by and between the Port Authority, as assignor and the Trustee, as assignee, relating to the Trust Indenture and the Trust Estate, as the same may be amended, supplemented, consolidated, replaced, extended, renewed or otherwise modified from time to time, including as amended, supplemented, consolidated, replaced, extended, renewed or otherwise modified in connection with the Series 8 Bonds by the First Supplemental Assignment of Rents.

“Port Authority Bond Expenses” shall mean: all fees, costs and expenses incurred by the Port Authority for, relating to or in connection with the activities of the Port Authority relating in any way to the Financing Arrangement incurred from time to time during the Term which shall consist of the following: (1) the fees and disbursements of the Port Authority Law Department, special counsel, if any, retained by the Port Authority and of any other counsel retained by such special counsel on behalf of the Port Authority for their services rendered in connection with the Financing Arrangement, (2) all printing costs and expenses in connection with the Financing Arrangement, (3) all stamp and other taxes, if any, including any interest, penalties, fees, costs and other charges

thereon, payable in connection with the Financing Arrangement, (4) all costs of filing, registering or recording of any instruments, (5) all payments made by the Port Authority to the Trustee, the Paying Agent and the Registrar, if any, in accordance with the Trust Indenture, the Paying Agent's Agreement, the Registrar's Agreement, if any, and the Resolutions, (6) any other direct costs of the Port Authority charged under the Port Authority's accounting practices with respect to the Financing Arrangement, (7) any and all costs, expenses or other charges of the types set forth in items (1) through (6) hereof for and in connection with any modification or amendment, waiver, consent or other action that may be taken affecting the Financing Arrangement, and (8) all costs and expenses attributable to, and any payments to be made to, the United States of America under Section 148(f) of the Code, as such Section and regulations may be applicable to the Passenger Terminal Bonds. The Port Authority shall render an invoice to the Lessee with respect to the foregoing specifying the charges by category and including supporting detail for all expenditures incurred subsequent to the payment provided for in Section 22(d) of the Lease.

"Port Authority Financing Consent and Agreement" means that certain Port Authority Financing Consent and Agreement, dated as of May 13, 1997, by and among the Lessee, the Trustee, MBIA Insurance Corporation and the Port Authority and entered into pursuant to Section 23 of the Lease, as the same may be amended, supplemented, consolidated, replaced, extended, renewed or otherwise modified from time to time, including as amended, supplemented, consolidated, replaced, extended, renewed or otherwise modified in connection with the issuance of the Series 8 Bonds by the Amended and Restated Port Authority Financing Consent and Agreement.

"Premises" shall mean and include the land areas specified in the Lease, the buildings, structures and other improvements located or to be located or to be constructed therein or thereon, the equipment permanently affixed or permanently located therein, such as electrical, plumbing, sprinkler fire protection and fire alarm, heating, steam, sewage, drainage, cooling, refrigerating, telephone and other communications, gas and other systems, and their pipes, wires, mains, lines, tubes, conduits, equipment and fixtures and all paving, drains, culverts, ditches and catch basins.

"Project" shall mean the buildings, structures and other improvements in connection with a passenger terminal to be located at the John F. Kennedy International Airport and covered by the Lease, including the equipment permanently affixed thereto or permanently located therein, including, but not limited to, electrical, plumbing, sprinkler, fire protection and fire alarm, heating, steam, sewage, drainage, refrigerating, communications, gas and other systems, and their pipes, wires, mains, lines, tubes, conduits, equipment and fixtures, and all paving, drains, culverts, ditches and catch basins, located or to be located or constructed or to be constructed in connection with the Lease by or on behalf of the Lessee, or necessary or convenient in connection therewith, and any future expansions thereof, the costs of which, including, without limitation, any fees, costs or reserves related to the financing, construction or installation thereof or in connection with the issuance of the Passenger Terminal Bonds, are to be financed through the issuance of the Passenger Terminal Bonds.

"Project Costs" shall mean the costs for or in connection with the Project, including without limitation, all fees, costs or reserves related to the financing, refinancing, construction, installation or future expansion of the Project or in connection with the issuance of the Passenger Terminal Bonds.

"Project Operations" shall mean the operation, servicing, cleaning, security, maintenance, repair and administration of the Premises, the Control Tower Space, Parcel Z (if the same is made available to the Lessee by the Port Authority) and areas adjacent to the Premises for which the Lessee has maintenance or other responsibilities under the Lease or on any other basis as well as all activities in connection therewith, including, without limitation, site inspections, relations with employees, labor, tenants, any Governmental Authority, the Port Authority or the public, collection and payment of bills, maintenance of accounts, payroll administration, taxes (to the extent provided in I(k) 8.1 of Exhibit 8.1) and administration and negotiation of contracts.

"Proratable Amount" shall mean a rental, fee, charge, payment or funded amount (including deferred amounts and payments) which is fixed over some period of time and, when due for less than such period of time, shall be treated on a pro rata basis as set forth below:

If a Proratable Amount is not due for the entire stated period to which it applies (a “Fixed Period”) but rather for only a part thereof (an “Actual Period”), the Proratable Amount shall be prorated (on a prospective basis, if possible and if not possible, then retroactively):

(A) if the Fixed Period is a year and the Actual Period is an entire Month, by dividing the Proratable Amount by 12;

(B) if the Fixed Period is a year and the Actual Period is six entire Months, by dividing the Proratable Amount by 2;

(C) if the Fixed Period is a year and the Actual Period is an entire Quarter, by dividing the Proratable Amount by 4; and

(D) in any other circumstance, by multiplying the Proratable Amount by a fraction the numerator of which is the number of days in the Actual Period and the denominator of which is the number of days in the Fixed Period.

“Public Aircraft Parking and Storage Space” shall mean areas at the Airport for public and common use for the purpose of parking and storing aircraft, for the purpose of servicing aircraft with fuel and lubricants and other supplies for use thereon, and for the purpose of making minor or emergency repairs to aircraft.

“Public Landing Area” shall mean the area of land at the Airport including Runways, Taxiways and the areas between and adjacent to Runways and Taxiways, designated and made available from time to time by the Port Authority for the landing and taking off of aircraft.

“Public Ramp and Apron Area” shall mean the area adjacent to the Public Landing Area designated and made available from time to time by the Port Authority for common use for the loading or unloading of passengers or cargo to or from aircraft using the Public Landing Area.

“Qualified Terminal Operator” shall be any Person selected by the Trustee to be a successor to or assignee of the Lessee under the Lease, provided, however, any Qualified Terminal Operator shall be subject to the prior approval of the Port Authority, such approval not to be unreasonably withheld, conditioned or delayed. In determining whether to issue such approval, the Port Authority shall only consider whether such Person has: (i) sufficient experience or personnel with sufficient experience in operating and maintaining airline passenger terminals on a basis consistent with the standards set forth in the Lease, (ii) a reputation for honesty, integrity and reliability and (iii) the financial capability to operate and maintain the Premises on a basis consistent with the standards set forth in the Lease, with such Person being deemed to have such requisite financial capability if such Person has or is projected to have sufficient capital (or access to capital), whether by virtue of cash on hand, sponsor support commitments, projected revenues, any combination thereof, or otherwise, to meet all of such Person’s operations and maintenance expenses and obligations to make rental and other payments to the Port Authority in respect of the Premises for the one (1) year period following the date on which such Person would become a Qualified Terminal Operator; provided that, at the election of the Trustee the ability to pay Facility Rental shall not be taken into account for purposes of this clause (iii).

“Quarter” shall mean, for each Annual Period, the respective periods (i) from January 1 to March 31; (ii) from April 1 to June 30; (iii) from July 1 to September 30; and (iv) from October 1 to December 31.

“Registrar” shall mean the person or entity appointed by the Port Authority to act as “Registrar” in connection with the Passenger Terminal Bonds and the term “Registrar’s Agreement” shall mean the separate agreement appointing the Registrar and specifying the rights, responsibilities and duties of such appointee in accordance with the Resolutions. The Lessee shall advise the Port Authority of an acceptable bank or trust company which meets the qualifications to act as Registrar, as set forth in the Resolutions.

“Reserve Amounts” shall mean the amounts required to be deposited pursuant to Sections 6(B)(4), 6(B)(5), 6(B)(6) and 6(B)(7) of Appendix A to the Trust Administration Agreement.

“Resident Engineer” shall mean the person designated as the Resident Engineer at the Airport by the Chief Engineer of the Port Authority.

“Resolutions” shall mean collectively the Special Project Bond Resolution and the Special Project Bond Series Resolution.

“Runways” (including approaches thereto) shall mean the portion of the Airport used for the purpose of the landing and taking off of aircraft.

“Scheduled Aircraft Operator” shall mean a Civil Aircraft Operator engaged in transportation by aircraft operated wholly or in part on regular flights to and from the Airport in accordance with published schedules; but so long as the Federal Aviation Act of 1958, or any similar federal statute providing for the issuance of Foreign Air Carrier Permits or Certificates of Public Convenience and Necessity or substantially similar permits or certificates, is in effect, no Person shall be deemed to be a Scheduled Aircraft Operator within the meaning of the Lease unless it also holds such a permit or certificate.

“Second Trustee Extension Period” shall have the meaning given to such term under the caption “*Leasehold Mortgage and Lease Assignment*,” below.

“Section 148(f) Payment Fund” shall have the meaning given to such term in Appendix C-4 - “SUMMARY OF CERTAIN PROVISIONS OF THE SERIES 8 AND 9 RESOLUTION.”

“Security Documents” shall mean the Trust Indenture, the Trust Administration Agreement, the Leasehold Mortgage, the Personal Property Security Interest, the Assignment of Leases and Rents, the Port Authority Assignment of Rents, the Assignment of Contracts, the Guaranty, the Lease Assignment, and the Port Authority Financing Consent and Agreement (and any and all other instruments, agreements and documents given to secure obligations arising in connection with the Bonds, which are designated as Security Documents therein) each as the same may be amended, supplemented, consolidated, replaced, extended, renewed or otherwise modified from time to time.

“Semi-Annual Period” shall mean each period of six (6) calendar months commencing on June 1 of an Alternative Annual Period and ending on November 30 or such Alternative Annual Period, or commencing on December 1 of an Alternative Annual Period and ending on May 31 of the immediately succeeding Alternative Annual Period.

“Special Project Bond Rate” shall be a percentage rate equal to 6.224741% applied on an Annual Basis.

“Special Project Bond Resolution” shall mean the resolution adopted by the Port Authority establishing and authorizing a particular series of Special Project Bonds.

“Special Project Bonds” shall mean bonds of the issue established by the Special Project Bond Resolution and which relate to the Project, of which the Series 6 Bonds and the Series 8 Bonds are each a series.

“Special Project Bond Series Resolution” or “Series Resolution” shall have the meaning set forth in Appendix D-3 “SUMMARY OF CERTAIN PROVISIONS OF LEASE SUPPLEMENT NO. 5.”

“Sublease” shall mean any sublease, license or other agreement entered into by the Lessee with any party other than the Port Authority for the use or occupancy of, or the providing of services to the public at, the Premises or any part thereof, and “Sublessee” shall mean any such party to a Sublease.

“Sublessee” shall have the meaning set forth above in the definition of “Sublease.”

“Taxilane” shall mean portions of premises at the Airport which are leased to third parties and which are designated for the taxiing of aircraft of Aircraft Operators using such premises or in instances where such

taxi lanes are so designated, are for use in common by such Aircraft operators and by Aircraft Operators using premises adjacent thereto.

“Taxiways” shall mean the portion of the Airport used for the purpose of the ground movement of aircraft to, from and between the Runways, the Public Ramp and Apron Area, the Public Aircraft Parking and Storage Area and other portions of the Airport (not including, however, any taxi lanes, the exclusive use of which is granted to the Lessee or any other Person by lease, permit or otherwise).

“Trigger Event” is defined in paragraph (f) under “Project Financing,” below.

“Trust Administration Agreement” shall mean the separate agreement between the Trustee and the Lessee, dated as of May 13, 1997, with respect to the use, investment and disposition of the proceeds of, and other actions to be taken in connection with, the Passenger Terminal Bonds, as the same may be amended, supplemented, consolidated, replaced, extended, renewed or otherwise modified from time to time, including as amended, supplemented, consolidated, replaced, extended, renewed or otherwise modified by the First Supplemental Trust Administration Agreement, dated as of August 10, 2001, the Second Supplemental Trust Administration Agreement, dated as of December 20, 2002, the Third Supplemental Trust Administration Agreement, dated as of January 1, 2004, the Fourth Supplemental Trust Administration Agreement, dated as of December 1, 2004, the Fifth Supplemental Trust Administration Agreement, dated as of December 1, 2007 and the Sixth Supplemental Trust Administration Agreement, entered into in connection with the issuance of the Series 8 Bonds.

“Trust Estate” shall have the meaning given to such term in Appendix C-2 - “SUMMARY OF CERTAIN PROVISIONS OF THE SERIES 8 AND 9 RESOLUTION.”

“Trust Indenture” shall mean the separate agreement between the Trustee and the Port Authority, dated as of May 13, 1997, specifying the rights, responsibilities and duties of the Trustee and providing for the mortgage, pledge and assignment by the Port Authority of the Trust Estate, as the same may be amended, supplemented, consolidated, replaced, extended, renewed or otherwise modified from time to time, including as amended, supplemented, consolidated, replaced, extended, renewed or otherwise modified in connection with the issuance of the Series 8 Bonds by the First Supplemental Trust Indenture.

“Trustee” shall mean the single trustee, fiduciary or other representative of the Bondholders appointed by the Port Authority from time to time in conformity with the Resolutions to serve as Trustee under the Trust Indenture and is current The Bank of New York Mellon, a national banking association. The Trustee shall represent and act for and on behalf of the Bondholders in connection with the Passenger Terminal Bonds, the Leasehold Mortgage, the Personal Property Security Interest, the Trust Indenture, the Trust Administration Agreement and the other Security Documents. The rights of the Trustee in this respect and in all other respects shall be in addition to and not in substitution of any and all rights which would otherwise inure to the Bondholders. Whenever the Trustee takes or purports to take action of any kind pursuant to or under the Passenger Terminal Bonds, the Lease, the Trust Indenture, the Trust Administration Agreement, the Resolutions, the Leasehold Mortgage, the Personal Property Security Interest, the Guaranty or any of the other Security Documents, the Port Authority may rely upon the action taken by the Trustee without obtaining evidence of the authority of the Trustee to so act or evidence of consent of the Bondholders. The Lessee shall advise the Port Authority of an acceptable bank or trust company which meets the qualifications to act as Trustee, as set forth in the Resolutions.

“Unamortized Capital Investment” shall mean the Project Cost plus the principal portion of the Equity Capital Investment as such amount is established as of the Effective Date, less (x) any amounts paid to the Lessee as repayment of the principal portion of the Equity Capital Investment as such amount is established as of the Effective Date and (y) any amounts paid to the holders of the Passenger Terminal Bonds as payments of principal. In addition, the Unamortized Capital Investment shall include, if any Passenger Terminal Bonds are redeemed in connection with the payment of same, the costs of redeeming outstanding Passenger Terminal Bonds including, without limitation, the outstanding aggregate principal balance thereof and any accrued interest and redemption penalties or fees thereon. Notwithstanding any portion of the foregoing definition to the contrary, in no event shall the Unamortized Capital Investment be an amount less than the then outstanding principal portion of the Passenger Terminal Bonds.

Letting

The Port Authority agrees to lease the Premises to the Lessee and the Lessee agrees to hire and take the Premises from the Port Authority.

Term

The term of the Lease commenced on May 13, 1997, and, unless sooner terminated, expires on the earlier of (x) the thirtieth (30th) anniversary of the 2010 Expansion DBO and (y) December 31, 2043, pursuant to the terms of Lease Supplement No. 5 (such period, the "Lease Term"). On November 24, 2004, the Port Authority and the City of New York agreed to an extension of the Basic Lease whereby the Port Authority will continue as lessee, owner and/or operator of the Airport and will have the right to assume the obligations, and grant the rights, to the Lessee provided in the Lease December 31, 2050.

Relationship to Basic Lease; Quiet Enjoyment

The Lease and the letting thereunder will terminate with the termination or expiration of the Basic Lease, such termination to be effective on such date and to have the same effect as if the term of the letting had on that date expired. Except as set forth in the foregoing proviso, the rights of the Port Authority in the Premises are those granted to it by the Basic Lease, and no greater rights are granted to the Lessee than the Port Authority has power under the Lease to grant. The Port Authority covenants that, during the term of the Lease, the Port Authority will not take any action the taking of which, or omit to take any action the failure of which to take, would amount to or have the effect of canceling, surrendering, terminating, modifying or amending the Basic Lease prior to the date specified in the Basic Lease for its expiration insofar as such surrender, cancellation, modification, amendment or termination would in any manner deprive the Lessee of any of its rights, licenses or privileges under the Lease. The Port Authority, however, is not prevented from entering into an agreement with The City of New York pursuant to which the Basic Lease is surrendered, canceled or terminated, provided that The City of New York, at the time of such agreement, assumes the obligations of the Port Authority under the Lease and that either (i) there are no Bonds outstanding or (ii) in the opinion of nationally recognized bond counsel such agreement will not have a material adverse effect on any outstanding Bonds. The Port Authority covenants and agrees that as long as it remains the lessee of the Airport, the Lessee, upon paying all rentals and fees under the Lease and performing all covenants, conditions and provisions of the Lease on its part to be performed, shall and may peacefully and quietly have and enjoy the Premises free of any act or acts of the Port Authority except as expressly agreed upon in the Lease.

Use of Premises

The Lessee shall use and operate the Premises as an airline passenger terminal for the subleasing of the Premises by the Lessee, in accordance with the terms of the Lease, to (i) Scheduled Aircraft Operators who are airline Sublessees, (ii) retail Sublessees and (iii) other Sublessees occupying space for administrative or operational purposes related to the operation of the Premises and for use of a portion of the space as chapels. The Scheduled Aircraft Operators who are Airline Sublessees may use the Premises solely in connection with their business of transportation by aircraft and only for the purposes specified in the Lease and for activities reasonably required for such purposes, including, *inter alia*, reservation of space and the sale of airline tickets; clearance, checking and rendering of service to its passengers and the general public; handling of baggage of its passengers; conduct of operations, traffic, communications, reservations and administrative office functions and activities in connection with air transportation performed by the airline sublessee; preparation of food, beverages and commissary supplies to be consumed on aircraft operated at the Premises by the approved sublessee; storage of repair parts, supplies and other personal property of the airline sublessee; storage of such automotive fuel and lubricants as may be approved by the Port Authority; use as crew quarters to be used by personnel of the airline sublessee, during layovers between flights and establishment of lounges for employees of the airline sublessee; loading and unloading of passengers, baggage, mail, air cargo and commissary supplies of the airline sublessee; parking and storage of aircraft and ramp equipment operated by the airline sublessee; fueling and routine servicing of aircraft and ramp equipment operated by the airline sublessee and for the maintenance of such ramp equipment; performance of emergency or turnaround aircraft maintenance on aircraft operated by the airline sublessee; training of personnel employed or to be employed by the airline sublessee; temporary storage of baggage and mail; occasional and temporary storage of air cargo; and for federal inspection services by federal agencies. The retail

sublessees may use the Premises solely in connection with retail sales of goods and services at the Premises and for activities reasonably required for such purposes. The Lessee may also use the Premises for its operational and administrative offices and for any other purpose for which the Premises are expressly authorized to be used by any other provision of the Lease.

Construction

Section 18 of the Lease contained the terms and provisions applicable to the Lessee's obligation to conduct the design and construction of the initial Project (the "Construction Work"). The initial Project was completed and Lease Supplement No. 5 contains a new Section 18A (Construction of the 2010 Expansion Project) that sets forth the terms and provisions applicable to the Lessee's obligation to design and construct the 2010 Expansion Project, as set forth in the section entitled "Construction" in Appendix D-3 – "SUMMARY OF CERTAIN PROVISIONS OF LEASE SUPPLEMENT NO. 5."

Other Construction by the Lessee

In each case as set forth in the Lease, prior to erecting structures, making improvements or doing construction on the Premises or altering, modifying, or making additions, improvements or repairs to or replacements of structure existing at the commencement of the Lease Term or built at any time during the Lease Term, or installing any fixture (other than trade fixtures, removable without material damage to the Premises) (any such action, a "Lessee Alteration"), the Lessee shall submit an application for such Lessee Alteration (a "Port Authority Alteration Application") to the Port Authority for approval. In the event any Lessee Alteration is made without such approval, then upon reasonable notice so to do, the Lessee will either remove the same or cause the same to be changed to the satisfaction of the Port Authority. In case of any failure on the part of the Lessee to comply with such notice, the Port Authority may effect the removal or change and the Lessee shall pay the cost thereof to the Port Authority.

Permitted O&M Expenses

The Lessee will be permitted to use operating revenues to pay Permitted O&M Expenses. "Permitted O&M Expenses" means the sum of the following items of cost: (a) wages, salaries, fringe benefits and other payroll costs or remuneration (including reimbursement of employee expenses) paid to or for employees employed for the benefit of Project Operations; (b) the cost of ordinary maintenance, repairs, improvements, alterations and changes related to the areas in the central terminal area including, without limitation, payments to third party contractors for cleaning, rubbish removal, snow removal, facility maintenance, equipment maintenance, extermination and other cleaning and maintenance services furnished by contractors (other than any cost which is funded by Subordinated Debt or from the Major Maintenance Reserve Fund or the Capital Improvements Reserve Fund); (c) payments for electricity, water, sewer rents and other fuel, utilities and services required for the benefit of Project Operations; (d) the cost of provision, maintenance, repair and replacement of fixtures, furniture, furnishings, operating supplies, equipment and tools used for the benefit of Project Operations; (e) the cost of any insurance carried by the Lessee with respect to Project Operations or with respect to any accident or casualty occurring with respect thereto, and the cost of any such accident or casualty with respect to Project Operations or with respect to any accident or casualty occurring with respect thereto, and the cost of any such accident or casualty with respect to Project Operations paid for by the Lessee to the extent such accident or casualty is not reimbursed by insurance proceeds and such accident or casualty was not caused by the gross negligence or wilful neglect of the Lessee; (f) the costs of telephone, telegraph, postage, messenger service and other communications services and trucking and other shipping services incurred for the benefit of Project Operations; (g) payments for rental of leased equipment and supplies; (h) professional fees paid to third parties for the benefit of Project Operations and payments to third parties for legal, accounting, architectural, engineering, space planning and other professional services for the benefit of Project Operations; (i) certain amounts payable to Schiphol USA Inc. in satisfaction of the terms of the Technical Cooperation and Construction Services Agreement between Schiphol USA Inc. and the Lessee; (j) advertising and promotional expenses paid to third parties for the benefit of Project Operations; (k) taxes actually paid by the Lessee (including, without limitation, excise taxes, New York City sales and use tax and taxes on utilities or on the provision of utility services but excluding New York State Corporation Franchise tax, New York City General Corporation tax and New York City Unincorporated Business tax); (l) costs and fees incurred in connection with the obtaining and maintaining in effect of any consent, permit, license or approval from any

Governmental Authority and any fees, charges, penalties, judgments or other amounts assessed against the Lessee by any Governmental Authority except as otherwise provided in the Lease; (m) costs and fees incurred in the development, implementation and operation of computer systems, including, without limitation, hardware, software and peripheral devices; (n) costs of both the Port Authority and the Lessee of resolution of disputes between the Port Authority and the Lessee, including reasonable attorney's fees (whether those of the Port Authority's Law Department or otherwise) of both parties and costs incurred by the Lessee, including reasonable attorney's fees, for adjudication, arbitration, mediation or other dispute resolution mechanisms used to resolve disputes between the Lessee and third parties; (o) amounts payable to third parties for services provided for the benefit of Project Operations including, without limitation, financial services and any other services; (p) amounts refunded to sublessees and other third parties with respect to amounts overpaid by such Persons; (q) amounts paid or payable to the Trustee or any registrar, securities depository or paying agent (other than any such amount paid as a Project Cost) in accordance with the Lease, the Trust Administration Agreement, Trust Indenture or other document relating to the financing of the Project (including, without limitation, (i) all costs and expenses incurred in connection with the preservation and enforcement of the Trustee's or the Bondholders' rights and remedies under the Security Documents (including, without limitation, reasonable fees and expenses of counsel) and (ii) any amounts owed or owing to the Trustee with respect to any indemnity provided by the Lessee, but not including any payments with respect to Debt Service) and amounts paid to securities rating agencies in connection with providing or maintaining the ratings on the Bonds (other than any such amount paid as a Project Cost); and (r) any expenditure not itemized or referred to above which would be customarily and properly included as an operation and maintenance cost, and as would reasonably be incurred by a prudent operator in the conduct of or relating to the operation of a first-class international airline terminal. Notwithstanding the foregoing provisions, and without otherwise limiting the generality thereof, there shall be excluded from the Permitted O&M Expenses, or be deducted therefrom, as appropriate: (a) except as set forth in clause (k) above, transfer, gains, franchises, inheritance, estate and income taxes imposed upon any Parent, Affiliate or any other Person than the Lessee; (b) legal, accounting, tax-related and other professional fees, charges and disbursements paid or incurred by the Lessee or any Parent or Affiliate in connection with the legal, accounting, tax-related (excluding certain taxes set forth in the Lease) or other interests of any Parent or Affiliate of the Lessee, including any expenses in connection with the meeting or operation of the Executive Committee of the Lessee; (c) except as set forth in subclause (i) above, salaries, fringe benefits, bonuses, and other payroll costs or compensation paid to or for salaried employees or principals of any Parent or Affiliate of the Lessee, who is not also a full-time direct employee of the Lessee, and any allocation of overhead, charges, fees or disbursements for goods or services provided by any Parent or Affiliate of the Lessee; (d) any other payment, disbursement, fee or emolument to a Parent or Affiliate of the Lessee other than those (i) expressly allowed in clause (i) above or (ii) permitted under Section 21 of the Lease; (e) except to the extent permitted under Section 21 of the Lease, any charges, fees or disbursements to any consultants or other third parties unless the goods and services provided by such consultants or other third parties benefit Project Operations and do not separately benefit any Parent or Affiliate of the Lessee; (f) penalties assessed against the Lessee for the failure to cure a violation of any law, statute, rule or requirement in circumstances in which Lessee's violation, or failure to cure such violation, was caused by the gross negligence or wilful act or omission of the Lessee (unless the violation or the failure to cure such violation was commercially reasonable); (g) any costs for goods or services collected from a retail or other sub-tenant or permittee as part of a common area maintenance charge or retail marketing fee or for which the Lessee has otherwise received direct reimbursement from a retail or other sub-tenant or permittee as a separate item of additional rent or fee, except to the extent the revenues associated with such charge are included in gross revenues; and (h) any payment, fee, disbursement or other cost, or part thereof, to any third party contractor, agent, supplier, or other party whatsoever, that is above the fair market value under the circumstances for the good or service that is being provided except to the extent incurred pursuant to an arrangement previously entered into at fair market value. As used in this definition: (x) "Fringe benefits" means the items of cost which the Lessee is obligated to pay or incur pursuant to applicable collective bargaining agreements or, which the Lessee otherwise agrees to pay to employees as compensation for employment including, without limitation: (1) paid time off, including, without limitation, for vacations, sick leave, holidays, birthdays, jury duty, medical checkup, lunch time and relief time; (2) bonuses, including, without limitation, incentive compensation and profit sharing plans; (3) costs related to training, relocation, severance or expatriation costs as provided for in clause (i) above (subject to agreed limitations), professional or trade organization memberships, subscriptions to trade publications, over-time meals or transportation, uniforms, business travel expenses, pension plans, welfare and training funds, and health, life, accident, or other such types of insurance; and (4) any other payment made or cost incurred by agreement with such employees and personnel or pursuant to the Lessee's policy with respect to such employees and personnel; (y) "Other payroll costs" means taxes and other payments payable pursuant to law upon the basis of wages paid to

employees, including, without limitation, F.I.C.A., State Unemployment Insurance, disability insurance and Federal Unemployment Insurance; and (z) "Project Operations" means the operation, servicing, cleaning, security, maintenance, repair and administration of the Premises, the control tower space, Parcel Z (if the same is made available to the Lessee by the Port Authority) and areas adjacent to the Premises for which the Lessee has maintenance or other responsibilities under the Lease or on any other basis as well as all activities in connection therewith, including, without limitation, site inspections, relations with employees, labor, tenants, any Governmental Authority, the Port Authority or the public, collection and payment of bills, maintenance of accounts, payroll administration, taxes (to the extent provided above) and administration and negotiation of contracts.

Rental

Section 8 of the Lease will be amended and restated in its entirety in Lease Supplement No. 5, as set forth in the section entitled "Rental" in Appendix D-3 – "SUMMARY OF CERTAIN PROVISIONS OF LEASE SUPPLEMENT NO. 5."

Project Financing

(a) The Port Authority shall have no obligations with respect to the sale of the Passenger Terminal Bonds unless and until it shall have accepted an offer to purchase such Passenger Terminal Bonds by execution of a contract of purchase with the proposed purchaser thereof, in which event the Port Authority obligations with respect to the sale of the Passenger Terminal Bonds shall be as set forth in such contract of purchase.

(b) (i) The Lessee and the Port Authority each agree to promptly execute and deliver all consents, agreements, statements and other documents as may be deemed necessary or desirable from time to time from either the Port Authority or the Lessee in connection with the preparation, sale and delivery, or, pursuant to Lease Supplement No. 5, the refunding, of the Passenger Terminal Bonds, as set forth in the section entitled "Project Financing in Appendix D-3 – "SUMMARY OF CERTAIN PROVISIONS OF LEASE SUPPLEMENT NO. 5."

(ii) It is understood and agreed that the purchasers of the Passenger Terminal Bonds on original issuance (including any member of an underwriting group or syndicate participating with such purchasers) shall be subject to the approval of the Port Authority. Any contract of purchase to be entered into by the Port Authority shall only be entered into upon the prior request of and the consent of the Lessee to such contract.

(iii) Nothing contained in the Lease shall or shall be deemed to limit, in any way, the right and discretion of the Board of Commissioners, a committee thereof or any authorized officer of the Port Authority to take any action or fail to take any action in connection with the Passenger Terminal Bonds, provided that such action is not inconsistent with the Resolutions, the terms of the Passenger Terminal Bonds, any such contract of purchase or the Lease.

(iv) Debt Service shall be payable by the Port Authority solely and only to the extent of and from the Facility Rental and the Accelerated Facility Rental actually paid under the Lease by the Lessee as provided in Sections 8 (Rental) and 24 (Additional Rental Obligation) of the Lease and any amounts in the Construction Fund (to the extent not otherwise disbursed or disbursable), the Bond Fund and the Debt Service Fund, if any, all to the extent set forth in the Resolutions and the Trust Indenture, and the Port Authority shall have no other obligations, either legal, equitable or moral, to pay Debt Service.

(v) As a condition to the sale of the Series 6 Bonds, among other items, the Lessee executed a Leasehold Mortgage, a Personal Property Security Interest, a Trust Administration Agreement and the other Security Documents (in the form each existed on May 13, 1997.) As a condition to the sale of the Series 8 Bonds, among other items, the Lessee will execute a First Supplemental Leasehold Mortgage, a First Supplemental Personal Property Security Interest, a Sixth Supplemental Trust Administration Agreement and the other Security Documents.

(vi) The consent of the Port Authority shall be required prior to any optional calls of the Passenger Terminal Bonds.

(vii) Except in certain limited circumstances in the first semi-annual period in an Alternative Annual Period where the Lessee anticipates shortfalls in Revenues in the immediately succeeding second semi-annual period in such Alternative Annual Period, the consent of the Port Authority shall be required prior to any funding of reserve funds under the Trust Administration Agreement in excess of required minimum levels.

(viii) The Lessee shall not utilize a reserve fund credit facility to fund the Debt Service Reserve Fund (A) if such funding could reasonably be expected to lead to a transfer of monies from the Debt Service Reserve Fund to the Construction Fund or (B) to replenish the Debt Service Reserve Fund as a result of any withdrawal to pay Debt Service on Passenger Terminal Bonds unless (1) in the case of both clauses (A) and (B) above, the Trustee shall receive a written opinion from nationally recognized bond counsel (which may include the General Counsel of the Port Authority), reasonably satisfactory to the Trustee, to the effect that such utilization does not adversely affect the tax exempt status of the Passenger Terminal Bonds, (2) in the case of (A), the Port Authority shall have given its prior written consent, and (3) in the case of (B), the Lessee shall pay all costs in connection with such reserve fund credit facility and such costs shall not constitute Permitted O&M Expenses.

(c) (i) The Port Authority has established the Construction Fund, the Bond Fund and the Debt Service Fund as part of the Trust Estate. Each such Fund will consist of a Series 6 account and a Series 8 account. The Port Authority has established the Section 148(f) Payment Fund and the Reserve Fund Credit Facility Fund pursuant to Section 13 of the Series Resolution.

(ii) The Lessee has established the Lessee Funds pursuant to the Trust Administration Agreement. As provided in the Trust Indenture and the Trust Administration Agreement, upon the sale of the Passenger Terminal Bonds, the Trustee shall disburse from the Construction Fund and pay to the Port Authority the amount of the Port Authority Bond Expenses set forth in the second sentence of paragraph (d), below. Except with respect to the disbursement set forth in the immediately preceding sentence, each disbursement from the Construction Fund shall be made only in accordance with the Trust Administration Agreement.

(d) The Lessee shall promptly pay to the Port Authority on demand of the Port Authority given at any time and from time to time the Port Authority Bond Expenses, incurred as of the date of demand, except to the extent that the Port Authority Bond Expenses are paid by the Trustee in accordance with subparagraph (c)(ii), above. As of the date of the Fifth Supplemental Agreement to the Lease, the Lessee agrees that the Port Authority Bond Expenses are One Million Three Hundred Thousand Dollars (\$1,300,000.00), as set forth in Appendix D-3 - "SUMMARY OF CERTAIN PROVISIONS OF LEASE SUPPLEMENT NO. 5." At all times under the Lease the Lessee shall have the right to pay directly to the Trustee, the Paying Agent and the Registrar, and not to the Port Authority, all payments required to be made to the Trustee, the Paying Agent and the Registrar, in accordance with the Trust Indenture, the Trust Administration Agreement, the Paying Agent's Agreement and the Registrar's Agreement.

(e) (i) Without limiting the provisions of paragraph (g), below, the Lessee shall indemnify and hold the Port Authority, its Commissioners, officers, agents and employees free and harmless from and will pay and discharge or cause to be paid and discharged from time to time, when the same shall become due and payable, together with interest and penalties thereon, if any, all taxes, assessments, levies, fees and other governmental charges (including without limitation those arising under Section 148 (f) of the Internal Revenue Code of 1986), general and special, ordinary and extraordinary and whether or not within the contemplation of the parties hereto, which are at any time levied upon, assessed against, or applicable by application of law to the Port Authority or the Passenger Terminal Bonds, or applicable, as a result of the election of the Port Authority, to the Port Authority or the Passenger Terminal Bonds, arising out of, in connection with or relating to the Financing Arrangement (all such foregoing obligations, the "Tax Obligations"); provided, however, that the Lessee shall have no obligation to the Port Authority, its Commissioners, officers, agents or employees to the extent such Tax Obligations resulted from the Port Authority's gross negligence, wilful misconduct or breach of the provisions described in subparagraph (k), below. Furthermore, the Lessee shall indemnify and hold the Port Authority, its Commissioners, officers, agents and employees free and harmless from any actions, claims, demands and proceedings arising out of, in connection with or relating to the Financing Arrangement (all such foregoing obligations, the "Financing Claims"); provided, however, that the Lessee shall have no obligation to the Port Authority, its Commissioners, officers, agents or employees to the extent such Financing Claims resulted from the Port Authority's gross negligence, wilful misconduct or breach of the Lease. Upon demand made at any time and from time to time the Lessee shall pay to

the Port Authority such legal expenses in connection with the foregoing as may be incurred reasonably by the Port Authority, including for services rendered by the Port Authority's Law Department. If so directed by the Port Authority, the Lessee shall at its own expense defend against any such taxes, assessments, levies, fees, or other governmental charges, actions, claims, demands or proceedings. The Port Authority within ten (10) business days after receipt of notice of any such taxes, assessments, levies, fees, other governmental charges, actions, claims, demands or proceedings will notify the Lessee in regard thereof; the Lessee will have the right to investigate, compromise and defend any of the foregoing, subject to the provisions described in subparagraphs (e) (ii) and (iii), below, in reference to any of the foregoing; and the Port Authority and the Lessee will cooperate in regard thereto, and the Port Authority and the Lessee shall at all times keep each other advised of the status thereof.

(ii) The Lessee shall not, without obtaining express advance approval of the General Counsel of the Port Authority, raise or take any action concerning any issues involving in any way the jurisdiction of any tribunal over the person of the Port Authority, its Commissioners, officers, agents or employees, the governmental nature of the Port Authority, and the provisions of any statutes respecting suits against the Port Authority or the immunity from taxes of the Port Authority or its obligations. Regardless of whether any action, claim, demand or proceeding in which such issue is raised or is proposed to be raised is defended on behalf of the Port Authority by the Lessee or by the Port Authority itself, or by both, no action with respect to such issue and no settlement thereof proposed by the Lessee shall be taken or effected without the prior consent of the General Counsel of the Port Authority to each such action or settlement.

(iii) Subject to the foregoing provisions, but with respect to any action, claim, demand or proceeding where the issues described in (e) (ii), above, have not been raised or proposed by the Lessee, whether at commencement or during the pendency of such proceeding, including all appeals therefrom, the Lessee shall have full and complete control of the defense against any such action, claim, demand or proceeding including all appeals therefrom. The Lessee agrees that it shall raise such defenses in any such action, claim, demand or proceeding, or appeal therefrom, as the General Counsel of the Port Authority may request in addition to those as may be raised by the Lessee.

(f) (i) The Lessee agrees that upon the occurrence of and during the continuance of (w) failure to provide sufficient monies for deposit into the Bond Fund to pay Debt Service, when due, (x) the failure of the Lessee to provide sufficient monies for deposit into the Debt Service Reserve Fund to replenish any withdrawal from the Debt Service Reserve Fund within one year after such withdrawal, (y) any of the bankruptcy or insolvency type Events of Default set forth in Section 25 (Termination by the Port Authority) of the Lease or (z) the issuance of a Notice of Termination by the Port Authority pursuant to such Section 25 (the occurrence of any of such events being referred to as a "Trigger Event"), then to the extent set forth in the Trust Indenture, the Trustee may and upon the written request or direction of the Bondholders representing not less than a majority in aggregate principal amount of all Passenger Terminal Bonds then outstanding (excluding any of the Bonds held by or for the account of the Port Authority or the Lessee), the Trustee shall, by written notice given to the Port Authority and the Lessee, declare the principal amount of all Passenger Terminal Bonds then outstanding and the interest accrued thereon to be immediately due and payable, and said principal and interest shall thereupon become immediately due and payable (subject to the Trustee's rights of rescission and annulment set forth in the Trust Indenture), anything contained in the Lease, in the Trust Indenture, in the Resolutions or in any of the Passenger Terminal Bonds to the contrary notwithstanding, and the Accelerated Facility Rental shall thereupon become immediately due and payable by the Lessee without other or further notice from the Port Authority.

(ii) The Trust Administration Agreement shall provide that determination as to whether sufficient monies for deposit into the Bond Fund to pay Debt Service, when due, have been provided shall be made by the Trustee on each date for the payment of Debt Service. Subject to the provisions of Section 4(b)(2) of the Appendix A of the Trust Administration Agreement, the Lessee shall be deemed, but only as to its obligation to pay Facility Rental or Accelerated Facility Rental to the Port Authority and not as to any obligation it has pursuant to the Trust Administration Agreement, to have satisfied its obligation to pay Facility Rental or Accelerated Facility Rental to the extent that the Trustee determines that sufficient monies have been made available on such date to pay Debt Service in accordance with the preceding sentence. If, as a result of a Trigger Event, the Trustee shall elect, with the consent of or at the direction of the Bondholders representing not less than a majority in aggregate principal amount of all Passenger Terminal Bonds (excluding any of such Bonds held by or for the account of the Port Authority or the Lessee), to exercise any or all of its remedies under any of the Security Documents, the Trustee shall not be

under any obligation to accept any subsequent performance or cure by the Lessee in respect of any such Trigger Event, any such right to cure and/or otherwise rectify such Trigger Event is expressly waived by the Lessee. If the Trustee's declaration of acceleration of the Passenger Terminal Bonds is rescinded, with the consent of or at the direction of the Bondholders representing not less than a majority in aggregate principal amount of all Passenger Terminal Bonds (excluding any of such Bonds held by or for the account of the Port Authority or the Lessee), the acceleration of the Facility Rental shall be deemed rescinded as well.

(g) Without limiting the generality of paragraphs (d) or (e), above, the Lessee shall pay to the Trustee, the Paying Agent and the Registrar, if any, from time to time reasonable compensation for all services rendered under, and shall reimburse the Trustee, Paying Agent and Registrar, if any, upon their request for all reasonable expenses, disbursements and advances incurred or made by each of them in connection with the exercise or performance of any of their powers, duties or remedies under, the Resolutions, the Lease, the Leasehold Mortgage, the Personal Property Security Interest, the Guaranty, the Trust Indenture, the Trust Administration Agreement, any other Security Documents, the Paying Agent's Agreement, and the Registrar's Agreement (including the reasonable compensation and the expenses and disbursements of each of their agents and counsel), and the Lessee shall indemnify the Trustee, the Paying Agent and the Registrar, if any, for, and hold them harmless against, any loss, liability or expense incurred without willful misconduct, negligence or bad faith on their part, arising out of or in connection with the exercise or performance of each of their powers, duties and remedies under the Resolutions, the Lease, the Leasehold Mortgage, the Personal Property Security Interest, the Guaranty, the other Security Documents, the Paying Agent's Agreement, the Trust Indenture, the Trust Administration Agreement and the Registrar's Agreement, if any, including the costs and expenses of any defense against any claim or liability in connection with such exercise or performance.

(h) The Port Authority agrees that, without the consent of the Lessee, the Port Authority will not amend the Special Project Bond Resolution, the Special Project Bond Series Resolution, the terms of the Passenger Terminal Bonds, the Contract of Purchase or the Trust Indenture, to the extent any such amendment would have a material or adverse effect on rights or obligations of the Lessee in connection with the Passenger Terminal Bonds. The Port Authority further agrees to give the Lessee fifteen (15) days' notice prior to any amendment to the Special Project Bond Resolution, the Special Project Bond Series Resolution or the Trust Indenture.

(i) (i) It is understood that the Port Authority will be issuing the Passenger Terminal Bonds subject to and in accordance with the provisions of Sections 103 and 141 through 150 of the Code. It is the intention of the parties hereto that the interest on the Passenger Terminal Bonds not be includible, for Federal income tax purposes, in the gross income of the recipients thereof under Section 103(a) of the Code except for any period that any such bond or bonds shall be held by a "substantial user" or "related person" of facilities provided from the proceeds of the Passenger Terminal Bonds, within the meaning of Section 147(a) of the Code, and to that end the Lessee covenants with the Port Authority and for the benefit of the Bondholders that (1) the Lessee shall take any and all actions under the Code to assure that no portion of the proceeds of the Passenger Terminal Bonds will be used in a manner, and that (2) the Lessee shall neither take any actions nor fail to take any actions under the Code with respect to the use of the Project, the revenues therefrom and the proceeds of the Passenger Terminal Bonds, in either case as would cause interest on the Passenger Terminal Bonds to be includible, for Federal income tax purposes, in the gross income of the recipients thereof (except as aforesaid) under Section 103(a) of the Code.

(ii) The Lessee agrees that without the consent of the Port Authority the Lessee will not amend the Trust Administration Agreement or the Leasehold Mortgage.

(j) Prior to execution of the Personal Property Security Interest, the Assignment of Leases and Rents and the other Security Documents, the Lessee shall obtain all necessary and appropriate consents, if any, to permit the Lessee to pledge all right, title and interest of the Lessee in, to and under the collateral covered by the Personal Property Security Interest, the leases and/or the rents in the Assignment of Leases and Rents and the other security covered by the other Security Documents to permit the Trustee to exercise its rights and remedies under the Personal Property Security Interest, the Assignment of Leases and Rents and the other Security Documents, and to permit any purchaser of the collateral to exercise the right, title and interest of the Lessee in, to and under the collateral, the leases and/or the rents and the other security to effectuate the transaction contemplated by the Personal Property Security Interest, the Assignment of Leases and Rents and the other Security Documents respectively.

(k) Assuming compliance with the provisions of the Trust Administration Agreement by the Trustee and the Lessee, and subject to the Resolutions, the Trust Indenture and the Trust Administration Agreement, the Port Authority will neither take any action nor fail to take any action as will cause interest on the Passenger Terminal Bonds to be includible, for Federal income tax purposes, in the gross income of the recipients thereof under Section 103(a) of the Code except for any period that any such bond or bonds shall be held by a “substantial user” or a “related person” of facilities provided from the proceeds of the Passenger Terminal Bonds within the meaning of Section 147(a) of the Code under Section 103(a) of the Code.

(l) The Lessee may enter into leveraged lease or other similar transactions with respect to all or any portion of the Project; subject to the prior consent of the Port Authority, which consent shall not be unreasonably withheld, provided that such leveraged lease or other similar transactions are not inconsistent with the pledges, mortgages, security interests and assignments applicable to the Passenger Terminal Bonds or the Security Documents.

(m) Pursuant to Lease Supplement No. 5, the Lessee agrees to cooperate and work with the Port Authority to initiate, advance and complete a current refunding of the outstanding Second Installment, Third Installment and Fourth Installment of the Series 6 Bonds, as set forth in the section entitled “Project Financing” in Appendix D-3 – “SUMMARY OF CERTAIN PROVISIONS OF LEASE SUPPLEMENT NO. 5.”

Leasehold Mortgage and Lease Assignment

(a) (i) (1) Notwithstanding the provisions of Section 5 (Assignment and Sublease) of the Lease and without otherwise limiting the generality thereof, for the purposes set forth in the Lease, and as a condition to the sale of the Series 6 Bonds, the Lessee has granted to the Trustee a leasehold mortgage of all its leasehold interest under the Lease, as provided in the Leasehold Mortgage, which Leasehold Mortgage is in the form of Exhibit 23.1 of the Lease. In connection with the issuance of the Series 8 Bonds, the Lessee will execute and deliver a First Supplemental Leasehold Mortgage to the Trustee.

(2) In addition, notwithstanding the provisions of Section 5 (Assignment and Sublease) of the Lease, and without otherwise limiting the generality thereof, for the purposes set forth in the Lease, and as a further condition to the sale of the Series 6 Bonds, the Lessee executed and delivered a Lease Assignment to the Trustee, which Lease Assignment is in the form of Exhibit 23.2 of the Lease, and which Lease Assignment is subject and subordinate to the Leasehold Mortgage. In connection with the issuance of the Series 8 Bonds, the Lessee will execute and deliver a First Supplemental Lease Assignment to the Trustee.

(3) The Port Authority, the Trustee, the Lessee and the insurer pursuant to a policy of bond insurance with respect to the Series 6 Bonds entered into the Port Authority Financing Consent and Agreement pursuant to which, among other things, the Port Authority consented to the Leasehold Mortgage, the Lease Assignment and the other Security Documents to the extent applicable to the Port Authority. In connection with the issuance of the Series 8 Bonds, the Lessee, the Trustee, the Port Authority and the insurer pursuant to a policy of bond insurance with respect to the Series 6 Bonds will execute and deliver an Amended and Restated Port Authority Financing Consent and Agreement largely in the form of the Port Authority Financing Consent and Agreement but with such modifications as are necessary to address voting rights and other issues that arise as a result of the issuance of the Series 8 Bonds without the support of a policy of bond insurance and a bond insurer that is deemed the owner of the Series 8 Bonds for voting purposes.

(4) It is the intent of the Lease, the Leasehold Mortgage and the Lease Assignment to allow the Trustee, subject to the terms and provisions of the Lease, either (x) to foreclose under the Leasehold Mortgage in accordance with the terms thereof and of the Lease (the “Foreclosure”) or (y) to effectuate the assignment of the Lessee’s interest under the Lease pursuant to the Lease Assignment in accordance with the terms thereof and of the Lease (the “Future Assignment”). The Trustee shall be free to elect either of these remedies, and the election of any such remedies shall not preclude the Trustee from subsequently exercising any other remedies.

(5) It is the intent of the provisions of the Lease and the Lease Assignment to assure that, upon the election of the Trustee, the Lease and the tenancy by the Lessee and its successors and assigns under the Lease, shall not be deemed terminated for any purpose, including, without limitation, for purposes of the Special

Project Bond Resolution and the Special Project Bond Series Resolution and that it is the further intention of the parties that in the event that the Lessee shall cease to be entitled to the rights of possession, occupancy and its other rights under the Lease, at the election of the Trustee, a successor or assignee of the Lessee shall be appointed for whose benefit the Lease shall continue in full force and effect, except as otherwise specifically set forth in the Lease. The Port Authority agrees for the benefit of the Trustee and any such successor or assignee of the Lessee to enter into any document, instrument or other agreement as may be necessary or appropriate to evidence the continuation of the Lease, and any modification of the terms hereof that are necessary to implement or reflect the provisions hereof as set forth in the Lease. Such provisions are a material inducement to the Trustee and the Bondholders in purchasing the Passenger Terminal Bonds to assure them that, at their election, the Lessee shall not terminate or cause the termination of the Lease so as to make impossible the continuation of the Leasehold Mortgage and the preservation of the rights of the Bondholders to Facility Rental for the repayment of the Passenger Terminal Bonds.

(ii) If a Foreclosure Purchaser shall acquire title to the leasehold and the Lease, such Foreclosure Purchaser shall be bound (except as otherwise specifically set forth in the Lease) by all of the terms and provisions of the Lease including the provisions (x) respecting the rights and obligations of the Foreclosure Purchaser set forth in paragraph (k) below to, among other things, cure the defaults of the Lessee and (y) restricting the right of the Lessee to transfer, sell or assign the leasehold and its rights under the Lease including, without limitation, the provisions of Section 5 (Assignment and Sublease) and Section 23 (Leasehold Mortgage and Lease Assignment) of the Lease. The provisions of Section 31 (Restriction on Transfer) of the Lease shall be modified appropriately so as to reflect the ownership structure of the Foreclosure Purchaser.

(iii) (1) If an assignee (the "Assignee") under any Future Assignment shall become the Lessee under the Lease, such Lessee shall be subject to all the provisions of the Leasehold Mortgage and the other Security Documents and shall be bound (except as otherwise specifically set forth in the Lease) by all of the terms and provisions of the Lease including the provisions (w) concerning the payment of Facility Rental, (x) respecting the rights and obligations of the Assignee set forth in paragraph (k) below to, among other things, cure the defaults of the Lessee, and (y) restricting the right of the Lessee to transfer, sell or assign the leasehold and its rights under the Lease including, without limitation, the provisions of Section 5 (Assignment and Sublease) and Section 23 (Leasehold Mortgage and Lease Assignment) of the Lease. It is understood and agreed that the provisions of Section 31 (Restriction on Transfer) of the Lease shall be modified appropriately so as to reflect the ownership structure of the Assignee.

(2) Upon the consummation of any Future Assignment, the Assignee shall execute in favor of the Trustee a subsequent Lease Assignment, and shall execute or continue to be bound by the other Security Documents. Upon the consummation of any such Future Assignment, the Leasehold Mortgage entered into in favor of the Trustee shall continue in full force and effect and any lease assignment in such form entered into in substitution for the original Lease Assignment shall for all purposes of the Lease and the Port Authority Financing Consent and Agreement be deemed to be the Lease Assignment.

(iv) (A) The Trustee may effectuate any Future Assignment upon the occurrence and during the continuance of a Trigger Event by giving to the Lessee and the Port Authority an Assignment Notice (as defined in the Lease Assignment) in accordance with the Lease Assignment. Upon the occurrence of a Trigger Event and the giving of an Assignment Notice and without further action on the part of the Trustee, the parties agree that as between the Port Authority and either (x) the Trustee or (y) a Qualified Terminal Operator, the Lessee shall be deemed irrevocably to have assigned its rights under the Lease to the Trustee or a Qualified Terminal Operator, the Trustee or such Qualified Terminal Operator shall be deemed to have assumed the Lessee's obligations under the Lease as described in Section 23 (Leasehold Mortgage and Lease Assignment) of the Lease and, except as modified or waived to the extent provided below, the Lease shall remain in full force and effect as between the Trustee or such Qualified Terminal Operator - and the Port Authority. Upon such election by the Trustee (as evidenced by the giving of the Assignment Notice), the Port Authority, in any action seeking enforcement of the termination provisions of the Lease pursuant to Section 25 (Termination by the Port Authority), shall, instead, seek a judgment compelling the assignment of the Lessee's rights under the Lease to the Trustee or such Qualified Terminal Operator, and any rejection or deemed rejection of the Lease under the U.S. Bankruptcy Code shall not constitute a termination of the Lease as between the Trustee or such Qualified Terminal Operator and the Port Authority, and the Lessee shall for all purposes be deemed to have assigned its rights under the Lease to the Trustee or such Qualified Terminal Operator without any need of any further instrument of assignment or transfer from the Lessee. At the

option of the Port Authority, or of the Trustee or such Qualified Terminal Operator, the Trustee and the Port Authority shall confirm such Future Assignment by the execution of a written assignment and assumption agreement and the Port Authority and the Trustee or such Qualified Terminal Operator, shall enter into any document or instrument that may be appropriate to amend, supplement, or otherwise effectuate the continuation of the Lease and any appropriate modifications of the terms hereof to implement such assignment, including any modifications to the provisions relating to the payment of Facility Rental authorized by the Trustee.

(B) Any action that the Trustee may take under Section 23 (Leasehold Mortgage and Lease Assignment) of the Lease may be taken by the Trustee or a nominee designated by the Trustee. No designation of a nominee shall afford the Trustee any greater rights under the Lease with respect to Interim Terminal Operators or Qualified Terminal Operators than otherwise provided in the Lease with respect to the Trustee itself.

(v) (1) In the event of the foreclosure upon, and the sale or other conveyance of, the leasehold interest under the Lease, to any Person (such Person being referred to as the "Foreclosure Purchaser") pursuant to the exercise of remedies by the Trustee in accordance with the Leasehold Mortgage and the Lease, the Foreclosure Purchaser shall have the right to pledge its interest as Lessee under the Lease to any Qualified Institutional Buyers (as defined in Rule 144A under the Securities Act of 1933) of debt issued by the Foreclosure Purchaser, to any purchasers of debt publicly issued by the Foreclosure Purchaser or to any other lenders to or purchasers of debt issued by the Foreclosure Purchaser that are reasonably satisfactory to the Port Authority (any such lenders or purchasers being referred to as the "Replacement Financing Party") and the Port Authority consents to such Foreclosure Purchaser granting a security interest of its leasehold interest in the Lease to such Replacement Financing Party. Such security interest shall be in form and substance substantially equivalent to the Leasehold Mortgage. Additionally, such Foreclosure Purchaser may also grant security interests to such Replacement Financing Party in form and substance substantially equivalent to the Personal Property Security Interest, the Assignment of Leases and Rents and the other Security Documents, with appropriate changes to reflect that the Special Project Bonds shall have been accelerated and discharged in full and are no longer issued and outstanding. Such Replacement Financing Party shall have substantially the same rights and benefits relating to the exercise of remedies, including cure periods and notice provisions with respect to defaults, which are afforded to the Trustee under the Lease and the applicable Security Documents.

(2) Any such new security documents referred to in clause (1) above, including a Leasehold Mortgage (the "Replacement Leasehold Mortgage"), shall constitute "Security Documents" for purposes of the Lease. No subsequent foreclosure of such new Leasehold Mortgage or exercise of similar rights under any other Security Document by the Replacement Financing Party shall entitle any subsequent foreclosure purchaser to another Replacement Leasehold Mortgage or other Security Documents.

(b) (i) Notwithstanding anything contained in the Leasehold Mortgage or the Lease Assignment, it is understood and agreed that as between the Trustee and the Port Authority, all rights of the Trustee under the Leasehold Mortgage and the Lease Assignment shall be subject and subordinate to the terms, covenants, conditions and provisions of the Lease which benefit the Port Authority. Notwithstanding any provisions of the Leasehold Mortgage or the Lease Assignment to the contrary, the Lessee shall be deemed to be the tenant under the Lease unless and until termination of the leasehold interest of the Lessee pursuant to a Notice of Termination under the Lease, effectuation of a Future Assignment, or foreclosure and sale or other conveyance of such leasehold interest to a Foreclosure Purchaser.

(ii) (1) The Lessee shall have full and complete control of the operation and use of the Premises, and, except as set forth in the Lease, the Trust Administration Agreement, the Leasehold Mortgage, the Lease Assignment or the other Security Documents or as otherwise agreed by the Lessee in writing with the consent of the Port Authority, the Lessee shall have full power and authority to give waivers of, and to consent to variations from, the rights of the Lessee under the Lease, and to negotiate and enter into supplements and amendments to the Lease, and except as aforesaid the Port Authority may deal directly with the Lessee in the negotiation and procurement of such waivers, variations, supplements and amendments and in all other matters involving the Lessee under the Lease or the operation and use of the Premises, without any consultation with or approval by the Trustee or the Bondholders.

(2) Notwithstanding subparagraph (1) above, so long as any Passenger Terminal Bonds remain outstanding, the Lessee shall not, without the prior written consent of the Trustee, (x) take any action or omit any action the effect of which would be to (A) terminate or reduce the Lessee's obligation to pay Facility Rental (including the Accelerated Facility Rental), (B) reduce or terminate the Term, or (C) increase the amount of the annual fixed rentals payable by the Lessee under the Lease, except for any increase in Facility Rental on account of additional Passenger Terminal Bonds authorized pursuant to the Resolutions and the Lease and except for any increase in the annual fixed rentals which are junior in priority and right to payment to the payment of Facility Rental, (y) enter into, obtain or otherwise consent to or effectuate any waiver, variation, supplement or amendment of Section 22 (Project Financing), Section 23 (Leasehold Mortgage and Lease Assignment), Section 24 (Additional Rental Obligations), Section 25 (Termination by the Port Authority), Section 27 (Waiver of Redemption), Section 30 (Remedies to be Non-Exclusive), Section 33 (Acceptance of Surrender of Lease), Section 34 (Condemnation), Section 39 (Damage or Destruction of the Premises), Section 65 (Termination by Lessee), Section 68 (Non-liability of Individuals, Limitations on Recourse), of the Lease; or (z) enter into any written supplement or amendment to the Lease which, at the time of such supplement or amendment, could reasonably be expected to have a material adverse effect on the rights, interests and/or security of the Trustee and/or Bondholders; provided, however, that the foregoing shall not be construed or deemed to prohibit or restrict the Lessee's rights, without the consent of the Trustee, to enter into an agreement (including a supplement or amendment to the Lease) with the Port Authority to pay reasonable increases in Ground Rental with respect to Parcel Z previously identified by the panics and with respect to adjustments to the Lease line to accommodate design modification or operational factors so long as such modifications or operational factors and such related increases in Ground Rental do not materially adversely affect the Bondholders. None of the following actions shall constitute or be deemed written supplements or amendments to the Lease under clause (z) above (but the Lessee agrees not to request or consent to any such action that, at the time of the request or consent, could reasonably be expected to have a materially adverse effect on the Bondholders): (A) the Port Authority may approve construction/alteration applications with respect to the Premises, (B) the Port Authority may enter into, terminate or amend arrangements with the Lessee for the provision of services by the Port Authority which are provided to other Unit Terminal Operators in the Central Terminal Area on the same or a similar basis, (C) the Port Authority may grant, terminate or amend its consent to subleases under Sections 5 (Assignment and Sublease), 43 (Airline Subleases) or 44 (Retail Subleases) of the Lease and the plans of the Lessee with respect thereto and (D) the Lessee may enter into, terminate or amend such other separate operational arrangements with the Port Authority as may be necessary or appropriate in connection with the Premises.

(3) In addition, the Lessee, for the benefit of the Trustee, agrees to deliver to the Trustee upon the execution and delivery thereof, true and certified copies of any and all written waivers, variations, supplements or amendments of the Lease.

(4) The Lessee agrees for the benefit of the Trustee and the Port Authority to perform any obligations and to discharge any liabilities of the Lessee under the Lease, and the Lessee further agrees to indemnify and save the Port Authority and the Trustee harmless from any loss in connection with the Lessee's failure to discharge any such obligation and liability.

(5) Nothing contained in the Lease, the Resolutions or any Security Document shall require the Port Authority to exercise any remedy or restrict the Port Authority from waiving any default or alleged default of the Lessee under the Lease or otherwise, provided, however, that any such waiver by the Port Authority of any default or alleged default by the Lessee or any other waiver by the Port Authority of any covenant or agreement by the Lessee under the Lease, the Resolutions or any of the Security Documents shall not constitute a waiver of such covenants or defaults by the Trustee, and the Trustee shall be entitled to exercise its applicable remedies under the Trust Administration Agreement and any other available remedies under any of the other Security Documents.

(c) So long as the Leasehold Mortgage shall be and remain in effect, the Lease shall be deemed amended in the following respects:

(i) Subparagraph (1)(c) of Section 38 (Insurance) of the Lease shall be amended by adding the words "the "Trustee," immediately preceding the words "the Port Authority" in the second line thereof.

(ii) Subparagraph (I)(d) of Section 38 (Insurance) of the Lease shall be amended by adding the words "the Trustee," immediately preceding the words "the Port Authority" in the eighth line thereof.

(iii) Subparagraph (II)(a) of Section 38 (Insurance) of the Lease shall be amended by adding the words “and the Trustee” immediately following the words “the Port Authority” in said section.

(iv) Upon full satisfaction and discharge of the Leasehold Mortgage, the Lease shall be read without reference to the amendments under this paragraph (c).

(d) In the event that pursuant to the terms of condemnation provisions of the Lease the Lessee shall sell to the Port Authority and the Port Authority shall purchase from the Lessee so much of the Lessee’s leasehold interest in the Premises which are taken, such purchase pursuant to condemnation provisions of the Lease shall be free and clear of the Leasehold Mortgage, the Lease Assignment and the other Security Documents and any interest of the Trustee in the Lease and the leasehold. The Lessee and the Port Authority agree that the Port Authority shall pay to the Trustee, as the sole and entire consideration for such purchase by the Port Authority, the amount as provided under condemnation provisions of the Lease. Any amount paid by the Port Authority to the Trustee shall be applied by the Trustee in accordance with the Trust Administration Agreement. It is understood that in the event of termination of the Lease or transfer of the Lease based upon condemnation in accordance with condemnation provisions of the Lease, the Port Authority would accelerate the payment of the Facility Rental and the Lessee would thereby become obligated to pay the Accelerated Facility Rental as described in “Additional Rental Obligations” below, it being further understood, however, that the Lessee’s obligation under the Lease to pay the Accelerated Facility Rental in such event shall be limited to payment of the difference, if any, between the amount paid by the Port Authority in accordance with condemnation provisions of the Lease and the amount of the Accelerated Facility Rental, as aforesaid, payable by the Lessee. The Lessee assigns to the Trustee for deposit in the Bond Fund any monies which the Lessee is entitled to retain as a result of a temporary taking pursuant to Section 34 (Condemnation) of the Lease.

(e) The Port Authority Financing Consent and Agreement shall require the Trustee to send to the Port Authority a copy of each notice of default or delinquency under the Passenger Terminal Bonds, the Leasehold Mortgage, the Lease Assignment or the other Security Documents, or any of them, promptly whenever any such notice of default or delinquency shall have been sent to the Lessee. The Port Authority Financing Consent and Agreement shall also require the Lessee to send to the Trustee a copy of each such Notice of Default, Notice of Intention to Terminate or Notice of Termination given to the Lessee by the Port Authority, as well as any notice of default given by the Port Authority to the Lessee under any other document, promptly whenever any such notice of default shall have been sent by the Port Authority to the Lessee.

(f) (i) Subject to subparagraph (ii) hereof, notwithstanding any other term or provision hereof or of the Leasehold Mortgage or the Lease Assignment or any other Security Document, no Person, other than a Qualified Terminal Operator or the Trustee (provided that the Trustee shall have at all times retained an Interim Terminal Operator from and after any Foreclosure or Future Assignment) shall be or be entitled to become the owner of the leasehold estate under the Lease, or acquire any interest in the Lease as the Foreclosure Purchaser or the Assignee, or to acquire any interest in the Lease pursuant to any other Security Document or otherwise. The foregoing provision is of the essence of the Lease, the Leasehold Mortgage and the Lease Assignment and it is only upon this basis that the Port Authority has agreed to enter into the Lease and to consent to the Leasehold Mortgage and the Lease Assignment.

(ii) Nothing in the Lease shall be deemed to preclude either the Port Authority or the Trustee (provided that the Trustee shall have at all times retained an Interim Terminal Operator from and after any Foreclosure) from bidding for or from becoming the owner of the Lessee’s rights under the Lease and the leasehold free from any claims, equities or rights of redemption of the Lessee, and, in the case of the Port Authority, the Bondholders and the Trustee. The Port Authority and the Trustee shall have the right to bid for the Lessee’s rights under the Lease and the leasehold at any sale, public or private, whether held pursuant to a judgment of foreclosure, assignment or otherwise.

(g) (i) (1) If the Port Authority shall elect to terminate the letting under Section 25 (Termination by the Port Authority) of the Lease, then, at the time of service of a Notice of Termination upon the Lessee, the Port Authority shall give a copy of such Notice of Termination to the Trustee as contemplated in subparagraph (b)(i)(3) of Section 25 (Termination by the Port Authority) of the Lease. The Trustee shall have the right to extend the effective date of termination specified in any such Notice of Termination, for a period of sixty

(60) days or such lesser period as may be specified by the Trustee (the "Initial Trustee Extension Period"), provided the Trustee shall give notice (the "Trustee Extension Notice") of such extension to the Port Authority at any time on and after the date of the Notice of Termination but not later than the effective date of termination stated in the Notice of Termination.

(2) The Port Authority and the Lessee agree that in the event that the Port Authority's Notice of Intention to Terminate or Notice of Default is postponed as provided in subparagraph (b)(ii) of Section 25 (Termination by the Port Authority) of the Lease, the Port Authority shall give prompt notice to the Trustee of such postponement and to the extent known at the time, the effective date to which any such notice has been postponed. Upon the final completion of any dispute resolution procedure pursuant to Section 25 (Termination by the Port Authority) of the Lease, the Port Authority and the Lessee shall promptly notify the Trustee of the results thereof. In the event of any such postponement, the Trustee shall only have the right to give the Trustee Extension Notice during the sixty (60) day period following receipt by the Lessee and the Trustee of a Notice of Termination from the Port Authority after the end of any period of postponement pursuant to Section 25 (Termination by the Port Authority) of the Lease.

(3) (A) The Trustee shall exercise all reasonably available legal remedies to permit the Trustee through the retention of an Interim Terminal Operator during the Initial Trustee Extension Period referred to in subparagraph (g)(i)(1), above, and any Second Trustee Extension Period referred to in subparagraph (g)(i)(4)(A), below, to keep the Premises open for business and to cure any defaults by the Lessee in the performance of any covenants under the Lease the non-performance of which would threaten the life, safety or security of any of the tenants, occupants or invitees using the Premises or the operation of the Airport generally.

(B) Simultaneously with the giving of the Trustee Extension Notice, the Trustee shall apply all Default Available Cash in accordance with the definition of such term.

(4) (A) At the end of the sixty (60) day period following receipt by the Port Authority of a Trustee Extension Notice, the Lease and the letting under the Lease shall be terminated and the Port Authority shall be entitled to institute summary or other legal proceedings to effectuate the same, unless within such time the Trustee shall have given the Port Authority notice (the "Trustee Election Notice") of its intention to foreclose the Leasehold Mortgage and/or to seek a Future Assignment, in which case the Port Authority shall not have the right to terminate the Lease so long as the Trustee is in compliance with the terms set forth below. During the Initial Trustee Extension Period, and any further period (the "Second Trustee Extension Period") up to the Foreclosure pursuant to the Leasehold Mortgage or the Future Assignment pursuant to the Lease Assignment, the Trustee for the purposes of protecting and preserving its security under the Leasehold Mortgage and the Lease Assignment and for meeting the obligations of the Lessee for the operation, care and maintenance of the Premises to the extent provided below, shall (x) continue to perform its obligations to the Port Authority in accordance with subparagraph (3) above, and (y) have appointed an Interim Terminal Operator to perform the operating responsibilities of the Lessee for the operation, care and maintenance of the Premises to the extent the Lessee shall fail to do so, but only to the extent of Default Available Cash and to the extent that the Interim Terminal Operator has access to the Premises.

(B) Nothing in the Lease shall be construed to require the Trustee to take any action that would constitute breach of peace or otherwise be unlawful, and the Trustee's obligations under the Lease which require access to or possession of the Premises shall be suspended and relieved to the extent that the Trustee shall not be lawfully granted the right of access or possession for such purposes. Any fees payable to and any costs and expenses (including, without limitation, reasonable fees and expenses of counsel) incurred by the Trustee and the Interim Terminal Operator in connection with the foregoing shall be reimbursable to the Trustee or to the Interim Terminal Operator, as the case may be, as Permitted O&M Expenses.

(h) (i) If, in the event the Lease is terminated pursuant to Section 25 (Termination by the Port Authority) of the Lease by reason of the occurrence of any Event of Default, and the Port Authority within sixty (60) days after the effective date of such termination receives notice from the Trustee that the Trustee requests a new lease of the Premises (the "New Lease"), and naming as proposed tenant thereof a Qualified Terminal Operator (the "New Lessee"), the Port Authority shall, within sixty (60) days following its receipt of such request or within ten (10) days following the expiration of such longer period during which any decree or order of any court having

jurisdiction over the Lessee shall have the effect of preventing the Port Authority, as lessor, from executing or delivering the New Lease, prepare and deliver to the New Lessee, a New Lease, the provisions of which shall be substantially the same as those of the Lease except for the effective date thereof but with the same expiration date and, with respect to Sections 22 (Project Financing), 23 (Leasehold Mortgage and Lease Assignment) and 24 (Additional Rental Obligations) of the Lease and except as otherwise provided in the Lease, affording the New Lessee only those rights which would be applicable to a Foreclosure Purchaser. In the event the Trustee for and on behalf of the New Lessee shall not deliver an executed copy of such New Lease to the Port Authority within thirty (30) days of its receipt thereof, together with payment for all expenses, including reasonable attorney's fees, incidental to the preparation, printing, execution, delivery and recording of the New Lease, the Trustee shall have no further right or interest in or to the Premises under the Leasehold Mortgage and the New Lease shall be deemed null and void and of no further force and effect except that the Trustee shall on demand return all copies thereof to the Port Authority. The granting of a New Lease to the New Lessee shall not affect the survival of the Lessee's obligations as described in "Survival of the Obligations of the Lessee" below.

(ii) In the event of the termination of the Lease and the execution and delivery of a New Lease to the Trustee for and on behalf of a Qualified Terminal Operator as the New Lessee as described in this paragraph (h), nothing contained in the Lease or the Leasehold Mortgage shall be deemed to impose any obligation on the part of the Port Authority to deliver personal possession of the Premises to the New Lessee; provided, however, that the obligation of the New Lessee to pay rent and to perform its covenants and obligations under the New Lease shall not apply to the extent that the performance thereof by the Lessee is prohibited or prevented by lack of possession of the Premises. The Port Authority agrees, however, that the Port Authority will, at the sole cost and expense of the New Lessee, cooperate in the prosecution of summary proceedings to evict the Lessee in the event of such termination.

(i) If the Lessee defaults under the Lease and fails to cure the same within the time allotted therefor, if any, then the Lessee directs that the Port Authority accept and permit, and the Port Authority agrees to accept and permit, the curing of any default under the Lease by the Trustee as if and with the same force and effect as though cured by the Lessee; provided, however, the curing of any such default by the Trustee shall not be deemed to cure any default by the Lessee under the Leasehold Mortgage or the other Security Documents and shall not relieve the Lessee from any obligation to reimburse the Trustee for any costs and expenses incidental to the curing of such defaults; and provided, further, that, so long as a Trigger Event shall not have occurred and be continuing, the Trustee shall not have the right to enter the Premises to cure or prevent any default by the Lessee or otherwise take any action that interferes with the Lessee's construction, operation or maintenance of the Project or the Premises.

(j) No sale, transfer or assignment by the Lessee of its interest in the Lease to the Port Authority or the Trustee (or its designee) shall create a merger between the estates of the Port Authority and the Lessee or that of the Lessee and the Trustee unless the Port Authority, the Lessee and the Trustee shall specifically consent to such merger in writing.

(k) In the event of a permitted transfer to a Foreclosure Purchaser or a Future Assignment to an Assignee or the execution of a New Lease with a New Lessee, such Foreclosure Purchaser, Assignee or New Lessee, as the case may be, shall assume or shall have, as the case may be, all of the Lessee's obligations under the Lease arising from and after the date of such Foreclosure or Future Assignment or execution of a New Lease (except as otherwise expressly provided in the Lease). In addition, such Foreclosure Purchaser, Assignee or New Lessee shall agree to immediately cure any non-monetary defaults which would threaten the life, safety or security of any of the tenants, occupants or invitees using the Premises or the operation of the Airport generally and to cure all other past non-monetary defaults by the Lessee under the Lease which have an effect on an ongoing basis not later than six months following the later to occur of (x) the effective date of such Foreclosure, Future Assignment or New Lease or (y) the date on which such Foreclosure Purchaser, Assignee, or New Lessee legally obtains possession of the Premises except where Deferred Compliance is applicable. From and after the date the Foreclosure Purchaser, Assignee, or New Lessee legally obtains possession of the Premises, it shall operate the Premises. Any past due payments to the Port Authority representing (x) Ground Rental and Building Rental, (y) any Subordinated fundings payable to the Port Authority in respect of any prior periods to the extent that the same are due and payable and have not been paid and (z) any past due amounts payable to the Port Authority which are includible as Permitted O&M Expenses (such amounts being collectively referred to as the "Defaulted Payments") at the effective date of the Foreclosure, Future Assignment or New Lease shall be payable by such Foreclosure Purchaser, Assignee or New

Lessee as set forth in the definition of Default Available Cash prior to the payment of any Subordinated Fundings, provided, however, that such Defaulted Payments shall be paid in full no later than one year from the later to occur of (x) the effective date of the Foreclosure, Future Assignment or the New Lease or (y) the date on which the Foreclosure Purchaser, Assignee, or New Lessee legally obtains physical possession of the Premises. The terms of the Lease shall be deemed amended and modified to grant relief to such Foreclosure Purchaser, Assignee or New Lessee from the performance of the Lessee's obligations to the extent set forth above, and no default shall be deemed to have occurred by or may be enforced by the Port Authority on account thereof.

(l) In the event the Trustee requests that the Port Authority approve any Person as a Qualified Terminal Operator or an Interim Terminal Operator, the Port Authority shall within ten (10) days following its receipt of such request (together with appropriate supporting information) notify the Trustee as to whether the Person is acceptable as a Qualified Terminal Operator. In the event the Port Authority notifies the Trustee that the Person does not qualify as a Qualified Terminal Operator or an Interim Terminal Operator, the Trustee shall be given a reasonable additional time to either resolve any differences with the Port Authority or to locate a different Person to be a Qualified Terminal Operator or Interim Terminal Operator. With respect to any differences as to an Interim Terminal Operator, the requirements of the Lease with respect to performance by the Trustee shall be extended, and as to any differences with respect to a Qualified Terminal Operator, the time for the implementation, effectuation or completion of a Future Assignment, the foreclosure of a Leasehold Mortgage or the execution of a New Lease shall be reasonably extended.

(m) The Trustee shall have the right to be a Foreclosure Purchaser in connection with a Foreclosure or an Assignee under a Future Assignment provided that it shall at all times during such period engage an Interim Terminal Operator to operate the Premises and the parties further acknowledge and agree that the Trustee shall have the right to continue to remain such Lessee throughout the balance of the Term, it being understood that the Trustee shall be obligated to perform all the obligations of the Lessee under the Lease until such time as it shall have assigned the Lease to a Qualified Terminal Operator.

(n) The Port Authority further agrees, that during any period following the issuance by the Port Authority of any Notice of Intention to Terminate, Notice of Default or Notice of Termination, it shall, to the extent requested by the Trustee (but subject to customary confidentiality and nondisclosure requirements to protect the interests of the Lessee, the Port Authority and the Trustee, subject to the Port Authority's Freedom of Information Policy, which confidentiality requirements shall not unreasonably restrict the Interim Terminal Operator or the Qualified Terminal Operator from evaluating any material or information and sharing such material or information with its advisors to further the intents and purposes hereof), extend cooperation to any proposed Interim Terminal Operator or any proposed Qualified Terminal Operator in connection with the review by any such Person of documents, instruments, records, reports, including all financial information, drawings, leases, and other documents and agreements related to the Premises, to facilitate the assumption by such Person of its duties and responsibilities contemplated under the Lease, including, in the case of a Qualified Terminal Operator, the assumption of the Lessee's rights and obligations under the Lease.

(o) The Trustee and the Port Authority shall be entitled to reimbursement for all of their reasonable costs and expenses in connection with the exercise of any of the rights of the Trustee under the Lease (including reasonable fees and disbursements of counsel). The Trustee shall have the right to make such reimbursements from any Gross Revenues received by or available to or controlled by the Trustee and such expenses shall be deemed Permitted O&M Expenses. In addition, the Trustee shall have the right to reimburse the Interim Terminal Operator for any of its costs, expenses and damages, including reasonable fees to such Interim Terminal Operator, as Permitted O&M Expenses.

(p) Any assignment to or assumption by any Person (including the Trustee) of any of the Lessee's rights or obligations under the Lease shall be expressly subject to the non-recourse provisions of the Lease, which provisions shall apply to any such assignee and its officers, directors, shareholders, partners and other principals.

(q) The notice, cure and contest periods and provisions described in "Termination by the Port Authority" below as to any defaults by the Lessee under the Lease shall apply equally to any obligations of the Trustee under the Lease, including in the exercise of the rights and remedies under the Lease.

Additional Rental Obligations

(a) In the event the Lease expires, or in the event the Lease is terminated or by the Port Authority pursuant to the provisions described in “Termination by the Port Authority” below, or in the event the Trustee shall declare all outstanding Passenger Terminal Bonds to be immediately due and payable in accordance with the Resolutions, the Security Documents and the Lease, then in any such event the Facility Rental shall be accelerated and the Lessee shall, in lieu of the Facility Rental heretofore provided, pay the Accelerated Facility Rental; provided, however, if the Trustee’s declaration of acceleration of the Passenger Terminal Bonds shall be rescinded, the acceleration of the Facility Rental shall be deemed rescinded as well.

(b) The Port Authority shall irrevocably mortgage, assign and set over to the Trustee for the benefit of the Bondholders all of the Port Authority’s right, title and interest in and to the Facility Rental and the Accelerated Facility Rental and all payments of the Facility Rental and the Accelerated Facility Rental shall be paid directly by the Lessee to the Trustee and the Trustee shall have the right to enforce, in an action for monetary damages, the payment thereof.

(c) Notwithstanding any other provision of the Lease, or otherwise, neither the Facility Rental nor the Accelerated Facility Rental shall be subject to abatement, suspension, set-off or defense for any reason whatsoever. Without limiting the foregoing, nothing contained in this paragraph shall be construed to release the Port Authority from the performance of any of the agreements on its part contained in the Lease.

(d) The Accelerated Facility Rental has not been incorporated in the “Survival of Obligations of the Lessee” provisions of the Lease setting forth the damages of the Port Authority in the event of termination of the Lease or the re-entry, regaining or resumption of possession by the Port Authority as therein set forth. In lieu thereof, the provisions of paragraph (c), above, including the Lessee’s obligations to pay the Facility Rental and the Accelerated Facility Rental as stated therein shall be in effect. If, however, these provisions are not given full and complete effect by any court of competent jurisdiction, then and at the election of the Port Authority and if not otherwise paid, all unpaid installments of Facility Rental and the Accelerated Facility Rental shall be and be deemed to be a part of the damages of the Port Authority under the “Survival of Obligations of the Lessee” provisions of the Lease, described below, and all such provisions shall apply and pertain thereto.

(e) In the event the Trustee shall receive a payment of Facility Rental or Accelerated Facility Rental from the Lessee which is insufficient in amount, the Lessee agrees that the Trustee shall apply said payment of Facility Rental, equally and ratably, first to the payment of interest, then to the payment of premium, if any, and then to unpaid principal on the Passenger Terminal Bonds.

(f) Notwithstanding anything to the contrary contained in the Lease, the Port Authority shall not issue a Notice of Default or Notice of Termination for the failure of the Lessee to pay all or any portion of the Facility Rental or to otherwise provide sufficient monies for deposit into the Bond Fund to pay Debt Service, when due, unless and until the Trustee consents in writing to the issuance of any such notice by the Port Authority. Notwithstanding the foregoing, the Trustee shall have all other remedies available to it, in law or equity (including, without limitation, the Leasehold Mortgage or the Lease Assignment) for failure to make such payments by the Lessee, subject, however, to the provisions of the Lease, the Resolutions and the Security Documents.

(g) Notwithstanding any other provisions of the Lease to the contrary, in the event the Lessee fails to pay all or any part of the Facility Rental or otherwise provide sufficient monies for deposit into the Bond Fund to pay Debt Service, when due, the Trustee may, with the written consent of the Bondholders representing not less than a majority in aggregate principal amount of all Passenger Terminal Bonds (excluding any of the Passenger Terminal Bonds held by or for the account of the Port Authority or the Lessee), and upon written request or direction of the Bondholders representing not less than a majority in aggregate principal amount of all Passenger Terminal Bonds then outstanding (excluding in each case any of the Passenger Terminal Bonds held by or for the account of the Port Authority or the Lessee), the Trustee shall, by written notice given to the Port Authority and the Lessee, declare (i) that all or any portion of such deficiency be waived, excused, accrued or otherwise deferred to later periods under the Lease; and/or (ii) that the Lessee in lieu of making a direct payment of all or a portion of the Facility Rental to the Bond Fund shall make payments as directed by the Trustee to third parties, including, but not limited to, an Interim Terminal Operator or a Qualified Terminal Operator.

(h) Notwithstanding anything to the contrary contained in the Lease, in the event the Trustee shall declare all outstanding Passenger Terminal Bonds to be immediately due and payable pursuant to the Resolutions, the Security Documents and the Lease and the Trustee forecloses under the Leasehold Mortgage, or in the event a New Lease is executed with a Qualified Terminal Operator, then the Foreclosure Purchaser or successor lessee under a New Lease (the "Purchaser") of the Project shall be entitled, in lieu of any deduction for Facility Rental, to deduct in computing Subordinated Fundings, prior to the payment of any Subordinated Fundings, for any Annual Period and retain for its own account (or for the account of any Person providing financing to such entity) an amount that equals the Purchaser's Acquisition Cost Return. For purposes of this summary, the "Purchaser's Acquisition Cost Return" shall mean, for any Annual Period the amount required to amortize over the remaining Term of the Lease the amount paid by such Purchaser (whether financed with debt or equity or both), together with interest on such total purchase price at the weighted-average rate determined on an arm's-length basis on all debt incurred by the Purchaser to acquire the Lessee's interest under the Lease in any foreclosure sale or in consideration of the execution of a New Lease. If no debt is incurred in connection therewith, an interest rate shall be reasonably determined by the Port Authority and the Trustee for such purpose, on the basis of the current interest rates prevailing at the time of such Foreclosure or New Lease in connection with debt, having a weighted average life equal to that which would have been applicable to the Passenger Terminal Bonds at such time had the Passenger Terminal Bonds not been accelerated and discharged in full, issued by corporations having a debt rating of BBB or equivalent. In no event shall the amounts deducted in any fiscal year exceed the annual amount of Facility Rental equal to Debt Service on the Passenger Terminal Bonds determined with respect to all installments thereof and the mandatory sinking fund redemption requirements or special mandatory redemption requirements (without any carryforward provided for in the special mandatory redemption provisions) which would be in effect at that time had the Passenger Terminal Bonds remained outstanding. Upon the foreclosure, sale or other conveyance under the Leasehold Mortgage, or the delivery of a New Lease to the Purchaser, the amount of Accelerated Facility Rental shall, as to the Purchaser only, be deemed null, void and of no further force or effect for purposes of the Lease and no amount thereof shall be due and payable by the Purchaser after the effective date of such foreclosure, sale or other conveyance, the Purchaser shall acquire the Lessee's interest free of the obligation to pay Facility Rental or any Debt Service with respect to the Passenger Terminal Bonds, and the Lease provisions shall otherwise be substantially the same (except as expressly provided in the Lease).

Termination by the Port Authority

- (a) If any one or more of the following events (each an "Event of Default") shall occur, that is to say:
- (i) The Lessee shall become insolvent or shall take the benefit of any present or future insolvency statute, or shall make a general assignment for the benefit of creditors, or file a voluntary petition in bankruptcy or a petition or answer seeking an arrangement, including, without limitation, its reorganization or the readjustment of its indebtedness, under the federal bankruptcy laws or under any other law or statute of the United States or of any state thereof, or consent to the appointment of a receiver, trustee, or liquidator of all or substantially all of its property; or
 - (ii) By order or decree of a court the Lessee shall be adjudged a bankrupt or an order shall be made approving a petition filed by any of its creditors seeking its reorganization or the readjustment of its indebtedness under the federal bankruptcy laws or under any law or statute of the United States or of any state thereof and any such judgment or order is not stayed or vacated within sixty (60) days after the entry thereof; or
 - (iii) By or pursuant to, or under authority of any legislative act, resolution or rule, or any order or decree of any court or governmental board, agency or officer having jurisdiction a receiver, trustee, or liquidator shall take possession or control of all or substantially all of the property of the Lessee and such possession or control shall continue in effect for a period of sixty (60) days; or
 - (iv) The Lessee shall voluntarily abandon, desert or vacate the Premises or discontinue its operations at the Premises, or after exhausting or abandoning any right of further appeal, the Lessee shall be prevented for a period of sixty (60) days by action of any Governmental Authority from conducting its operations at the Airport, regardless of the fault of the Lessee, unless the same (x) shall be or would, with the passage of time, become an event on the basis of which the Lessee may terminate the Lease under Section 65 (Termination by Lessee) of the Lease (without reference to any agreement by the Lessee not to so terminate while any Passenger

Terminal Bonds are outstanding) or (y) shall be the result of damage, destruction, or other causes beyond the Lessee's control; or

(v) Any lien is filed against the Premises or the Lessee's interest therein or under the Lease because of any act or omission of the Lessee which has not been removed, discharged or bonded within ninety (90) days after the Lessee has received notice thereof; or

(vi) Except as otherwise provided in Sections 5 (Assignment and Sublease), 43 (Airline Subleases) or 44 (Retail Subleases), or in the Leasehold Mortgage or the Lease Assignment, the letting under the Lease or the interest or estate of the Lessee under the Lease shall be transferred directly by the Lessee or shall pass to or devolve upon, by operation of law or otherwise, any other Person; or

(vii) Except as otherwise provided in the "Restrictions on Transfer" Section of the Lease, control of the Lessee or any member thereof shall be transferred or the Lessee or any member thereof shall, without the prior written approval of the Port Authority, become a constituent or possessor or merged or surviving entity in a merger, a constituent or resulting entity in a consolidation, or an entity in dissolution, in termination or in liquidation; or

(viii) The Lessee shall fail to comply (or, where compliance requires activity over a period of time, shall fail to commence and diligently to continue such compliance) with the directions contained in the written notice from the Port Authority pursuant to Section 46 (Facilities Non-Discrimination) or Section 48 (Affirmative Action/Equal Opportunity Commitment) within thirty (30) days of receipt thereof by the Lessee (a notice under this subparagraph or subparagraph (ix)(a) or (x) below being referred to as a "Notice of Default").

(ix) The Lessee shall fail (a) to pay when due the rentals or fees or to make any other payment required under the Lease when due to the Port Authority or (b) to provide sufficient monies for deposit into the Debt Service Reserve Fund to reimburse any withdrawal from the Debt Service Reserve Fund within one year after such withdrawal, and in each case such failure continues for a period of thirty (30) days after receipt of notice that payment is due; or

(x) The Lessee shall fail to keep, perform and observe each and every other promise, covenant and agreement set forth in the Lease on its part to be kept, performed, or observed, within thirty (30) days after Notice of Default from the Port Authority to the Lessee except where Deferred Compliance is applicable;

then upon the occurrence of any Event of Default and at any time thereafter during the continuance thereof, the Port Authority may upon sixty (60) days' notice (such notice a "Notice of Termination") terminate the rights of the Lessee and the letting under the Lease, such termination to be effective upon the date specified in such notice to the Lessee; such notice to be given only in accordance with this paragraph and paragraph (b) below. Such right of termination and the exercise thereof shall be and operate as a conditional limitation.

(b) The following provisions shall apply to the rights of the Port Authority to terminate the Lease as provided in subparagraphs (i) through (x) of paragraph (a) above:

(i) (1) The Port Authority shall send to the Lessee and the Trustee, at least (30) days and not more than sixty (60) days prior to service of a Notice of Termination on the Lessee, a notice of the Port Authority's intention to terminate the Lease under subparagraphs (i), (ii), (iii), (iv), (v), (vi), or (vii) of paragraph (a) above (a "Notice of Intention to Terminate").

(2) The Port Authority shall send to the Trustee a copy of each Notice of Default required to be given to the Lessee under subparagraphs (viii), (ix) or (x) of paragraph (a) above, at the same time as any such Notice of Default shall have been sent to the Lessee.

(3) No Notice of Termination shall be deemed to have been validly given by the Port Authority to the Lessee unless and until, a copy thereof shall be sent to the Trustee at the same time as sent to the Lessee and, in addition, a Notice of Default or a Notice of Intention to Terminate, whichever is applicable, shall

have been sent to the Lessee and the Trustee previously in accordance with the provisions of Section 25 (Termination by the Port Authority) of the Lease.

(ii) If the Lessee shall in good faith dispute the basis of (x) any Notice of Intention to Terminate by the Port Authority or (y) any Notice of Default by the Port Authority other than any Notice of Default respecting an Event of Default which threatens the life, safety or security of the tenants, occupants or invitees using the Premises or the operation of the Airport generally, then:

(1) Prior to the completion of the notice period provided for in any Notice of Intention to Terminate, the Lessee may serve a notice of claim upon the Port Authority with respect to such disputed matter provided that the same is effective, timely and otherwise pursuant to and in accordance with the provisions of Section 7101 et seq. of the Unconsolidated Laws of the State of New York, and upon the service of such notice, the effective date set forth in the Notice of Intention to Terminate shall be deemed postponed for seventy-five (75) days and the Port Authority shall not send a Notice of Termination during such period of postponement. Thereafter, if within such seventy-five (75) day period the Lessee has commenced a suit, action or proceeding of any form or nature, as specified in Section 7101 of the Unconsolidated Laws of the State of New York (a "Section 7101 Action") against the Port Authority based upon the claim set forth in such notice of claim, the effective date set forth in the Notice of Intention to Terminate shall be further postponed, and the Port Authority shall not send a Notice of Termination, until fifteen (15) days after such legal action with respect to that claim is resolved;

(2) Prior to the completion of the notice period applicable to any Notice of Default by the Port Authority provided for in subparagraph (ix) of paragraph (a) above, the Lessee may, with respect to any Notice of Default under such subparagraph, submit such dispute for resolution in accordance with Section 61 (Accounting Disputes) of the Lease and for so long as the Lessee diligently pursues the dispute resolution provisions set forth therein. The effective date of such Notice of Default shall be suspended, and the Port Authority shall not send a Notice of Termination, until a date fifteen days (15) days after a final, unappealable resolution in such dispute (including a determination that such dispute is inappropriate for treatment under Section 61 (Accounting Disputes) of the Lease); or

(3) Prior to the completion of the notice period applicable to any Notice of Default by the Port Authority provided for in subparagraph (viii) or (x) or, to the extent that resolution of such dispute pursuant to Section 61 (Accounting Disputes) of the Lease is inappropriate, subparagraph (ix) of paragraph (a) above, the Lessee may, with respect to alleged Events of Default under subparagraph (viii), (ix) or (x) as the case may be, serve a notice of claim upon the Port Authority with respect to such disputed matter provided that the same is effective, timely and otherwise pursuant to and in accordance with the provisions of Section 7101 et seq. of the Unconsolidated Laws of the State of New York, and upon the service of such notice the effective date set forth in the Notice of Default shall be deemed postponed for seventy-five (75) days, and the Port Authority shall not send a Notice of Termination during such period of postponement. Thereafter, if within such seventy-five (75) day period the Lessee has commenced a Section 7101 Action against the Port Authority based upon the claim set forth in such notice of claim, the effective date set forth in such Notice of Default shall be further postponed, and the Port Authority shall not send a Notice of Termination, until fifteen (15) days after such Section 7101 Action with respect to that claim is resolved.

(iii) (1) If any such resolution pursuant to subparagraph (b)(ii)(1) above determines that the Event of Default alleged to have occurred in the Notice of Intention to Terminate did in fact occur, the Port Authority may not serve a Notice of Termination on the Lessee on the basis of such occurrence prior to fifteen (15) days after such determination. If the Lessee shall have taken action or caused action to be taken which will, notwithstanding the fact that the event occurred, reverse the event on an ongoing basis within such fifteen (15) day period, the Notice of Intention to Terminate shall be deemed to have been withdrawn by the Port Authority.

(2) If any such resolution pursuant to subparagraph (b)(ii)(2) or (3) above determines that any part of the disputed matter alleged in a Notice of Default constitutes an Event of Default under the Lease, the Port Authority shall not serve a Notice of Termination on the Lessee on the basis of such Event of Default prior to fifteen (15) days after such determination. If the Lessee shall have cured the Event of Default theretofore in dispute within such fifteen (15) day period, such Notice of Default shall be deemed withdrawn with the same force and effect as if it had never been served; or, where Deferred Compliance is applicable, the Port

Authority's right to serve a Notice of Termination based thereon shall be stayed for so long as Deferred Compliance is applicable and, at such time as such Event of Default is cured, such Notice of Default shall be deemed withdrawn with the same force and effect as if it had never been served. If the Lessee shall fail to cure such Event of Default and Deferred Compliance is not applicable, the Port Authority shall have the right to serve a Notice of Termination of the Lease based thereon without regard to any right of the Lessee set forth above, and the Lessee shall have no right to stay the effectiveness thereof, by notice of claim or otherwise, except as provided by law with respect to the determination of the adequacy of such cure.

(3) If any such resolution pursuant to subparagraph (b)(ii) above should determine that (x) the event alleged to have occurred in the Notice of Intention to Terminate did not, in fact, occur or (y) the Lessee is not in default as alleged under the Notice of Default, then the Notice of Intention to Terminate or Notice of Default, as the case may be, shall be deemed to have been withdrawn by the Port Authority and the Port Authority shall not send any Notice of Termination.

(c) It is expressly understood that nothing contained in Section 25 (Termination by the Port Authority) of the Lease shall be deemed to waive any rights of the Port Authority under the provisions of Section 7101 et seq. of the Unconsolidated Laws of the State of New York, and the Lessee covenants and agrees that it shall diligently and in good faith prosecute any notice of claim under the Lease, and any ensuing Section 7101 Action with respect to that claim, to resolution.

(d) No acceptance by the Port Authority of rentals, fees, charges or other payments in whole or in part for any period or periods after an Event of Default shall be deemed a waiver of any right on the part of the Port Authority to terminate the letting.

(e) No waiver by the Port Authority of any Event of Default shall be or be construed to be a waiver by the Port Authority of any other or subsequent Event of Default in performance of any of the said terms, covenants and conditions.

(f) Without derogation from the rights granted to the Lessee to stay the terminations described in subparagraphs (a) and (b) above, the rights of termination described above shall be in addition to any other rights and remedies (other than termination) that the Port Authority would have at law or in equity consequent upon any breach of the Lease by the Lessee, and the exercise by the Port Authority of any such right of termination described in subparagraph (a) shall be without prejudice to any other such rights and remedies.

(g) "Deferred Compliance" shall mean and be deemed applicable only in circumstances where fulfillment of an obligation would require activity over a period of time or within a specified period of time or by a specified date and the Lessee shall have commenced to perform whatever may be required for fulfillment over a reasonable period of time (notwithstanding the specified period of time or specified date otherwise applicable) and shall continue such performance diligently and without interruption except for causes beyond its control.

(h) In the event the Port Authority withdraws any Notice of Intention to Terminate or any Notice of Default or if any such notice is deemed withdrawn pursuant to (b)(iii) above, such notice shall not be effective for any purpose under the Lease.

(i) Lease Supplement No. 5 creates a new Section 25(i) that includes special provisions for Lessee's failure to keep, perform and observe every promise, covenant and agreement set forth in Section 18A (Construction of the 2010 Expansion Project) of the Lease if such failure is due to or caused by an act or omission of Delta. Section 25(i) of the Lease, when read in conjunction with Article 26 (Delta Event of Default; IAT Remedies) of the ATA, is intended to give the Lessee a meaningful opportunity to assume Delta's rights and obligations to construct the 2010 Expansion Project and to cure existing failures before the Port Authority may deliver a Notice of Default in respect of such failures, as set forth in the section entitled "Termination by the Port Authority" in Appendix D-3 "Summary of Certain Provisions of Lease Supplement No. 5."

Right of Re-Entry

The Port Authority shall, upon the effective date of termination, as an additional remedy upon the giving of a Notice of Termination as described above under "Termination by the Port Authority," have the right to re-enter the Premises and every part thereof without further notice of any kind, and may regain and resume possession either with or without the institution of summary or any other legal proceedings or otherwise. Such re-entry, or regaining or resumption of possession, however, shall not in any manner affect, alter or diminish any of the obligations of the Lessee under the Lease, and shall in no event constitute an acceptance of surrender.

Waiver of Redemption

The Lessee waives any and all rights to recover or regain possession of the Premises and all rights of redemption granted by or under any present or future law in the event it is evicted or dispossessed for any cause, or in the event the Port Authority obtains possession of the Premises in any lawful manner.

Survival of the Obligations of the Lessee

(a) In the event that the letting shall have been terminated in accordance with a Notice of Termination as described above in "Termination by the Port Authority," all the monetary obligations of the Lessee under the Lease shall survive such termination or re-entry, regaining or resumption of possession and shall remain in full force and effect for the full Term, and the amount or amounts of damages or deficiency shall become due and payable to the Port Authority to the same extent, at the same time or times and in the same manner as if no termination, cancellation, re-entry, regaining or resumption of possession had taken place. The Port Authority may maintain separate actions each month to recover the damage or deficiency then due or at its option and at any time may sue to recover the full deficiency less the proper present value discount, as set forth in subparagraphs (b) and (d) below for the entire unexpired term.

(b) The amount of damages for the period of time subsequent to termination or cancellation (or re-entry, regaining or resumption of possession) on account of the Lessee's rental obligations, shall be the sum of the following:

(i) On account of (1) Ground Rental and (2) Building Rental, the Lessee's rental obligation shall be the amount of the total of all such rentals for each Annual Period less the amount attributable to the installments of any of the said rentals payable prior to the effective date of termination except that the credit to be allowed for the amount attributable to the installments payable on the first day of the month in which the termination is effective shall be prorated for the part of the month the letting remains in effect, on the basis of the actual number of days in the month; and

(ii) An amount equal to all expenses reasonably incurred by the Port Authority in connection with regaining possession and restoring and reletting the Premises, for legal expenses, putting the Premises in order including, without limitation, cleaning, decorating and restoring (on failure of the Lessee to restore), maintenance and brokerage fees.

(c) Without limiting any of the foregoing, the Port Authority may at any time bring an action to recover all the damages as set forth above not previously recovered in separate actions, or it may bring separate actions to recover the items of damages set forth in subparagraphs (i) and (ii) of paragraph (b), above, and separate actions periodically to recover from time to time only such portion of the damages set forth in subparagraph (i) of paragraph (b), above, as would have accrued as rental up to the time of the action if there had been no termination. In any such action the Lessee shall be allowed a credit against its survived damages obligations equal to the amounts which the Port Authority shall have actually received from any tenant, licensee, permittee or other occupier of the Premises or a part thereof during the period for which damages are sought, and if recovery is sought for a period subsequent to the date of suit a credit equal to the market rental value of the Premises during such period (discounted to reflect the then present value thereof). If at the time of such action the Port Authority has used and occupied or reset the Premises, the rental for the Premises obtained through such use and occupancy or reletting shall be deemed to be the market rental value of the Premises or be deemed to be the basis for computing such

market rental value if less than the entire Premises were used or occupied or relet. In no event shall any credit allowed to the Lessee against its damages for any period exceed the then present value of the annual rental which would have been payable under the Lease during such period if a termination or cancellation had not taken place.

(d) In addition to and without limiting the foregoing or any other right, claim or remedy of the Port Authority, in the event the Lease shall be terminated pursuant to Section 25 (Termination by the Port Authority) of the Lease and the Lessee shall not have completed the Construction Work, or any portion thereof within the time period specified in the Lease, the Lessee shall pay to the Port Authority any and all amounts, costs or expenses of any type whatsoever paid or incurred by the Port Authority (out of funds other than those available pursuant to Sections 18 (Construction by the Lessee) and 22 (Project Financing) of the Lease) by reason of the failure of the Lessee so to complete the Construction Work, or any portion thereof, including all interest costs, damages, losses, and penalties, and all of the same shall also be deemed treated as survived damages under the Lease in addition to the foregoing.

(e) The indemnification obligations of the Lessee under the Lease shall survive any termination or expiration of the Lease.

Reletting by the Port Authority

The Port Authority, upon the effective date of termination pursuant to Section 25 (Termination by the Port Authority) of the Lease, may occupy the Premises or may relet the Premises, and shall have the right to permit any Person to enter upon the Premises and use the same. Such relating may be of part only of the Premises or a part thereof together with other space, and for a period of time the same as or different from the balance of the term under the Lease remaining, and on the terms and conditions the same as or different from those set forth in the Lease. The Port Authority shall also, upon termination pursuant to the said Section 25 (Termination by the Port Authority) of the Lease or upon its re-entry, regaining or resumption of possession pursuant to the said Section 26 (Right of Re-Entry), have the right to repair or to make structural or other changes in the Premises including changes which alter the character of the Premises and the suitability thereof for the purpose of the Lessee under the Lease, without affecting, altering or diminishing the obligations of the Lessee under the Lease. In the event either of any reletting or of any actual use and occupancy by the Port Authority (the mere right of the Port Authority to use and occupy not being sufficient however) there shall be credited to the account of the Lessee against its survived obligations solely with respect to Ground and Building Rental as referred to in subparagraph (b)(i) of "Survival of the Obligations of the Lessee" above and Port Authority expenses as referred to in such Section, any net amount remaining after deducting from the amount actually received from any lessee, licensee, permittee or other occupier in connection with the use of the said Premises or portion thereof during the balance of the letting as the same is in effect immediately preceding such termination, regaining or resumption of possession of or from the market value of the occupancy of such portion of the Premises as the Port Authority may during such period actually use and occupy, all expenses, costs and disbursements incurred or paid by the Port Authority in connection therewith. No such reletting shall be or be construed to be an acceptance of a surrender.

Assignment and Sublease

The Lessee shall not sell, convey, transfer, mortgage, pledge or assign the Lease or any part thereof, or any rights created thereby, or enter into any sublease without the prior written consent of the Port Authority. The Lessee, however, has the right and obligation to enter into subleases with scheduled aircraft operators, providers of retail consumer goods and services and other persons as permitted under the Lease and the right to enter into use arrangements with the Federal Inspection Service agencies and other governmental agencies. Prior to executing any sublease, the Lessee shall submit the form of such sublease to the Port Authority for its review and approval, together with such information and data as the Port Authority may request. However, the prior written consent of the Port Authority will not be required with respect to any arrangement with a sublessee that is in a form of sublease previously approved by the Port Authority and (x) with respect to a sublease that is not an Airline Sublease (as hereinafter defined) or a Retail Sublease (as hereinafter defined), is terminable on 30 days' notice without cause or (y) with respect to Airline Subleases and Retail Subleases, meet, *inter alia*, the following requirements: it has an aggregate term of not more than 7 years and it is in conformance with the Airline Leasing Plan (as hereinafter defined) or the Comprehensive Retail Plan (as hereinafter defined). All acts and omissions of a

sublessee with respect to obligations undertaken by the Lessee will be deemed to be acts and omissions of the Lessee under the Lease. Each sublease will be subject and subordinate to the terms and conditions of the Lease.

Lease Supplement No. 5 adds a new Section 5A (Anchor Tenant Agreement) to the Lease, pursuant to which the Port Authority expressly consents to the ATA, subject to the terms and conditions set forth therein, as set forth in the section entitled “Anchor Tenant Agreement” in Appendix D-3 – “SUMMARY OF CERTAIN PROVISIONS OF LEASE SUPPLEMENT NO. 5.”

Airline Subleases

The Lessee has submitted, and the Port Authority has approved, a comprehensive plan for the subleasing of the Premises for passenger air transportation-related uses (the “Airline Leasing Plan”) setting forth the types of services the Lessee will provide and providing for a pricing structure based on the following categories of aircraft operations: (i) “Signatory Carriers,” which are air carriers guaranteeing a minimum annual payment and/or a minimum level of passenger traffic, and executing use agreements for a term of the lesser of (x) 15 years and (y) the period remaining in the term of the Lease (less a day), if such period is less than 15 but more than 3 years; “Contract Carriers,” which are air carriers guaranteeing a minimum annual payment and/or a minimum level of passenger traffic, and executing use agreements for a term of the lesser of (x) 3 years and (y) the period remaining in the term of the Lease (less one day), if such period is less than 3 years but more than 1 month; “Independent Carriers,” which are air carriers executing agreements of a shorter term than those entered into by Contract Carriers; and “Occasional Arrivals,” which are air carriers not having agreements with the Lessee (with Contract Carriers being charged a premium over Signatory Carriers, Independent Carriers being charged a premium over Contract Carriers and Occasional Arrivals being charged a premium over Independent Carriers); and (ii) “Peak” and “Off-Peak” periods, with discounts to all carriers, irrespective of carrier category, with respect to operations during Off-Peak periods on a per enplaned passenger basis.

The Lease requires the Lessee to maintain an Airline Leasing Plan and to submit any revisions thereto to the Port Authority for approval. Subject to the Port Authority’s prior written consent, if necessary, the Lessee shall enter into Subleases with Signatory, Contract and Independent Carriers (any such Sublease, an “Airline Sublease”) in accordance with the Airline Leasing Plan approved by the Port Authority. The Lessee will, prior to entering into any Airline Sublease or furnishing any services under the Lease, prepare and furnish to the Port Authority a schedule, consistent with the Airline Leasing Plan, of rates and charges for the services the Lessee will perform. All subsequent changes in the schedule shall be submitted to the Port Authority prior to the effective date or dates thereof. The Lessee covenants and agrees to adhere to the charges shown on the schedule, and to refund promptly to the customer, upon demand of the Port Authority, any charge or charges made in excess of those shown on the schedule. Notwithstanding the foregoing, the Port Authority shall have no right to review, approve, disapprove or otherwise reject or require modifications to such schedule of rates and charges except to the extent that the rates and charges unjustly discriminate between Aircraft Operators.

The Lessee is required to make the Premises available as an air terminal for public use, on fair and reasonable terms and without unjust discrimination, to all types, kinds and classes of aeronautical user, to the extent permitted in the Lease. The Lessee may allow Signatory Carriers to handle other carriers at the Premises in accordance with the provisions of the Lease. To the extent that goods or services are sold to passengers or other members of the public, whether in club rooms or elsewhere on the Premises, the Lessee is required to without exception charge a percentage rent or fee, to be included in Gross Revenues, on the revenues from such sales.

Lease Supplement No. 5 adds a new Section 5A (Anchor Tenant Agreement) to the Lease, pursuant to which the Port Authority expressly consents to the ATA, subject to the terms and conditions set forth therein, as set forth in the section entitled “Anchor Tenant Agreement” in D-3 – “SUMMARY OF CERTAIN PROVISIONS OF LEASE SUPPLEMENT NO. 5.”

Retail Subleases

The Lessee is required to use its best efforts to develop and operate at the Premises a premier world-class retail program that will support and advance the role of the Premises in providing a grand and gracious arrival and a convenient and comfortable departure from the Airport, consistent with the image and status of New

York City as America's foremost international gateway. The Lessee's retail program shall embody the Lessee's full commitment to quality, value and customer service as well as the maximum financial return to the Lessee and the Port Authority. A "premier world-class" retail program is one that consistently scores within the top 10% of industry-recognized surveys, including without limitation the International Airline Transport Association (IATA) Airport Monitor and Port Authority-sponsored surveys, which contain evaluations or ratings of passenger terminal retail programs, or specific components thereof, of the same type or class.

The Lessee has submitted, and the Port Authority has approved, a comprehensive plan for the development and operation of the retail program for the Premises (the "Comprehensive Retail Plan"), setting forth: (i) the types of concessions to be placed there and the number of each type and the size and designated location and configuration of each concession, as well as the overall plan of the portions of the Premises designated for retail operations (the "Concession Areas"); (ii) the minimum rentals required for each type of concession; (iii) the structure and level of any common area maintenance fees, marketing fees, retail management fees and utility recoveries to be charged to the Retail Sublessees; (iv) the Lessee's plans to provide retail opportunities for disadvantaged business enterprises; (v) the Lessee's quality and service standards and required hours of operation; and (vi) the Lessee's specific plans to monitor and enforce its "street pricing" policy, quality and service standards and required hours of operation. Unless and until a revised Comprehensive Retail Plan shall have been approved by the Port Authority, the Comprehensive Retail Plan previously approved and then in effect shall continue in effect.

Subject to the Port Authority's prior written consent, where required, the Lessee shall enter into Subleases with providers of consumer goods and services to conduct retail operations (any such Sublease, a "Retail Sublease") in all parts of the Concession Areas in accordance with the Comprehensive Retail Plan. In the event it becomes necessary to fill a particular consumer need in the Concession Areas, the Lessee shall have the right directly to conduct temporary retail operations at the Premises for durations of up to 90 days, provided that the Lessee shall first have used, and shall continue to use, its best efforts to identify and enter into a Sublease with a retail operator to conduct the said retail operations. The Lessee's operating revenues from such temporary retail operations, net of all reasonable direct costs but without any charge for space occupied, shall constitute Gross Revenues.

The Port Authority reserves exclusively to itself and its designees the right on the Premises to implement, conduct, control and receive any rents or profits with respect to any of the following uses, operations or installations (collectively, the "Reserved Uses"): (i) advertising (including, without limitation, static display, broadcast and other), provided that the Lessee shall retain the right to control the placement of particular advertising and the right to reject any or all proposed advertising at the Premises, (ii) pay telephones, provided that the Lessee shall retain the right to control the placement of telephones, phone banks and kiosks and the right to deny the placement of any particular pay phone facility, (iii) vending machines (except in non-public areas of the Premises), provided that the Lessee shall retain the right to control the placement of vending machines and the right to reject any or all vending machines at the Premises, (iv) ground transportation (including vehicle rentals) reservations, as provided in the Lease, and (v) provision of on-airport baggage carts (other than shopping cans made available free of charge to retail shoppers within the Concession Areas), provided that the Lessee shall retain the right to control the placement of baggage cart stations at the Premises and the right to deny the placement of any or all baggage cart stations.

The Port Authority (and any party specifically authorized thereby) may engage in the Reserved Uses, and install, operate, maintain and repair the property used in connection therewith, in such locations and to such extent, as may be determined by the Lessee. The Lessee, at its expense, shall provide the necessary wires and conduits for the supply of electricity and telephone and other communications interconnections for Reserved Uses. The Port Authority shall pay over to the Lessee for credit to Gross Revenues, if and when collected by the Port Authority, the fees collected by the Port Authority through items (i), (ii) and (iii) of the immediately preceding subparagraph. If and when the Port Authority elects to share with the other unit terminal operators at the airport the revenues from the activities set forth in items (iv) and (v) of the immediately preceding paragraph, the Port Authority shall likewise share such revenues with the Lessee.

Except to the extent modified by and in accordance with an effective Comprehensive Retail Plan, the Lessee shall require in its Retail Subleases the provisions with respect to hours and days of operation set forth in the Lease. Each Retail Sublease shall also provide that the Retail Sublessee in its operations pursuant to the

Sublease shall not charge prices to its customers in excess of "Street Prices," defined as follows: (i) If the Retail Sublessee conducts a similar business in off-airport location(s) in the Greater New York City-Northern New Jersey Metropolitan Area (the "Metro Area"), "Street Prices" shall mean the price regularly charged by the Retail Sublessee for the same or similar item in the Metro Area; (ii) If the Retail Sublessee does not conduct a similar business in off-airport location(s) in the Metro area, "Street Prices" shall mean the average price regularly charged in the Metro Area by similar retailers for the same or similar item; and (iii) If neither the Retail Sublessee nor other similar retailers sell a particular item in the Metro Area, "Street Prices" shall mean the price regularly charged by the Retail Sublessee or similar retailers for the same or similar item in any other geographic area, with a reasonable adjustment for any cost-of-living variance between such area and the Metro Area. In addition, each Retail Sublease shall provide that the Retail Sublessee shall follow other requirements specified in the Lease relating to operations and inspections. Notwithstanding the foregoing, if the Port Authority should consent to a Retail Sublease, any such Retail Sublease requirements under the Lease with which such Retail Sublease does not comply shall be deemed to have been waived.

The Lessee is required to employ a full-time trained professional staff at all times during the term of the Lease of sufficient size, expertise, ability, suitability and experience to carry out its responsibilities under the Retail Subleases section of the Lease. In addition, the Lessee is required to employ at the Premises on a full-time basis a retail manager and one or more assistant retail managers of the retail operations at the Premises, with sufficient authority and support, staff and appropriate equipment, supplies and means to manage and administer those Retail Subleases and other agreements with the Retail Sublessees and other entities to which the Lessee is a party or by which it is bound relating to the retail program at the Premises, to monitor and compel performance by such Retail Sublessees and other entities and to serve as on-site liaison with the Port Authority. The retail manager and assistant retail manager(s) shall each have the power and authority on behalf of the Lessee to resolve all operational issues short of executing any amendment of the Lease. In all events, an employee of the Lessee with managerial authority shall be available for a minimum time span of sixteen hours each day to meet with Port Authority representatives in person at the Premises and available at other times by telephone, with the ability in an emergency situation to arrive at the Airport by car within two hours after being called.

On a continuing basis through the end of the term of the Lease, the Lessee is required to undertake and execute, in a manner acceptable to the Port Authority, such advertising and promotional programs as shall bring to the attention of the public, generally, and actual and potential enplaning passengers and their escorts and guests and the aviation and tourist industries, in particular, through a variety of media, also in a manner acceptable to the Port Authority, the positive features of the retailing program managed by the Lessee as provided in the Lease and such other information to be presented in such style and format as shall project, consistent with the truth, a desirable image of such retailing program, the Air Terminal and the Airport.

If requested by the Port Authority, the Lessee shall furnish to the Port Authority: (i) on or before the 20th day of each month following the commencement date of any Retail Sublease a statement, certified by an authorized officer of the Sublessee, of all receipts arising out of operations of the Sublessee under such Retail Sublease for the preceding month, (ii) within 30 days after the expiration or sooner termination of any Retail Sublease, a statement of all receipts arising out of such operations during (x) the term of such Retail Sublease or (y) the 3 years directly preceding such expiration or sooner termination, whichever is shorter, and (iii) within 120 days after the expiration or sooner termination of any Retail Sublease, the statement referred to in the preceding subdivision (ii) certified, at the Retail Sublessee's expense, by a certified public accountant.

Care, Maintenance, Rebuilding and Repair by the Lessee

Subject to the approval of the Port Authority as described above in "Other Construction by the Lessee," the Lessee is required to repair, replace, rebuild and paint all or any part of the Airport which may be damaged or destroyed by the acts or omissions of the Lessee or of any sublessee or of any member of the Lessee or by those of the officers or employees of the Lessee or of any sublessee or of any member of the Lessee or of other persons on or at the Premises with the consent of the Lessee or of any sublessee or of any member of the Lessee (but, as to areas outside of the Premises, only by the acts or omissions of the Lessee or its officers or employees).

The Lessee shall, throughout the term of the Lease, assume the entire responsibility for, shall perform and shall relieve the Port Authority from all responsibility for all repair, replacement, rebuilding and

maintenance (any such repairing, replacing, rebuilding or maintaining, the "Terminal Maintenance") whatsoever in the Premises, whether such Terminal Maintenance be ordinary or extraordinary, partial or entire, inside or outside; foreseen or unforeseen, structural or otherwise, such Terminal Maintenance to be in quality and class not inferior to the original in materials and workmanship.

Governmental and Port Authority Requirements

The Lessee shall comply with all governmental requirements applicable to it except that the Port Authority may direct the Lessee not to comply with certain requirements of New York City that are not applicable to the Port Authority and will hold the Lessee harmless with respect to such directed non-compliance. In its operation of the Project and in its use (and the use of its employees, sublessees, licensees, etc.) of the public facilities for aircraft at the Airport, the Lessee (and such other persons) shall comply with the current airport rules and regulations promulgated by the Port Authority and such reasonable future rules and regulations as may be promulgated by the Port Authority for reasons of safety, health, noise, sanitation or good order as well as, with respect to the use of the public facilities for aircraft, the economic and efficient operation of the Airport. In addition to the foregoing, the Lessee shall have a number of obligations under the Lease (in addition to those mentioned elsewhere in this summary) including obligations regarding, among other things, facilities non-discrimination and affirmative action (including the formulation of a plan with respect thereto) and compliance with assurances made by the Port Authority in respect of grants of money received from the FAA for airport improvements. The Lessee shall also refrain from certain acts including, among others, the use of the Premises for rotary wing or tilt-rotor aircraft or certain harmful acts with respect to the Premises such as the commission of nuisance or waste, the creation of noxious gases or vapors (other than in connection with operation of engines), acts which invalidate or conflict with insurance coverages with respect to the Premises or the Airport and the disposal of wastes on the Premises except after proper treatment.

Insurance

The Lessee shall, during the Lease Term, insure and keep insured, to the extent of the full cost of replacement in like kind and quality, all buildings, structures, improvements, installations, facilities and fixtures now or in the future located on the Premises (including, but not limited to, the Construction Work) against all hazards and risks of physical loss or damage, as may now or in the future be included under an all risk policy form of real property insurance prescribed by the State of New York (including, without limitation, damage or loss by fire, windstorm, cyclone, tornado, hail, explosion, riot, flood, earthquake, civil commotion, aircraft, vehicles and smoke) as such standard form may be prescribed as of the effective date of the said insurance, and in addition boiler and machinery hazards and risks, subject, in all cases, to standard policy terms, conditions and exclusions and to such coverage limitations as are permitted under the Lease. The Lessee shall provide additional insurance with respect to the Premises covering any other peril of loss or damage insured against by the Port Authority at other locations at the Airport upon written notice to the Lessee. The insurance coverage shall insure the Port Authority, the Lessee, the Trustee and the City of New York, as their interests may appear, and the loss, if any, shall be adjusted with the Port Authority and the proceeds shall be payable to the Port Authority to be held in trust by the Port Authority for the benefit of the Lessee.

The Lessee shall also procure and maintain builder's risk (all risk) completed value insurance covering the Construction Work during the performance thereof, including material delivered but not attached to the realty. Such builder's risk (all risk) completed value insurance shall be in compliance with and subject to the applicable provisions set forth in the Lease and shall name the Port Authority, the City of New York, the Trustee, the Lessee and its contractors and subcontractors as insureds and such policy shall provide that any loss shall be adjusted with and payable to the Lessee. The proceeds of such builder's risk (all risk) completed value insurance shall be used by the Lessee for the repair, replacement or rebuilding of the Construction Work, including material delivered but not attached to the realty with any excess not so used paid to and to be the property of the Port Authority.

Additionally, the Lessee, in its own name as insured and including the Port Authority, the Trustee and the City of New York as additional insureds, is obligated to secure, maintain and pay the premiums during the term of the Lease on a policy or policies of public liability insurance to cover, among other things, personal injury, bodily injury including death, property damage liability, subject to such deductibles as are permitted under the

Lease, none of the foregoing to contain care, custody or control exclusions, and with certain other endorsements affording additional protections following limits: \$100 million per occurrence for bodily injury and property damage liability and \$25 million per occurrence for comprehensive automobile liability, bodily injury liability and property damage liability, respectively.

Damage to or Destruction of the Premises

Removal of Debris. If the Premises are damaged, the Lessee will remove all resulting debris.

Minor Damage. If the Premises are damaged but not rendered unusable for a period of 90 days, the Lessee will restore the Premises in accordance with the plans and specifications for the Premises.

Major Damage to or Destruction of the Premises. If the Premises are damaged as to be unusable for 90 days, the Lessee will restore the Premises in accordance with the plans and specifications or, with the Port Authority's approval, make such other repairs or changes as may be desired by the Lessee.

Any insurance proceeds will be made available by the Port Authority to and used by the Lessee for such removal, restoration or changes. The obligation of the Lessee to repair or replace is limited to the amount of insurance proceeds made available to it for such purposes, provided the Lessee has carried the insurance required under the Lease.

Condemnation - Section 34 (Condemnation) of the Lease was amended and restated in its entirety in Lease Supplement No. 5, as set forth in the section "Condemnation" in Appendix D-3 – "SUMMARY OF CERTAIN PROVISIONS OF LEASE SUPPLEMENT NO. 5."

Termination by Lessee

The Lessee may by 20 days' notice terminate the Lease under any of the following circumstances:

- (1) all the airline sublessees are prevented from operating their air transportation system to and from the Airport by reason of their inability to use runways and taxiways for a period of longer than 30 consecutive days resulting from any condition of the Airport or for a period of longer than 90 consecutive days resulting from a permanent injunction issued by any court or from any order, rule or regulation of any governmental agency; or
- (2) the Port Authority fails to perform any obligation under the Lease within 20 days after receipt of notice from the Lessee.

If the Lessee terminates the Lease under such circumstances, the Port Authority may, at its option, pay to the Lessee the Unamortized Capital Investment, if any, of the Lessee in the Premises. If the Port Authority fails to exercise such option and the Lessee has terminated due to circumstances set forth in paragraph (2) above, the Port Authority shall use commercially reasonable efforts to relet the Premises. If the Port Authority relets the Premises prior to the date upon which the Lease would have expired but for such termination, the net rent paid by the new tenant to the Port Authority shall be paid to the Lessee until said amounts paid equal the Unamortized Capital Investment of the Lessee in the Premises as of the date of termination.

Airport Operator Limitations

Section 76 (Airport Operator Limitations) of the Lease was amended and restated in its entirety by Lease Supplement No. 5, as set forth in the section entitled "Airport Operator Limitations" in Appendix D-3 – "SUMMARY OF CERTAIN PROVISIONS OF LEASE SUPPLEMENT NO. 5."

Indemnity

Except as provided in paragraph (e) of "Project Financing," above, the Lessee shall indemnify and hold harmless the Port Authority, its Commissioners, officers, agents, employees and representatives, from and against (and shall reimburse the Port Authority for the Port Authority's reasonable costs and expenses including legal fees, whether those of the Port Authority Law Department or otherwise, disbursements and other legal expenses incurred in connection with the defense of) all claims and demands, just or unjust, of third persons (including employees, officers and agents of the Port Authority) including, but not limited to, claims and demands for death or personal injuries, or for property damages direct or consequential arising or alleged to arise out of (i) a breach or default of any term or provision of the Lease by the Lessee, (ii) the use or occupancy of the Premises by the Lessee or by others with its consent, (iii) any other acts or omissions on the Premises of the Lessee or the officers and employees, guests and invitees of the Lessee or of any sublessee or (iv) the acts or omissions of the Lessee elsewhere at the Airport, including as to the foregoing (i), (ii), (iii) and (iv) claims and demands of the City of New York for indemnification arising by operation of law or under the Basic Lease and excepting only claims and demands arising solely from the negligent acts or omissions or the affirmative misconduct of the Port Authority and under certain other specified circumstances.

Remedies to be Non-Exclusive

All remedies provided in the Lease shall be deemed cumulative and additional and not in lieu of or exclusive of each other or of any other remedy available to the Port Authority or to the Lessee at law or in equity, and the exercise of any remedy, or the existence herein of other remedies or indemnities shall not prevent the exercise of any other remedy. Notwithstanding the foregoing, the Port Authority shall not have the right to terminate the Lease except in accordance with the termination provisions of the Lease. The Lessee shall not have the right to terminate the Lease on account of any breach by the Port Authority of any covenant or agreement under the Lease or otherwise, in each case without the prior written consent of the Trustee so long as any Passenger Terminal Bonds remain outstanding.

Acceptance of Surrender of Lease

No agreement of surrender or to accept a surrender shall be valid unless and until the same shall have been reduced to writing and signed by the duly authorized representatives of the Port Authority and of the Lessee and Trustee, so long as any Passenger Terminal Bonds remain outstanding. Except as expressly provided in Section 33 (Acceptance of Surrender of Lease) of the Lease, neither the doing of, nor any omission to do, any act or thing, by any of the officers, agents or employees of the Port Authority, shall be deemed an acceptance of a surrender of the letting or of the Lease.

Non-liability of Individuals, Limitations on Recourse

Notwithstanding any other provision of the Lease to the contrary, no Commissioner, director, committee member, manager, managing director, controlling Person, direct or indirect shareholder, member, partner, principal, ultimate beneficial owner, officer, representative, agent or employee or any Authorized Representative, Committee Member, Adjunct Committee Member, Project Director or Manager (as such Persons are identified by the Lessee), of the Port Authority or the Lessee, or any affiliate of the Port Authority or the Lessee or of any of the foregoing, shall be charged personally or held contractually liable by or to the other party, or any third-party beneficiary of the Lease, under or in connection with any term or provision of the Lease or of any supplement, modification or amendment to the Lease or because of any breach thereof, or because of its or their execution or attempted execution.

Notwithstanding any other provision of the Lease to the contrary: (x) neither the Port Authority (or any of its successors or assigns), nor any third-party beneficiary of the Lease, shall have any recourse, or shall make any claim under, or in connection with, the Lease, against (i) any member of the Lessee, or (ii) any of the affiliates of the Lessee or of any such member, or (iii) any officer, director, committee member, manager, managing director, employee, agent, representative, direct or indirect shareholder, member, partner, principal, controlling Person or ultimate beneficial owner, or any Authorized Representative, Committee Member, Adjunct Committee Member, Project Director or Manager (as such Persons are identified by the Lessee), of any of the Persons

mentioned in clauses (i) or (ii) above and the sole recourse of the Port Authority (or any of its successors or assigns) and any third-party beneficiary of the Lease shall be against the Lessee's assets irrespective of any failure of the Lessee to comply with applicable Law or any provision of the Lease, and (y) neither the Port Authority (or any of its successors or assigns) nor any third-party beneficiary of the Lease shall be subrogated, or have any right of subrogation to, any claim of the Lessee for any capital contributions to the Lessee from any member of the Lessee.

For the purposes of Section 68 (Non-liability of Individuals, Limitations on Recourse) of the Lease, the protections afforded to the Lessee shall be deemed to protect the Trustee, any nominee of the Trustee, any successor to the Lessee, any Interim Terminal Operator or any Qualified Terminal Operator and any director, manager, managing director, controlling Person, direct or indirect shareholder, member, partner, principal, ultimate or indirect shareholder, owner, officer or agent thereof in respect of any obligations under the Lease or under any of the Security Documents.

Force Majeure

Neither the Port Authority nor the Lessee shall be deemed to be in violation of the Lease if it is prevented from performing any of its obligations under the Lease by reason of strikes, boycotts, labor disputes, embargoes, shortages of material, acts of God, acts of the public enemy, acts of superior governmental authority, weather conditions, tides, riots, rebellion, sabotage or any other circumstances for which it is not responsible and which are not within its control; and, provided, however, that this provision shall apply neither to failures by the Lessee to pay the rentals or other payments under the Lease; and provided, further, that this provision shall not prevent either party from exercising its right of termination under the Lease except to the extent the basis for such termination arises by virtue of the circumstances specifically set forth above in this Force Majeure provision.

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APPENDIX D-2

SUMMARY OF KEY CHANGES TO THE LEASE EFFECTED BY LEASE SUPPLEMENTS NOS. 1-4

The following is a summary of key changes to the Lease effected by the Lease Supplements Nos. 1-4 (defined below). This summary is not to be considered a full statement of the Lease Supplements Nos. 1-4 and accordingly is qualified in its entirety by reference to the Lease Supplements Nos. 1-4 and the full text of each Lease Supplement.

This summary should be read in conjunction with Appendix D-1 – “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE” and Appendix D-3 - “SUMMARY OF CERTAIN PROVISIONS OF LEASE SUPPLEMENT NO. 5.”

Defined Terms

Unless the context shall clearly indicate some other meaning or may otherwise require, as used in this summary, any words or phrases specifically defined below shall be read and construed in accordance with such special definitions. Capitalized terms used herein without definition herein will have the meaning set forth in Appendix D-1 – “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE” or Appendix C-4 – “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT,” as applicable.

Overview of Lease Supplements

The Port Authority of New York and New Jersey (the “Port Authority”) and JFK International Air Terminal LLC (the “Lessee”) have entered into (i) Supplemental Lease Agreement No. 1 (“Lease Supplement No. 1”) to the Lease, dated as of August 10, 2001, whereby, among other things, the Port Authority provided additional funding to complete the construction of the initial Project (such funding, including additional amounts that may accrue as a result of the deferral of requirement payments in respect of the same, the “Completion Financing”); (ii) Supplemental Lease Agreement No. 2 (“Lease Supplement No. 2”) to the Lease, dated as of December 20, 2002, whereby, among other things, the Port Authority provided additional funding for payments due by the Lessee to the Port Authority with respect to the Completion Financing during the calendar year 2003; (iii) Supplemental Lease Agreement No. 3 (“Lease Supplement No. 3”) to the Lease, dated as of January 1, 2004, whereby, among other things, the Port Authority provided additional funding for payments due by the Lessee to the Port Authority with respect to the Completion Financing during the calendar year 2004; and (iv) Supplemental Lease Agreement No. 4 (“Lease Supplement No. 4”) to the Lease, dated as of December 1, 2004, whereby, among other things, the Port Authority and the Lessee restructured the Completion Financing and Subordinated Fundings (as defined in Appendix D-1 – “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE”) payable under the Lease (each a “Lease Supplement” and, for purposes of this summary, collectively, the “Lease Supplements”).

As of November 1, 2010, all amounts that have become due and payable in respect of the Completion Financing, including such additional fundings made available by the Port Authority pursuant to Lease Supplement No. 2 and Lease Supplement No. 3, have been paid by the Lessee. The current outstanding balance of the Completion Financing is \$142.6 million.

Changes to the Lease Relating to the Completion Financing

Payments on the Completion Financing

The Lessee pays semi-annual interest on the outstanding Completion Financing at the rate of 6.375% per annum. The Lessee commenced payment of the principal of the outstanding Completion Financing on December 1, 2005 and thereafter in accordance with scheduled annual payments as set forth on Exhibit E attached to the Lease Supplement No. 1, which annual scheduled payments are expressed as a percentage of the Completion Financing outstanding on December 1, 2005, which was \$173.3 million. Such percentage is 4.5% for December 1, 2010 and increases to 7.5% for December 1, 2015, but reduces to 4.6% for each scheduled annual payment to be

made from December 1, 2016 through December 1, 2025, which is the final scheduled annual payment date with respect to the Completion Financing.

The Lessee's obligation to pay the Completion Financing survives the termination of the Lease; however, such obligations are non-recourse as to the members and affiliates of the Lessee.

Subordination of Completion Financing to Senior Obligations; Priority of Completion Financing to Contingent Obligations

The Lessee's obligation to pay amounts due and owing in respect of the Completion Financing is expressly subordinate to the Lessee's obligation to pay certain specified Senior Obligations (as defined in Appendix D-1 – "SUMMARY OF CERTAIN PROVISIONS OF THE LEASE") which include the obligation to pay Facility Rental (as defined in Appendix D-1 – "SUMMARY OF CERTAIN PROVISIONS OF THE LEASE") and the funding of required deposits into the Debt Service Reserve Account, the Operation and Maintenance Reserve Fund and the Major Maintenance and Renewal Fund (each as defined in Appendix C-4 – "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT").

The Lessee's obligation to pay amounts due and owing in respect of the Completion Financing is expressly senior to the payment of the various Contingent Obligations (as defined in Appendix D-1 – "SUMMARY OF CERTAIN PROVISIONS OF THE LEASE") under the Lease, such as First Additional Land Rental, Lessee Terminal Management Funds, Lessee Retail Management Funds, deposits to the Capital Improvements Reserve Fund, Port Authority Residual Rental and Lessee Residual Funds (each as defined in Appendix D-1 – "SUMMARY OF CERTAIN PROVISIONS OF THE LEASE" and Appendix C-4 – "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT," as applicable).

Security for the Completion Financing

The Lessee's obligation to pay the Completion Financing is secured by the Second Leasehold Mortgage, dated as of August 10, 2001 (the "Second Leasehold Mortgage"), by the Lessee in favor of the Port Authority (as amended by supplements substantially in the forms attached to the Lease Supplements). The Second Leasehold Mortgage is subordinate to the Leasehold Mortgage, dated as of May 13, 1997, by the Lessee in favor of the Trustee, and the First Supplemental Agreement to Leasehold Mortgage, entered into in connection with the issuance of the Series 8 Bonds, by Lessee in favor of the Trustee.

Prepayment of the Completion Financing

The Lessee may prepay the Completion Financing, without premium or penalty, in whole at any time, or in part with the consent of the Port Authority. If there is a partial prepayment of the Completion Financing, each future scheduled annual payment of the principal of the outstanding Completion Financing will be reduced by the same percentage by which the partial prepayment reduced the outstanding principal of the Completion Financing.

Deferral of Payments on the Completion Financing

Subject to certain conditions (identified below under "Conditions to Deferrals") any amount of the Completion Financing that is unpaid on any scheduled payment date due to insufficient funds after the payment of Senior Obligations in respect of the applicable period is deferred and added to the amount of the Completion Financing payable on the next scheduled payment date (hereinafter referred to as "Deferred Completion Financing Payments"). Accordingly, a failure to pay all or a portion of the Completion Financing when due would not constitute an event of default under the Lease or the Lease Supplements, unless the Lessee possessed sufficient funds after the payment of Senior Obligations in respect of the applicable period to make all or such portion of the required payment on the Completion Financing and did not apply such funds to do so. The Port Authority treats any such deferrals as an "additional funding" by the Port Authority.

Interest Rate on Deferred Completion Financing Payments

Deferred Completion Financing Payments accrue interest (i) on and prior to December 31, 2025, at the rate of 8.75% per annum, calculated semi-annually; and (ii) after December 31, 2025, at the rate equal to the greater of (x) 11.125% and (y) prime rate *plus* 4%. The Lessee is required to deliver to the Port Authority a semi-annual statement in advance of each scheduled payment date stating the estimated amount of the Completion Financing expected to be paid on the relevant scheduled payment date, and on each such scheduled payment date indicating the amount actually paid if different from the estimated amount. Such payments will be recorded by the Port Authority on a form of information that is available to the Lessee upon request.

Certain Covenants Relating to the Completion Financing

The Lease Supplements contain covenants of the type that are customarily found in loan arrangements, including covenants in respect of financial reporting, delivery of notices, compliance with laws, continuing disclosure and restrictions on the incurrence of indebtedness and liens. More particularly, the Lessee is not permitted to incur any debt other than Permitted Debt (as defined in Appendix C-4 – “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT”), and the Lessee may not incur any Subordinated Debt (as defined in the Appendix C-4 – “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT”) unless the obligations in respect of such debt are subordinate to the payment of the Completion Financing and do not create any lien (other than a Permitted Lien (as defined in Appendix C-4 – “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT”)) to support such debt.

Completion Financing Events of Default; Remedies

Lease Supplement No. 1 identifies the following events of default in respect of the Completion Financing (each a “Completion Financing Event of Default” and, collectively, the “Completion Financing Events of Default”):

(i) if the Lessee fails to pay all or any portion of the Completion Financing when the same is due if the Lessee possesses sufficient funds after the payment of Senior Obligations in respect of the applicable period to make all or such portion of the required payment on the Completion Financing and did not apply such funds to do so (any such amount hereinafter referred to as the “Default Amount”);

(ii) if the Lessee fails to observe any of the terms of Articles II – VII of Lease Supplement No. 1 (including as supplemented by the other Lease Supplements), other than a failure to pay any portion of the Completion Financing, which failure is not remedied within ten (10) business days from receipt of notice thereof from the Port Authority; provided, however, that if the Lessee provides to the Port Authority evidence sufficient to satisfy the Port Authority that such failure is capable of being remedied and that the Lessee is diligently and in good faith working to remedy such failure, the period of time permitted to remedy such failure shall be extended to thirty (30) business days, so long as such extension does not have a material adverse effect on (a) the business operations, property, condition or prospects (financial or otherwise) of the Lessee, (b) the ability of the Lessee to perform its respective obligations under the Financing Documents, Lease Supplement No. 1 (including as supplemented by the other Lease Supplements) or the Second Leasehold Mortgage, (c) the validity or enforceability of the Financing Documents, Lease Supplement No. 1 (including as supplemented by the other Lease Supplements) or the Second Leasehold Mortgage, or (d) the rights and remedies of the Trustee or the Port Authority under the Financing Documents, Lease Supplement No. 1 (including as supplemented by the other Lease Supplements) or the Second Leasehold Mortgage;

(iii) if the Lessee fails to observe any of the terms of the Financing Documents, which failure is not remedied by the Lessee within the time provided in the Financing Documents;

(iv) if the Lessee fails to make any payment of rental required by Section 8 of the Lease, which failure is not remedied by the Lessee within the time provided in the Lease;

(v) if any certificate, statement, representation, warranty or financial statement furnished by or on behalf the Lessee pursuant to or in connection with Lease Supplement No. 1 shall prove after August 10, 2001 to have been false in any material respect at the time as of which the facts therein set forth were certified, or to have omitted any material contingent or unliquidated liability or claim against the Lessee;

(vi) if any material provision of Lease Supplement No. 1 (including as supplemented by the other Lease Supplements) shall, at any time for any reason, cease to be valid and binding in accordance with its terms or shall be declared to be null and void as finally determined by a court of competent jurisdiction;

(vii) if a judgment is rendered against the Lessee, as finally determined by a court of competent jurisdiction, which judgment is, under generally accepted accounting principles, required to be disclosed in the notes to the Lessee's financial statements, and which judgment remains unsatisfied or unstayed for a period of thirty (30) days after such judgment becomes final;

(viii) if the Lessee shall become insolvent or shall take the benefit of any present or future insolvency statute, or shall make a general assignment for the benefit of creditors, or file a voluntary petition in a bankruptcy or a petition or answer seeking an arrangement, including, without limitation, its reorganization or the readjustment of its indebtedness, under the federal bankruptcy laws or under any other law, or consent to the appointment of a receiver, trustee, or liquidator of all or substantially all of its property;

(ix) if by order or decree of a court the Lessee shall be adjudged a bankrupt or an order shall be made approving a petition filed by any of its creditors seeking its reorganization or the readjustment of its indebtedness under the federal bankruptcy laws or under any other law and any such judgment or order is not stayed or vacated within sixty (60) days after the entry thereof;

(x) if by or pursuant to, or under authority of, any law, a receiver, trustee, or liquidator shall take possession or control of all or substantially all of the property of the Lessee and such possession or control shall continue in effect for a period of sixty (60) days; or

(xi) if there is any termination, winding up, liquidation or dissolution of the Lessee's affairs or any sale, transfer, conveyance or release (whether in a single transaction or a series of transactions) of all or substantially all of the Lessee's properties or assets.

Upon the occurrence of any Completion Financing Event of Default, Lease Supplement No. 1 provides for the following remedies:

(i) Upon the occurrence of an Completion Financing Event of Default set forth in clause (i), above, the Port Authority may, upon at least one (1) business days' notice to the Lessee prior to exercising any of the remedies set forth hereunder, declare the Completion Financing to be due and payable and may declare its obligation to make "additional fundings" to be terminated; provided, however, that:

(a) the Port Authority may not declare the Completion Financing to be due prior to the earlier of (1) the date that is 360 days after the occurrence of the related default (hereinafter referred to as the "360-Day Period"), (2) except as otherwise provided in clause (v), below, the continuation or occurrence of any of the Completion Financing Events of Default set forth in clauses (ii) and (iii), above, (as long as such Completion Financing Events of Default are not also Events of Default as set forth in Appendix C-4 – "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT – Events of Default and Remedies" for which (a) the Trustee exercises the Transferred Powers as its sole remedy during the Lock Box Period (each as defined in Appendix C-4– "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT")) or (b) the Trustee, upon due consideration of the circumstances, elects not to exercise any remedy (each such Completion Financing Event of Default, a "Lock-Box Event")), in which case the Port Authority shall not exercise such remedy for so long as such Completion Financing Events of Default are Lock Box Events) and clauses (iv) – (vii), above, or (3) the occurrence of any of the Completion Financing Events of Default set forth in clauses (viii) – (xi), above;

(b) the Port Authority shall not declare its obligation to make “additional fundings” to be terminated prior to the earlier of (1) the date that is 180 days after the occurrence of the related default (hereinafter referred to as the “180-Day Period”) or (2) the occurrence of any of the Completion Financing Events of Default set forth in clauses (ii) and (iii), above (as long as such Completion Financing Events of Default are not Lock Box Events, in which case the Port Authority shall not exercise such remedy for so long as such Completion Financing Events of Default are Lock Box Events) and clauses (iv) – (xi), above;

(c) the Lessee may make payments on the Default Amount during the 360-Day Period; provided, further, however, that if the Default Amount is not paid in full by the end of the 360-Day Period, the Port Authority may, upon at least one (1) business day’s notice to the Lessee prior to exercising such remedies, declare the Completion Financing to be due and payable and may declare its obligation to make “additional fundings” to be terminated;

(d) by provision of a written notice, received by the Treasurer or the Assistant Treasurer of the Port Authority after the commencement of the 360-Day Period, the insurer of the Series 6 Bonds (the “Bond Insurer”) (so long as the bond insurance policy is in force and effect and the Bond Insurer is not in default thereunder) and The Bank of New York Mellon (the “Trustee”) may request consultations not more frequently than every ninety (90) days with the Port Authority during the 360-Day Period concerning the Port Authority’s intention to exercise any of the remedies, and the Port Authority will accommodate such request(s) in a commercially reasonable manner, so long as any such consultation is requested to occur no later than thirty (30) days prior to the end of the 360-Day Period;

(e) by provision of a written notice, received by the Treasurer or the Assistant Treasurer of the Port Authority not less than thirty (30) days prior to the end of the 360-Day Period, either or both of the Bond Insurer (so long as the bond insurance policy is in force and effect and the Bond Insurer is not in default thereunder) and the Trustee may request a final consultation with the Port Authority concerning the Port Authority’s intention to exercise any of the remedies and the Port Authority will accommodate such request(s) in a commercially reasonable manner, so long as any such consultation is requested to occur no sooner than twenty (20) days and no later than ten (10) days prior to the end of the 360-Day Period; and

(f) upon payment of the Default Amount, and during the ensuing period of 540 days thereafter (hereinafter referred to as the “540-Day Period”), the provisos set forth in clauses (i)(a)-(b), above, shall not apply, and, therefore, upon the occurrence of a Completion Financing Event of Default set forth in clause (i), above, the Port Authority may, upon at least one (1) business day’s notice to the Lessee prior to exercising such remedies, declare the Completion Financing to be due and payable and may declare its obligation to make “additional fundings” to be terminated; provided further, however, that the Port Authority shall not exercise any of the remedies for fifteen (15) business days following the occurrence of such Completion Financing Event of Default, to allow for consultation with the Bond Insurer (so long as the bond insurance policy is in force and effect and the Bond Insurer is not in default under the bond insurance policy) and the Trustee; provided further, however, that (I) the Port Authority may, upon at least one (1) business days’ notice to the Lessee prior to exercising such remedy, declare its obligation to make “additional fundings” to be terminated, (II) if the Bond Insurer or the Trustee shall act to exercise any of their available remedies, the Port Authority in its sole discretion may exercise or refrain from exercising any remedy available to it, and (III) at the end of the 15 business day period, the Port Authority in its sole discretion may exercise or refrain from exercising any remedy available to it;

(ii) Except as otherwise provided in clause (v), above, upon the occurrence of an Completion Financing Event of Default set forth in clauses (ii) and (iii), above, the Port Authority may, upon at least one (1) business days’ notice to the Lessee prior to exercising such remedies, declare the Completion Financing to be due and payable and may declare its obligation to make “additional fundings” to be terminated; provided, however, that if such Completion Financing Events of Default are Lock Box Events, the Port Authority shall not exercise such remedies for so long as such Completion Financing Event of Default is a Lock Box Event.

(iii) Except as otherwise provided in clause (v), above, upon the occurrence of a Completion Financing Event of Default set forth in clauses (iv) through (vii), above, the Port Authority may, upon at least one (1) business days’ notice to the Lessee prior to exercising such remedies, declare the Completion Financing to be due and payable and may declare its obligation to make “additional fundings” to be terminated.

(iv) Upon the occurrence of a Completion Financing Event of Default set forth in clauses (viii) through (xi), above, the Completion Financing shall immediately become due and payable and its obligation to make “additional fundings” shall be terminated without any action on the part of the Port Authority.

(v) If a Completion Financing Event of Default set forth in clauses (ii) through (vii), above, has occurred, or if a Completion Financing Event of Default set forth in clause (i), above, has occurred and the 360-Day Period is not applicable, the Port Authority hereby agrees as follows:

(a) Where the Lessee would otherwise be given notice by the Port Authority that a Completion Financing Event of Default has occurred, and where the Lessee would otherwise be accorded at least ten (10) days to cure such Completion Financing Event of Default, the Port Authority shall not exercise any of the remedies for fifteen (15) business days following the close of the applicable cure period to allow for consultation with the Bond Insurer (so long as the bond insurance policy is in force and effect and the Bond Insurer is not in default under the bond insurance policy) and the Trustee; provided, however, that (I) so long as such Completion Financing Events of Default are not solely Lock-Box Events, the Port Authority may, upon at least one (1) business days’ notice to the Lessee prior to exercising such remedy, declare its obligation to make “additional fundings” to be terminated, (II) if the Bond Insurer or the Trustee shall act to exercise any of their available remedies, the Port Authority in its sole discretion may exercise or refrain from exercising any remedy available to it, and (III) at the end of this 15 business day period, the Port Authority in its sole discretion may exercise or refrain from exercising any remedy available to it; and

(b) In all other cases, the Port Authority shall not exercise any of the remedies for thirty (30) days following the date on which the Port Authority would otherwise be able to exercise such remedies with respect to such Completion Financing Event(s) of Default, to allow for consultation with the Bond Insurer (so long as the bond insurance policy is in force and effect and the Bond Insurer is not in default under the bond insurance policy) and the Trustee; provided, however, that (I) the Port Authority may, upon at least one (1) business days’ notice to the Lessee prior to exercising such remedy, declare its obligation to make “additional fundings” to be terminated, (II) if the Bond Insurer or the Trustee shall act to exercise any of their available remedies, the Port Authority in its sole discretion may exercise or refrain from exercising any remedy available to it, and (III) at the end of this 30-day period, the Port Authority in its sole discretion may exercise or refrain from exercising any remedy available to it.

Certain Other Changes to the Lease

Definitions

The Lease Supplements added a number of new defined terms and amended the definitions of certain defined terms set forth in the Lease in order to accommodate the Completion Financing and in furtherance of the other changes to the Lease effected by the Lease Supplements.

Section 8 (Rental) of the Lease

Lease Supplement No. 3 and Lease Supplement No. 4 amended and restated a number of the provisions of Section 8 (Rental) of the Lease. The Fifth Supplemental Agreement to the Lease, entered into in connection with the issuance of the Series 8 Bonds, amends and restates Section 8 (Rental) of the Lease in its entirety. Please refer to Appendix D-3 “SUMMARY OF CERTAIN PROVISIONS OF LEASE SUPPLEMENT NO.5” for a description of the amended and restated Section 8 (Rental) of the Lease.

FIS Restrictive Covenant

Lease Supplement No. 1 amended Section 76 (Airport Operator Limitations) of the Lease by adding a new subsection (c) that relaxed certain covenants of the Port Authority with respect to the construction or operation of airline terminals at the Airport with FIS Premises. Notwithstanding the limitations set forth in Section 76(b) of the Lease, the Port Authority may itself construct or operate an airline terminal which includes FIS Premises or enter into an agreement with another Person to construct an airline terminal which includes FIS

Premises which in either case is to be primarily utilized by one or more scheduled aircraft operator(s) so long as such scheduled aircraft operator(s) do not hold a "Foreign Air Carrier Permit" under the Federal Aviation Act of 1958 or a substantially similar permit under any similar federal statute. Section 76(c) of the Lease was amended and restated in the Fifth Supplemental Lease Agreement, as set forth in Appendix D-3 "SUMMARY OF CERTAIN PROVISIONS OF LEASE SUPPLEMENT NO. 5."

Initial Available Net Cash Flow; Available Net Cash Flow

The Lease originally contained only a definition of "Available Net Cash Flow," which was the amount available to fund Contingent Obligations after funding Senior Obligations. The Lease Supplements introduced the defined term "Initial Available Net Cash Flow," which is essentially the amount previously known as the Available Net Cash Flow. The defined term "Available Net Cash Flow" was modified to be, for any period, the Initial Available Net Cash Flow *less* the aggregate amounts in such period (i) paid in respect of the Completion Financing, (ii) directed by the Lessee (and consented to by the Port Authority) to be held in Subordinated Payments and Lessee Reserve Fund for projected shortfalls in Senior Obligations in future years, and (iii) directed by the Lessee (without the need for Port Authority consent) to be held in Subordinated Payments and Lessee Reserve Fund in the first semi-annual period of an annual period for projected shortfalls in revenues in the second semi-annual period of such annual period.

Adjustments to Leased Premises; Base Rental Amount

Lease Supplement No. 1 and Lease Supplement No. 3 adjusted the land area leased to the Lessee, with certain portions of the leased premises being surrendered by the Lessee to the Port Authority and other areas being added to the leased premises. Accordingly, the core Base Rental Amount (which is subject to annual adjustments based on CPI) is currently \$17,704,920, which is an increase from the initial core Base Rental Amount of \$10,620,285 and reflects CPI increases since May 13, 1997 and the deemed value of the added premises.

First Additional Land Rental

Lease Supplement No. 4 eliminated potential obligations to pay the Second Additional Land Rental and Third Additional Land Rental, and the First Additional Land Rental was set at a fixed annual rate of \$2,750,000, *provided*, however, that, although it is a Contingent Obligation, if the First Additional Land Rental is not fully paid due to insufficient funds, the First Additional Land Rental for the subsequent period will be increased by such unpaid amount plus interest thereon at the Special Project Bond Rate (as defined in Appendix D-1- "SUMMARY OF CERTAIN PROVISIONS OF THE LEASE").

Release of Certain Claims

Pursuant to Section 18 of Lease Supplement No. 1, the Lessee waived, remised, released and forever discharged the Port Authority of and from all and all manner of all actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, claims and demands, whatsoever, at law or in equity (hereinafter referred to as "Claims") which the Lessee may have against the Port Authority arising out of, by reason of, under or in connection with environmental remediation and related work undertaken in connection with the construction of the initial Project (hereinafter referred to as the "Released Work") other than Claims arising solely from the negligent acts or omissions or affirmative misconduct of the Port Authority with respect to Released Work performed after August 10, 2001.

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APPENDIX D-3

SUMMARY OF CERTAIN PROVISIONS OF LEASE SUPPLEMENT NO. 5

The following is a summary of selected provisions of the Fifth Supplemental Agreement (“Lease Supplement No. 5”) to the Lease (as the same has been amended, supplemented or otherwise modified by Lease Supplements Nos. 1-4, as summarized in the Appendix D-2 – “SUMMARY OF KEY CHANGES TO THE LEASE EFFECTED BY LEASE SUPPLEMENTS NOS. 1-4.” This summary is not to be considered a full statement of the terms of Lease Supplement No. 5 and accordingly is qualified in its entirety by reference thereto and is subject to the full text thereof. Unless the context shall clearly indicate some other meaning or may otherwise require, as used in this summary, any words or phrases specifically defined herein shall be read and construed in accordance with such special definitions, and any words or phrases not specifically defined herein shall be read and construed in accordance with the definition of such word or phrase set forth in Appendix D-1 – “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE” and/or Appendix C-4 – “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT,” as applicable.

This summary of Lease Supplement No. 5 should be read in conjunction with Appendix D-1 – “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE” and Appendix D-2 – “SUMMARY OF KEY CHANGES TO THE LEASE EFFECTED BY LEASE SUPPLEMENTS NOS. 1-4.”

Definitions

(a) *New Definitions.*

The following defined terms are added to Section 1 (Definitions) of the Lease by Lease Supplement No. 5:

“2010 Expansion Project” shall have the meaning given to the term as set forth in the section entitled “Construction,” below.

“2010 Expansion DBO” shall mean the date of the issuance by the Port Authority of the certificates covering all of the elements designated as required for 2010 Expansion DBO, including (a) a certificate signed by an authorized officer of the Lessee certifying that the Construction Work has been constructed in accordance with the approved plans and specifications and the provisions of the Lease and in compliance with all applicable Law; (b) a certificate signed and sealed on behalf of the Project Engineer by a New York State licensed architect on its staff certifying that the approved plans and specifications are in compliance with all applicable Law; and (c) a certificate signed and sealed on behalf of the Project Engineer by a New York State licensed engineer on its staff certifying that the Construction Work has been constructed in accordance with the approved plans and specifications.

“Adjusted Terminal Management Fee” shall have the meaning given to the term in Appendix E – “SUMMARY OF CERTAIN PROVISIONS OF THE ANCHOR TENANT AGREEMENT.”

“ATA” shall mean the Airline Sublease, denominated the “Anchor Tenant Agreement,” entered into by and between the Lessee and Delta as of the date of Lease Supplement No. 5, as amended from time to time with the consent of the Port Authority, except where such consent is not required.

“ATA Premises” shall mean the premises subleased by the Lessee to Delta pursuant to the ATA.

“Date of Taking” shall mean the date on which title to all or any portion of the Premises, as the case may be, has vested in any lawful power or authority pursuant to a Taking.

“Delta” shall mean Delta Air Lines, Inc.

“IAT Member” shall mean JFK IAT Member LLC (formerly known as Schiphol USA LLC).

“Series 6 Bonds” shall mean Series 6 of the Passenger Terminal Bonds.

“Series 6 Debt Service” shall mean the amount payable with respect to the Series 6 Bonds, including any amounts required to be paid or set aside for any amortization, payment at maturity, redemption (including redemption premium, if any) or retirement of the Series 6 Bonds.

“Series 6 Facility Rental” shall mean an amount equal to the amount due for the payment of Series 6 Debt Service on a Debt Service Payment Date.

“Series 6 First Additional Land Rental” shall mean, until May 13, 2026, with respect to each Semi-Annual Period or part thereof, a Prorable Amount and Contingent Obligation for payment to the Port Authority in an amount equal to one-half of the annual rate, which annual rate shall be equal to \$2,750,000, provided, however, that, in the event Series 6 First Additional Land Rental is not fully paid to the Port Authority with respect to any Alternative Annual Period due to insufficient Available Net Cash Flow, the Series 6 First Additional Land Rental for the subsequent Alternative Annual Period shall be increased by the amount of any such unpaid Series 6 First Additional Land Rental with respect to such prior Alternative Annual Period plus interest thereon at the Special Project Bond Rate from and including the first day of such subsequent Alternative Annual Period through the last day of the Semi-Annual Period with respect to which payment is made.

“Series 6 Resolution” shall mean the resolution of the Port Authority adopted October 17, 1996, entitled “Special Project Bonds, Series 6 and 7, JFK International Air Terminal LLC Project – Authorization of Sale” including any amendments, modifications or supplements thereto.

“Series 8 and 9 Resolution” shall mean the resolution of the Port Authority adopted August 5, 2010, entitled “Special Project Bonds, Series 8 and 9, JFK International Air Terminal LLC Project – Establishment and Authorization of Issuance,” including any amendments, modifications or supplements thereto.

“Series 8 Bonds” shall mean Series 8 of the Passenger Terminal Bonds.

“Series 8 Debt Service” shall mean the amount payable with respect to the Series 8 Bonds, including any amounts required to be paid or set aside for any amortization, payment at maturity, redemption (including redemption premium, if any) or retirement of the Series 8 Bonds.

“Series 8 Facility Rental” shall mean an amount equal to the amount due for the payment of Series 8 Debt Service on a Debt Service Payment Date.

“Series 8 First Additional Land Rental” shall mean, with respect to each Semi-Annual Period or part thereof occurring from and after the earlier of (x) 2010 Expansion DBO and (y) January 1, 2014 (such earlier date, the “Series 8 FALR Commencement Date”), a Prorable Amount and Contingent Obligation for payment to the Port Authority in the amount of one-half of the following annual rates:

(x) For the year commencing on the Series 8 FALR Commencement Date and ending on the day preceding the first anniversary of the Series 8 FALR Commencement Date, an annual rate equal to one and one-half percent (1.5%) of Series 8 Debt Service;

(y) For the year commencing on the first anniversary of the Series 8 FALR Commencement Date and ending on the day preceding the second anniversary of the Series 8 FALR Commencement Date, an annual rate equal to two percent (2.0%) of Series 8 Debt Service; and

(z) For each year thereafter, an annual rate equal to two and one-half percent (2.5%) of Series 8 Debt Service.

provided, however, that, in the event Series 8 First Additional Land Rental is not fully paid to the Port Authority with respect to any Alternative Annual Period due to insufficient Available Net Cash Flow, the Series 8 First Additional Land Rental for the subsequent Alternative Annual Period shall be increased by

the amount of any such unpaid Series 8 First Additional Land Rental with respect to such prior Alternative Annual Period plus interest thereon at the Special Project Bond Rate from and including the first day of such subsequent Alternative Annual Period through the last day of the Semi-Annual Period with respect to which payment is made.

(b) Defined Terms Used Specifically in Section 18A

The defined terms and related definitions set forth in the section entitled “Construction,” below, are used specifically in Section 18A of the Lease, as added to the Lease by Lease Supplement No. 5, and such defined terms and related definitions are not intended to replace, modify or amend and restate similar or identical defined terms and related definitions that may already exist in Section 18 of the Lease. Such defined terms and related definitions include the following:

“2010 Basis of Design” shall mean the two design documents relating to the 2010 Expansion Project, entitled “Delta Air Lines JFK Terminal 4 Concourse B Extension Basis of Design” and “Delta Air Lines JFK Terminal 4 Headhouse Expansion Basis of Design.”

“Change Order” shall have the meaning given to the term as set forth in the section entitled “Construction- Contract Documents,” below.

“Comprehensive Plan” shall mean the 2010 Basis of Design and such further plans and specifications based on the 2010 Basis of Design.

“Construction Administrator” shall have the meaning given to the term as set forth in the section entitled “Construction- Project Engineer; Construction Administrator; General Contractors,” below.

“Construction Contract” shall have the meaning given to the term as set forth in the section entitled “Construction- Project Engineer; Construction Administrator; General Contractors,” below.

“Construction Work” shall mean the work of designing and constructing the 2010 Expansion Project, as set forth in the Comprehensive Plan.

“Contract Documents” shall have the meaning given to the term as set forth in the section entitled “Construction- Contract Documents,” below.

“Environmental Management Plan” shall have the meaning given to the term as set forth in the section entitled “Construction- Environmental Requirements with Respect to the Performance of the Construction Work,” below.

“General Contractor” shall have the meaning given to the term as set forth in the section entitled “Construction- Project Engineer; Construction Administrator; General Contractors,” below.

“JFK SPDES Permit” shall have the meaning given to the term as set forth in the section entitled “Construction- Environmental Requirements with Respect to the Performance of the Construction Work,” below.

“Lessee Environmental Consultant” shall have the meaning given to the term as set forth in the section entitled “Construction- Environmental Requirements with Respect to the Performance of the Construction Work,” below.

“Lessee Environmental Representative” shall have the meaning given to the term as set forth in the section entitled “Construction- Environmental Requirements with Respect to the Performance of the Construction Work,” below.

“Matter” shall have the meaning given to the term as set forth in the section entitled “Construction- Performance of the Construction Work,” below.

“NFA” shall have the meaning given to the term as set forth in the section entitled “Construction-Environmental Requirements with Respect to the Performance of the Construction Work,” below.

“Project Engineer” shall mean an architect or engineer retained by the Lessee to provide architectural and engineering services in connection with the 2010 Expansion Project.

“Relocation Work” shall have the meaning given to the term as set forth in the section entitled “Construction- Performance of the Construction Work,” below.

“Spill” shall have the meaning given to the term as set forth in the section entitled “Construction-Environmental Requirements with Respect to the Performance of the Construction Work,” below.

(c) *Amended Definitions.*

The following definitions are amended and restated by Lease Supplement No. 5 as follows:

“Designated Entity” shall have the meaning given to the term as set forth in the section entitled “Restrictions on Transfer,” below.

“First Additional Land Rental” shall mean the Series 6 First Additional Land Rental and the Series 8 First Additional Land Rental.

“Material Part” with reference to the Premises or with reference to the Public Landing Area shall mean such portion of the Premises or the Public Landing Area as when so taken would leave remaining a balance of the Premises, due either to the area so taken or the location of the part so taken in relation to the part not so taken, that would not under economic conditions and after performance by the Lessee of all covenants, agreements, terms and provisions contained herein or required by law to be observed or performed by the Lessee, permit the restoration of the Premises so as to enable the Lessee to operate, maintain and develop the Premises in accordance with Sections 2 and 5 of the Lease and to continue to carry on its normal operations at the Airport without using such part taken.

“PA-operated FIS Terminal” shall have the meaning given to the term as set forth in the section entitled “Airport Operator Limitations,” below.

“Passenger Terminal Bonds” shall mean the Series 6 Bonds, the Series 8 Bonds and other series of bonds issued as contemplated by Section 2(b) or 2(c) of the Series 6 Resolution and Section 2(b) or 2(c) of the Series 8 and 9 Resolution.

“Port Authority Share” shall have the meaning given to the term as set forth in the section entitled “Condemnation- Permanent Taking of All or a Portion of the Premises and the Public Landing Area,” below.

“Restrictive Covenant” shall have the meaning given to the term as set forth in the section entitled “Airport Operator Limitations,” below.

“Special Project Bond Series Resolution” or “Series Resolution” shall mean the resolution adopted by the Port Authority establishing and authorizing a particular series of Special Project Bonds.

“Taking” shall mean the acquisition of a real property interest, through condemnation or the exercise of the power of eminent domain, by any body having a superior power of eminent domain.

“Trust Administration Agreement” shall mean the Trust Administration Agreement dated May 13, 1997 by and between the Trustee and the Lessee, as supplemented and amended with the consent of the Port Authority by the First Supplemental Trust Administration Agreement to the Trust Administration Agreement dated as of August 10, 2001; the Second Supplemental Trust Administration Agreement to the Trust Administration Agreement dated as of December 20, 2002; the Third Supplemental Trust Administration Agreement to the Trust

Administration Agreement, dated as of January 1, 2004; the Fourth Supplemental Trust Administration Agreement to the Trust Administration Agreement, dated as of December 1, 2004; the Fifth Supplemental Trust Administration Agreement to the Trust Administration Agreement, dated as of December 1, 2007; and the Sixth Supplemental Trust Administration Agreement to the Trust Administration Agreement, dated as of the date of the Fifth Supplemental Agreement to the Lease.”

(d) *Other Defined Terms Used in this Appendix D-3*

“18A Default Waiting Period” shall have the meaning given to the term as set forth in the section entitled “Termination by the Port Authority,” below.

“18A Default Waiting Period Extension Notice” shall have the meaning given to the term as set forth in the section entitled “Termination by the Port Authority,” below.

“18A Notice” shall have the meaning given to the term as set forth in the section entitled “Termination by the Port Authority,” below.

“Additional Phase I Gates” shall have the meaning given to the term as set forth in the section entitled “Anchor Tenant Agreement,” below.

“Annual Subordinated Fundings” shall have the meaning given to the term as set forth in the section entitled “Rental-Subordinated Fundings,” below.

“Available Net Cash Flow” shall have the meaning given to the term as set forth the section entitled “Rental-Subordinated Fundings,” below.

“Average Peak Hourly Passenger Volume” for each Annual Period shall be determined as follows: The number of arriving international passengers entering the Terminal FIS Premises during the Peak Hours Period on each Peak Day shall be ascertained; then, the sum total volume of such passengers during the Peak Hours Periods on all Peak Days in an Annual Period shall be ascertained. Such total number of passengers shall then be divided by one hundred thirty-six (136) and such quotient shall be the Average Peak Hourly Passenger Volume for such Annual Period.

“Average Peak Waiting Time” for each Annual Period shall mean the average of the time periods, expressed in minutes per passenger, that ten (10) randomly selected arriving international passengers entering the Terminal FIS Premises during each hour of each Peak Hours Period on each Peak Day in an Annual Period take to clear the Terminal FIS Facilities.

“Capacity Deficiency” shall mean a condition where the number of deplaned passengers entering the Terminal FIS Premises has exceeded the Design Capacity (as the Design Capacity may be increased from time to time with the written acknowledgment of the Port Authority as to the extent of any such increase, such acknowledgment not to be unreasonably withheld.) A Capacity Deficiency shall be deemed to have occurred upon the occurrence of all of the following events:

- (i) The Average Peak Hourly Passenger Volume exceeds the Design Capacity in an Annual Period; and
- (ii) The Average Peak Waiting Time for an Annual Period exceeds Forty-five (45) minutes; and
- (iii) The events described in clauses (i) and (ii) above occur for two successive Annual Periods.

“Completion Financing” shall have the meaning given to the term as set forth in the section entitled “Rental-Subordinated Fundings,” below.

“Contingent Obligation” shall have the meaning given to the term as set forth in the section entitled “Rental-Subordinated Fundings,” below.

“Debt Service Coverage Ratio” shall have the meaning given to the term as set forth in the section entitled “Joint Periodic Condition Survey,” below.

“Debt Service Payment Date” shall have the meaning given to the term as set forth in the section entitled “Rental-Facility Rental,” below.

“Delta 18A Default” shall have the meaning given to the term as set forth in the section entitled “Termination by the Port Authority,” below.

“Delta Hardstand Position” shall have the meaning given to the term as set forth in the section entitled “Anchor Tenant Agreement,” below.

“Facility Rental” shall have the meaning given to the term as set forth in the section entitled “Rental-Facility Rental,” below.

“Hardstand Permit” shall mean the certain space permit entered into by the Port Authority and Delta relating to the use of the aircraft parking positions to be constructed on the Terminal 3 parcel.

“Initial Available Net Cash Flow” shall have the meaning given to the term as set forth in the section entitled “Rental-Subordinated Fundings,” below.

“Lessee True-up Penalty Funds” shall have the meaning given to the term as set forth in the section entitled “Rental-Subordinated Fundings,” below.

“Low Debt Ratio” shall have the meaning given to the term as set forth in the section entitled “Airport Operator Limitations,” below.

“Municipal Air Terminal” shall have the meaning given to the term as set forth in the section entitled “Condemnation,” below.

“Peak Day(s)” shall mean the three (3) busiest days during each of the eight consecutive calendar weeks (Sunday through Saturday) commencing with the calendar week during which July 1st occurs; and January 2nd, Good Friday, the Friday prior to Memorial Day, the Friday prior to Labor Day, Labor Day, the Wednesday prior to Thanksgiving, the Friday after Thanksgiving and December 22nd, 23rd and 24th for a total of 34 Peak Days during each Annual Period.

“Peak Hours Period” shall mean the continuous two hundred forty (240) minute period on each Peak Day during which the highest volume of arriving international passengers enters the Terminal FIS Premises.

“Port Authority True-up Penalty Distribution” shall have the meaning given to the term as set forth in the section entitled “Rental-Subordinated Fundings,” below.

“Priority Level” shall have the meaning given to the term as set forth in the section entitled “Rental-Subordinated Fundings,” below.

“Re-lifting Condition Survey” shall have the meaning given to the term as set forth in the section entitled “Joint Periodic Condition Survey,” below.

“Re-lifting Project” shall have the meaning given to the term as set forth in the section entitled “Joint Periodic Condition Survey,” below.

“Semi-Annual Subordinated Funding Date” shall have the meaning given to the term as set forth in the section entitled “Rental-Subordinated Fundings,” below.

“Semi-Annual Funding Date” shall have the meaning given to the term as set forth in the section entitled “Rental-Facility Rental,” below.

“Subordinated Payments and Lessee Reserve Fund” shall have the meaning set forth in Appendix C-4 – “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT.”

“Taxilane Easement” shall have the meaning given to the term as set forth in the section entitled “Certain Easements,” below.

“Terminal 2 Connector” shall have the meaning given to the term as set forth in the section entitled “Certain Easements,” below.

“Terminal 3 Hardstands” shall have the meaning given to the term as set forth in the section entitled “Lessee’s Appointment as Terminal 3 Hardstand Manager,” below.

“Terminal 3 Parcel Occupant” shall have the meaning given to the term as set forth in the section entitled “Certain Easements,” below.

“True-up Deduction” shall have the meaning given to the term as set forth in the section entitled “Rental-Subordinated Fundings,” below.

“True-up Fundings” shall have the meaning given to the term as set forth in the section entitled “Rental-Subordinated Fundings,” below.

(e) Deleted Defined Terms

The following defined terms are deleted from Section 1 (Definitions) of the Lease by Lease Supplement No. 5

“Additional Term”; “Additional Term Building Rental”; “Base Term Expiration Date”; “Basic Lease Extension”; “Basic Lease Extension Adjustment”; “Extension Date”; “Immediate Family Member”; “LB JFK”; “LB MM”; “LB Non-MM”; “LCOR”; “LCOR JFK”; “Lease Extension Supplement”; “Lehman Group”; “LIC”; and “SUSA.”

Term

Section 3(b) of the Lease, entitled “Term,” is amended and restated by Lease Supplement No. 5 to provide for expiration of the Lease, unless earlier terminated, on the earlier of (x) the thirtieth (30th) anniversary of the 2010 Expansion DBO and (y) December 31, 2043.

Anchor Tenant Agreement

Subject to the following and other provisions of Lease Supplement No. 5, the Port Authority consents to the ATA as an Airline Sublease and Delta as an Airline Sublessee.

The Port Authority’s consent to the ATA is a consent only to the ATA in the form attached to Lease Supplement No. 5, and shall not be or be deemed to operate as a consent to any modification thereto, any subsequent subleasing by the Lessee or to any assignment of the Lease or the ATA or of any rights under either such agreement, whether in whole or in part, or a waiver of any other rights of the Port Authority. Notwithstanding the foregoing, the Port Authority’s consent shall not be required with respect to any modification of the ATA that effects a change in the aggregate square footage of the ATA Premises that, cumulatively with previous such changes (if any), results in a change in the aggregate square footage of the ATA Premises by an amount that is not more than

eight thousand (8,000) square feet above or below the aggregate square footage of the ATA Premises as of 2010 Expansion DBO, provided, that any resulting modification to Delta Rent shall be calculated in strict accordance with the applicable methodology as provided in the ATA; and provided, further, that in all events the Port Authority's consent shall not be required with respect to modifications of the ATA effecting changes in the aggregate square footage of the ATA Premises resulting from (x) the addition thereto of any or all of the Additional Phase I Gates (as defined in Appendix E - "SUMMARY OF CERTAIN PROVISIONS OF THE ANCHOR TENANT AGREEMENT") and related facilities or (y) the reversion to the Lessee of one (1) Delta Hardstand Position (as defined in Appendix E - "SUMMARY OF CERTAIN PROVISIONS OF THE ANCHOR TENANT AGREEMENT"); and provided, finally, that the calculation of the 8,000-square foot cumulative change referred to above shall be made without regard to any changes resulting from the changes to the ATA Premises described in the foregoing clauses (x) and (y).

The ATA shall terminate, without notice to Delta, on the day preceding the date of expiration or earlier termination of the Lease or on such earlier date as the Lessee and Delta may agree upon, unless otherwise provided pursuant to any non-disturbance agreement entered into between the Port Authority and Delta. Delta shall quit the premises subleased pursuant to the ATA and remove its property and property for which it is responsible therefrom on or before the termination of the ATA.

In the event of any inconsistency between the provisions of the Lease and those of the ATA, the Lease shall be controlling, it being the intention of the Port Authority merely to permit the exercise of the Lessee's rights (to the extent permitted by the ATA) by Delta, as the Airline Sublessee thereunder, and not to enlarge or otherwise change the rights granted by the Lease. All of the terms, provisions, covenants and conditions of the Lease, including without limitation the Lessee's covenants set forth in Section 5(c) of the Lease, shall be and remain in full force and effect. Notwithstanding the foregoing, the Port Authority agrees that any inconsistency between the provisions of the Lease and the following enumerated provisions of the ATA, and the Lessee's and Delta's performance of their respective obligations and exercise of their respective rights under such provisions of the ATA, as between the Lessee and Delta within the scope of the ATA, shall not constitute a breach or default of any obligation under the following Sections of the Lease: 2.01 (Demise; Premises), 2.02 (Use Rights), 2.03 (Additional Phase I Gates), 8.05 (Ramp Services and Passenger Handling), 13.01 (Use of Delta Gates and Delta Hardstand Positions), 17.01 (Subleasing and Assignment by Delta), 28.02 (Arbitration), and 36.08 (2026 Condition Survey); and Articles 20 (as same relates to insurance carried by Delta), 34 (Environmental Obligations) and 35 (Phase II/III Option). The Port Authority also expressly consents to the provisions of Section 5.01 of the ATA and agrees that such provisions shall be deemed to satisfy the required sublease provisions set forth in Section 5(d) of the Lease.

If (x) an Event of Default with respect to the Lessee's monetary obligations under the Lease has occurred and is continuing, (y) there are no longer any Passenger Terminal Bonds outstanding and (z) either (p) the Lessee is not pursuing dispute resolution procedures under Section 25 of the Lease or (q) the Lessee has not submitted a claim to a tribunal with jurisdiction over the matter, Delta shall on demand of the Port Authority pay directly to the Port Authority any rental, fee or other amount due to the Lessee in the amount of such default. No such payment shall relieve the Lessee from any obligations under the Lease or under the ATA, but all such payments shall be credited against the obligations of the Lessee and Delta.

In addition to all other remedies available to the Port Authority under the Lease or otherwise, the Port Authority's consent to the ATA may be revoked by notice to the Lessee and Delta in the event of any breach by Delta of any term or provision of the Lease that would constitute an Event of Default under the Lease, and no such revocation shall be deemed to affect the Lease or the continuance thereof, provided, that the Port Authority shall not send such notice of revocation unless and until the Port Authority has the right, pursuant to the provisions of Section 25(b) of the Lease, to serve upon the Lessee a Notice of Termination by reason of such Event of Default.

Except as specifically provided in Lease Supplement No. 5, nothing in the ATA or its performance, or the Port Authority's consent to the ATA, shall diminish or derogate from, or excuse the Lessee's failure to fully perform, the Lessee's obligations under the Lease, including without limitation the obligations referred to in the following clauses (i) through (iv), which the Lessee hereby affirms are essential inducements to the Port Authority in entering into the Lease: (i) obligations under Section 43 of the Lease ("Airline Subleases"), (ii) obligations under Section 44 of the Lease ("Retail Subleases"), (iii) obligations under Section 54 of the Lease

(“Requesting Airlines at the Airport”), and (iv) obligations under Section 71 of the Lease (“Relationship of the Parties”).

Without limitation as to the generality of the requirements under the Lease with respect to the ATA, the Airline Leasing Plan required pursuant to Section 43 under the Lease, entitled “Airline Subleases” shall include the ATA and the sub-subleases contemplated under the Lease.

Notwithstanding any inconsistent provision of the ATA, and notwithstanding any inconsistent conduct or understanding of the parties to the ATA, the Adjusted Terminal Management Fee shall be allocated to the last incremental amounts (if any) paid by Delta to the Lessee in any payment period pursuant to the ATA and received by the Lessee as Gross Revenues under the Lease, after payment in full of all other amounts payable by Delta to the Lessee under the ATA with respect to such payment period.

Notwithstanding any inconsistent provision of the ATA, and notwithstanding any inconsistent conduct or understanding of the parties to the ATA, no legal fees or costs paid or payable by the Lessee or Delta in connection with the negotiation of the ATA shall constitute Permitted O&M Expenses under the Lease. Notwithstanding the foregoing or anything contained herein to the contrary, however, all legal fees and costs paid or payable by the Lessee in connection with the Lessee’s enforcement of the Lessee’s rights and Delta’s obligations under the ATA, including all legal fees and costs paid or payable by the Lessee in connection with the prosecution, defense or settlement of any claim or dispute under or relating to the ATA, shall constitute Permitted O&M Expenses under the Lease (subject to the accounting rules therefor). The Lessee shall not charge as Permitted O&M Expenses any legal fees or costs paid or payable in respect of matters relating to Delta’s ownership interest in IAT Member.

Rental

Section 8 (Rental) of the Lease is amended and restated in its entirety by Supplemental Lease No. 5. Below is a summary of certain provisions of Section 8 (Rental) of the lease as so amended and restated.

(a) *Permitted O&M Expenses and Ground Rental.*

(i) The Lessee pays Permitted O&M Expenses before the payment of any other amounts.

(ii) Ground Rental. The Lessee shall pay, or shall cause the Trustee to pay, on each Monthly Funding Date throughout the Term, Ground Rental as a Proratable Amount in an amount equal to one-twelfth of the Base Rental Amount for the applicable Alternative Annual Period.

(b) *Facility Rental.* In consideration of the use and occupancy of the Terminal, the Lessee shall pay a facility rental (the “Facility Rental”) on each date (such date, a “Semi-Annual Funding Date”) that is three days prior to a date for the payment of Debt Service (such date for the payment of Debt Service, a “Debt Service Payment Date”) in an amount that, when combined with all other funds available for the payment of Debt Service, shall be equal to the amount due for the payment of Debt Service on such Debt Service Payment Date. Facility Rental shall be composed of Series 6 Facility Rental and Series 8 Facility Rental and shall be paid as follows:

(A) on each Monthly Funding Date (except a Debt Service Payment Date), in an amount equal to (x) the amount of interest due as Debt Service on the next succeeding Debt Service Payment Date after taking into account other funds available for the payment of Debt Service in the Bond Fund or to be transferred to the Bond Fund on or before such Debt Service Payment Date pursuant to the Trust Administration Agreement divided by (y) the number of Monthly Funding Dates and Semi-Annual Funding Dates (including the current Monthly Funding Date or Semi-Annual Funding Date) remaining prior to the next succeeding Debt Service Payment Date on which a payment of interest is to be made;

(B) on each Monthly Funding Date, in an amount equal to (x) the amount of principal expected to be due as Debt Service (including with respect to Special Mandatory Redemptions, if any) on the next Debt Service Payment Date on which a principal payment is to be made after taking into account other funds available to pay such Debt Service in the Bond Fund or to be transferred to the Bond Fund on or prior to the next Debt Service Payment Date on which a principal payment is to be made pursuant to the Trust Administration Agreement divided by (y) the number of Monthly Funding Dates (including the current Monthly Funding Date) remaining prior to the next succeeding Debt Service Payment Date on which a payment of principal is to be made; and

(C) on each Semi-Annual Funding Date, in an amount equal to the amount due on the next succeeding Debt Service Payment Date after taking into account other funds available in the Bond Fund or to be transferred to the Bond Fund on or before such Debt Service Payment Date for the payment of Debt Service.

Notwithstanding the provisions of the foregoing subparagraphs, Facility Rental payable shall be paid only out of the excess, if any, of the estimated amount of Gross Revenues with respect to the Month preceding the Month in which the Monthly Funding Date occurs over the sum of (x) the payments of Permitted O&M Expenses with respect to such prior Month (including deposits for such purposes into the Operation and Maintenance Expense Fund) and (y) the amount of any Ground Rental payable with respect to such prior Month.

The Lessee shall make payments, or cause the Trustee to make transfers, to the Debt Service Fund in accordance with the Trust Administration Agreement.

(c) *Subordinated Fundings.*

The Lessee shall pay or provide for the payment of the following obligations (each a “Contingent Obligation” and collectively, the “Contingent Obligations”) by making or providing Subordinated Funding for such Contingent Obligations as provided below: Lessee Terminal Management Funds, Series 6 First Additional Land Rental, Series 8 First Additional Land Rental, Lessee Retail Management Funds, Capital Improvements Reserve Fund, Adjusted Terminal Management Fee, Port Authority Residual Rental and Lessee Residual Funds.

(i) Calculation of Subordinated Fundings. Initial Available Net Cash Flow and Available Net Cash Flow shall be determined as follows:

“Initial Available Net Cash Flow”: with respect to any period, an amount equal to (x) Gross Revenues with respect to such period plus (y) the sum of (A) amounts on deposit as Reserve Amounts that are utilized to pay Permitted O&M Expenses in such period and (B) amounts held as reserves in the Subordinated Payments and Lessee Reserve Fund, minus (z) the sum of (A) the amount of Permitted O&M Expenses expended for such period, (B) [intentionally omitted], (C) Ground Rental with respect to such period, (D) the sum of any payments (or fundings) of Facility Rental with respect to such period, (E) amounts deposited, with respect to such period, as required deposits pursuant to Section 4 (Debt Service Reserve Fund), Section 8 (Operation and Maintenance Reserve Fund) and Section 9 (Major Maintenance and Renewal Fund) of Appendix A to the Trust Administration Agreement, and (F) payments directly from the Revenue Fund into the Section 148(f) Payment Fund as directed by the Lessee pursuant to the Trust Administration Agreement.

“Available Net Cash Flow”: with respect to any period, an amount equal to the difference obtained by subtracting from the Initial Available Net Cash Flow the reductions described in Section 8.2 of Article VIII of Supplemental Lease Agreement No. 1, as amended, supplemented and restated (i.e., payments in respect of the “Completion Financing” (as defined in Appendix D-2 – “SUMMARY OF KEY CHANGES TO THE LEASE EFFECTED BY LEASE SUPPLEMENTS NOS. 1-4”) and certain other amounts that the Lessee may reserve), as summarized in the section “Initial Available Net Cash Flow; Available Net Cash Flow” in Appendix D-2 – “SUMMARY OF KEY CHANGES TO THE LEASE EFFECTED BY LEASE SUPPLEMENTS NOS. 1-4.”

(ii) Priority of Subordinated Fundings.

Available Net Cash Flow shall be applied to the following Contingent Obligations in the order of priority specified below (each, a "Priority Level"); and to the extent Available Net Cash Flow is used to fund any Contingent Obligation, it shall constitute a "Subordinated Funding."

(A) First Priority Level: 90 % of the Lessee Terminal Management Funds.

(B) Second Priority Level: Lessee Retail Management Funds, Series 6 First Additional Land Rental and Series 8 First Additional Land Rental.

(C) Third Priority Level: Capital Improvements Reserve Fund, in accordance with Section 12 of Appendix A to the Trust Administration Agreement.

(D) Fourth Priority Level: The Adjusted Terminal Management Fee, to the extent deemed paid to the Lessee pursuant to the ATA.

(E) Fifth Priority Level: Port Authority Residual Rental and Lessee Residual Funds, 90% to the Port Authority and 10% to Lessee.

(iii) Funding of Priority Levels. Contingent Obligations at any Priority Level are to be funded for any period only if and to the extent there is any remaining Available Net Cash Flow to do so after Available Net Cash Flow has been used to fund in full the Contingent Obligations described at each higher Priority Level. Where multiple Contingent Obligations exist at a single Priority Level, each such Contingent Obligation shall be funded on a pari passu basis; provided, however, it is understood that when Port Authority Residual Rental and Lessee Residual Funds are on the same Priority Level, 90% of available funds are to be funded to the Port Authority as Port Authority Residual Rental and 10% of available funds are to be funded to the Lessee as Lessee Residual Funds. Except as specifically provided with respect to the First Additional Land Rental, unfunded Contingent Obligations expire and are not carried forward from one Alternative Annual Period to a subsequent Alternative Annual Period. Notwithstanding the foregoing, Contingent Obligations at the end of the Term shall cease and expire; provided, however, that any and all obligations owed by the parties to one another to pay any unpaid amount of True-up Fundings or True-up Deductions (as defined below) shall survive the end of the Term.

(iv) Semi-Annual Subordinated Funding Dates. The first day of the second Month following any Semi-Annual Period shall be a "Semi-Annual Subordinated Funding Date," such that July 1 is the Semi-Annual Subordinated Funding Date for the immediately preceding Semi-Annual Period commencing December 1 and ending May 31, and January 1 is the Semi-Annual Subordinated Funding Date for the immediately preceding Semi-Annual Period commencing on June 1 and ending November 30; provided, however, that if a Semi-Annual Subordinated Funding Date falls on a day that is not a Business Day, it shall be deemed to occur on the next Business Day thereafter and provided further, however, the parties may both execute a writing delivered to the other party on or before any particular (x) January 1 Semi-Annual Subordinated Funding Date pursuant to which they agree that such particular January 1 Semi-Annual Subordinated Funding Date shall be deemed to occur three Business Days prior to such January 1 Semi-Annual Subordinated Funding Date or (y) July 1 Semi-Annual Subordinated Funding Date pursuant to which they agree that such particular July 1 Semi-Annual Subordinated Funding Date shall be deemed to occur on the June 15 immediately preceding such July 1 Semi-Annual Subordinated Funding Date except that these clauses (x) and (y) shall apply if, and only if, there exists no Total Deferred APO Amount outstanding as of the date which the parties propose as the deemed Semi-Annual Subordinated Funding Date.

(v) Annual Adjustments.

(A) Annual True-up. On May 1 following each Alternative Annual Period (the "True-up Date"), the Lessee shall determine the actual Available Net Cash Flow for the preceding Alternative Annual Period based on the Cash Basis Financial Statements for such Alternative Annual Period, and on the same

basis, the Lessee shall recalculate the amount of Subordinated Fundings that should have been made with respect to such Alternative Annual Period (the "Annual Subordinated Fundings").

(B) True-up Fundings and Deductions. In the event the aggregate amount of Annual Subordinated Fundings exceeds the aggregate amount of the Semi-Annual Fundings made with respect to such Alternative Annual Period to either or both parties, within three Business Days after the True-up Date, the Lessee shall make additional funds available or cause such funds to be made available in accordance with Amended and Restated Appendix A to the Trust Administration Agreement to make additional fundings ("True-up Fundings") so that the sum of the Semi-Annual Fundings and the True-up Fundings is equal to the amount of the Annual Subordinated Fundings. If the aggregate amount of all Semi-Annual Fundings made with respect to such Alternative Annual Period exceeds the aggregate amount of Annual Subordinated Fundings, the Lessee shall deduct the amount of such excess (the "True-up Deduction") from funds that are to be made available by it or cause the Trustee to make appropriate adjustments to funds held under the Trust Administration Agreement so that the sum of all Semi-Annual Fundings after deducting such True-up Deduction is equal to the Annual Subordinated Fundings. No True-up Deduction may be applied to reduce the amount of Facility Rental payable during any Alternative Annual Period. If there are no funds to be made available in accordance with Amended and Restated Appendix A to the Trust Administration Agreement, then such True-up Fundings or True-up Deductions, as may be the case, shall be applied to the next Semi-Annual Funding. Any First Additional Land Rental owed and not paid to the Port Authority as of the prior Semi-Annual Subordinated Funding Date shall accrue interest at the Special Project Bond Rate until paid. Any unpaid amount shall constitute an amount owed by the respective party to the other party until paid.

(C) True-up Penalty. If the amount of the True-up Fundings to the Port Authority for the Alternative Annual Period with respect to which such True-up Fundings are made exceeds 10% (ten percent) of the aggregate amount of Semi-Annual Subordinated Fundings to the Port Authority for such Alternative Annual Period, there shall be a payment to the Port Authority ("Port Authority True-up Penalty Distribution") on the Semi-Annual Subordinated Funding Date with respect to the Semi-Annual Period in which the True-up Date occurs in an amount equal to one-half of one year's interest on such True-up Fundings to the Port Authority at the Special Project Bond Rate. If the amount of the True-up Fundings to the Lessee for the Alternative Annual Period with respect to which such True-up Fundings are made exceeds 25% (twenty-five percent) of the aggregate amount of Semi-Annual Subordinated Fundings to the Lessee for such Alternative Annual Period, there shall be an obligation for Lessee Unrestricted Funds ("Lessee True-up Penalty Funds") on the Semi-Annual Subordinated Funding Date with respect to the Semi-Annual Period in which the True-up Date occurs in an amount equal to one-half of one year's interest on such True-up Fundings to the Lessee at the Special Project Bond Rate. The Port Authority True-up Penalty Distribution and Lessee True-up Penalty Funds shall be applied against the Semi-Annual Fundings on the Semi-Annual Subordinated Funding Date with respect to the Semi-Annual Period in which the True-up Date occurs, and if the Semi-Annual Fundings are not sufficient to pay such True-up Penalty Amounts, they shall be carried forward to the next Semi-Annual Subordinated Funding Date with interest accrued at the Special Project Bond Rate.

(d) *Abatement of Rental.*

If at any time the Lessee shall become entitled to an abatement of rent pursuant to the provisions of the Lease or otherwise, only Ground Rental or, under Section 78, Port Authority Ramp Control Tower Rental, shall be abated. Such abatement shall be determined on an equitable basis. There shall be no abatement of any other rental or Subordinated Funding payable under the Lease.

Permitted O&M Expenses

Exhibit 8.1 to the Lease is amended by Lease Supplement No. 5 to clarify that (i) Permitted O&M Expenses do not include amounts funded from the Capital Improvements Reserve Fund, and (ii) amounts paid to Designated Affiliates as permitted under Section 21 of the Lease (as amended by Lease Supplement No. 5) are not excluded from Permitted O&M Expenses.

Construction

(a) *2010 Expansion Project; Steps Required Before Commencement of the Construction Work.*

The Lessee agrees to undertake a project to design and construct a renovation, modification and expansion of the Terminal (the “2010 Expansion Project”), which will include, *inter alia*, the (i) construction of an extension to Concourse B (including nine new aircraft building gate positions), (ii) renovation and improvement of existing aircraft building gate positions in Concourse B, (iii) rehabilitation of certain sections of the surrounding aircraft apron area to support the expanded Concourse B space, and (iv) modification and expansion of the existing headhouse (such work in respect of the 2010 Expansion Project as set forth in the Comprehensive Plan, the “Construction Work”). The Port Authority acknowledges that although the obligations provided under Section 18A (Construction of the 2010 Expansion Project) of the Lease are the obligations of the Lessee, the 2010 Expansion Project will be developed and constructed by Delta, as the Lessee’s anchor tenant under the ATA, which will incorporate by reference (to the extent related to the 2010 Expansion Project) the terms and provisions of Section 18A of the Lease and the other provisions of the Lease that reference or are deemed to reference Section 18A, and the Port Authority agrees to accept due performance by Delta of such obligations.

The Lessee shall keep the Comprehensive Plan up to date and shall submit to the Port Authority for its approval all amendments, supplements or modifications to the Comprehensive Plan, which amendments, supplements or modifications shall not become effective until approved by the Port Authority.

Prior to the commencement of the Construction Work, the Lessee shall submit to the Port Authority for the Port Authority’s approval complete plans and specifications and all required supporting information. Delta shall adhere to the schedule for submission of specified packages of design development documents and plans and specifications covering the Construction Work and the Port Authority agrees to review said packages expeditiously when submitted on schedule, provided that such packages are prepared in accordance with the highest professional standards, complete, of uniformly high quality and well coordinated with respect to all engineering and architectural disciplines.

The Port Authority may refuse to grant approval with respect to the plans and specifications if, in its opinion, any of the proposed Construction Work as set forth in such plans and specifications would, among other reasons specified in the Lease, (i) be unsafe, unsound, hazardous or improper for the use and occupancy for which it is designed, (ii) not be consistent with existing external architecture of similar improvements at Terminal 4, (iii) not be in accordance with the Basis of Design, (iv) not comply with the provisions of the Basic Lease, (v) not comply with all applicable codes, governmental laws, ordinances, enactments, resolutions, rules and orders, and Port Authority requirements, or (vi) not properly coordinate construction staging with other ongoing Airport construction projects and Airport operations.

The Lessee shall prepare, execute and submit for the Port Authority’s approval a “tenant alteration application” or applications in the form prescribed by the Port Authority covering the Construction Work or portions thereof (each, a “Construction Application”). The Lessee shall not commence any portion of the Construction Work until the related Construction Application has been approved by the Port Authority. The Lessee shall give the Port Authority not less than sixty (60) days’ notice prior to the commencement of construction.

The Lessee and the Port Authority shall establish a design and construction working group to review the development of the Project and all drawings, specifications, calculations and reports, etc. prior to the submission of any drawings or plans to the Port Authority. The working group shall meet on a regular basis in order that the Port Authority shall generally be informed of all areas of the design of the Project and be aware of all construction or approval dates.

(b) *Contract Documents.*

All Construction Work shall be done in accordance with plans and specifications approved by the Port Authority (as the same may be modified by one or more Change Orders (as defined below), the “Contract Documents”). All Construction Work, including workmanship and materials, shall be of first-class quality. The

Lessee shall prosecute the Construction Work diligently and continuously to completion in accordance with the Contract Documents, and shall complete the Construction Work no later than December 31, 2017, subject to extensions as set forth in the Lease including for Change Orders and force majeure. The Lessee shall re-do, replace or construct any Construction Work not done in accordance with the Contract Documents (which may be modified by a Change Order) and the provisions of the Lease. A "Change Order" means any material change to the Contract Documents which has been approved by the Port Authority or any immaterial change which does not require the approval of the Port Authority. In the event of any dispute as to whether a change is a material or immaterial, such dispute shall be referred to and determined by the Chief Engineer of the Port Authority. A proposed change order will require the prior written approval of the Port Authority if: (1) it increases or reduces the scope of, or the design intent of, the Project from the project described in the Comprehensive Plan; (2) after the Port Authority has approved the Contract Documents, it results in the issuance of a new or revised drawing by the Project Engineer; (3) it adversely affects the quality of the Project so that the Project will not deliver a level of service "C" as defined by IATA Standards during peak operation or the Project will not be a first class terminal as defined by generally accepted airline industry standards; or (4) it requires an extension of the scheduled completion date beyond December 31, 2017 other than by reason of force majeure. The Lessee will not start the work described in a proposed change order requiring the prior written approval of the Port Authority until the proposed change order has been so approved, except in an emergency situation where such change order may be implemented first with revised drawings by the Project Engineer submitted to the Port Authority thereafter.

(c) *Project Engineer; Construction Administrator; General Contractors.*

The Lessee shall retain the services of an architect or engineer to provide architectural and engineering services in connection with the 2010 Expansion Project (the "Project Engineer"), and the Port Authority shall have the right to disapprove any architect or engineer who may be unacceptable to it. The Lessee has retained Skidmore, Owings & Merrill LLP as the Project Engineer and the Port Authority has not disapproved the Project Engineer. The Lessee shall submit a copy of its contract with the Project Engineer and all modifications, supplements or amendments thereto to the Port Authority.

The Lessee shall retain the services of a construction administrator to monitor and coordinate the Construction Work (the "Construction Administrator"), and the Port Authority shall have the right to disapprove any construction administrator who may be unacceptable to it. The Lessee has retained AECOM as the Construction Administrator and the Port Authority has not disapproved the Construction Administrator. The Lessee shall submit a copy of its contract with the Construction Administrator and all modifications, supplements or amendments thereto to the Port Authority.

The Lessee or the Construction Administrator shall, or shall require the Project Engineer to, furnish a full-time resident architect or engineer during the construction period. The Lessee shall require certification, by a licensed engineer on the staff of the Project Engineer or by an independent testing firm, of all pile driving data and of all concrete tests and such other certifications as may be requested by the Port Authority to satisfy any controlled inspection requirements and such other requirements as may be reasonably required by the Port Authority from time to time. The Lessee shall also require certification, on behalf of the Project Engineer by a licensed architect or engineer on its staff or by the independent testing firm, of all controlled inspections required by the New York City Building Code.

The Lessee shall enter into a contract with one or more general contractors for the Construction Work (each, a "General Contractor") and the Port Authority shall have the right to disapprove any contractor who may be unacceptable to it. The Lessee shall submit a copy of its contract with the General Contractor (the "Construction Contract") and all modifications, supplements or amendments thereto to the Port Authority. At such times as the Lessee and the General Contractor determine the identity of the proposed subcontractors or potential bidders for the Project, the Lessee shall submit to the Port Authority the names of the proposed subcontractors or bidders shall perform, and the Port Authority may, within ten (10) business days of submission of a list of proposed subcontractors or bidders, comment on the proposed subcontractors or bidders and subcontracts. The Lessee shall not employ or approve any subcontractor or bidder to which the Port Authority has a reasonable objection. The Lessee shall include in all such subcontracts such provisions and conditions which have been advised in writing and reasonably required by the Port Authority prior to the execution of such contracts.

(d) *Performance of the Construction Work.*

In performing the Construction Work, the Lessee shall, *inter alia*:

(i) take all reasonable measures to prevent erosion of the soil and the blowing of sand during and arising from the performance of the Construction Work, including, but not limited to, the fencing of the Premises or portions thereof or other areas and the covering of open areas with such materials as the Port Authority may direct;

(ii) subject in all events to the Environmental Requirements, promptly deliver any soil, dirt, sand or other matter (collectively, the "Matter") excavated by the Lessee during the course of the Construction Work and not used at the Premises to any location off the Airport as may be approved by the Port Authority, and shall submit to the Port Authority all manifests and bills of lading covering any Matter, and in addition shall prepare and submit to the Port Authority all documentation that the Lessee is required to submit to the disposal site or the Governmental Authority having jurisdiction with respect to any Matter;

(iii) pay or cause to be paid (as part of the costs of the Construction Work) all claims lawfully made against it by its General Contractor, the General Contractor's subcontractors, materialmen and workmen, and all claims lawfully made against it by other third persons arising out of or in connection with or because of the performance of the Construction Work, and shall cause its General Contractor and the General Contractor's subcontractors to pay all such claims lawfully made against them, provided, however, that nothing herein contained shall be construed to limit the right of the Lessee to contest any claim of a contractor, subcontractor, materialman, workman and/or other person and no such claim shall be considered to be an obligation of the Lessee within the meaning of this Section unless and until the same shall have been finally adjudicated. The Lessee shall diligently seek to resolve any such claims and shall keep the Port Authority informed of its actions with respect thereto. Nothing herein contained shall be deemed to constitute consent to the creation of any liens or claims against the Premises or any other part of the Airport nor to create any rights in said third persons against the Port Authority;

(iv) prior to the commencement of construction and at all times during construction submit to the Port Authority all engineering studies and inspection reports with respect to the Construction Work which have been performed by the Lessee, and samples of construction materials as may be required at any time and from time to time by the Port Authority;

(v) at the time of submitting the Comprehensive Plan to the Port Authority, submit to the Port Authority its forecasts of the number of people who will be working at various times during the Term at the Premises, the expected utility demands of the Premises, noise profiles and such other information as the Port Authority may require, and the Lessee shall continue to submit its latest forecasts and such other information as may reasonably be required as aforesaid as the Port Authority shall from time to time and at any time request and which the Port Authority acknowledges are estimates and may change from time to time;

(vi) proceed in such a manner that there will be at all times a minimum of air pollution, water pollution or any other type of pollution and a minimum of noise emanating from or arising out of the Construction Work, including the construction of such structures, fences, equipment, dewatering systems and other devices and facilities as may be necessary or appropriate to accomplish the foregoing and each of the foregoing shall be and become a part of the Construction Work it affects and all of the foregoing shall be covered under the Comprehensive Plan and shall be part of the Construction Work;

(vii) relocate and reinstall communications and utility infrastructure on the Premises or off the Premises and to restore all affected areas (such work, collectively, the "Relocation Work") as may be reasonably directed by the Port Authority, and the Relocation Work shall be and become a part of the Construction Work;

(viii) comply with the provisions of Section 13 of the Lease, entitled "Rules and Regulations" and Section 14 of the Lease, entitled "Compliance with Law," in accordance with all Environmental Requirements, and in compliance with FAA AC 150/5370-10A Standards for specifying construction of Airports" item P-156 and AC 150/5320-5B "Airport Drainage" and shall include a storm water pollution prevention plan which includes best management practices; and

(ix) proceed in such a manner that does not, to the extent reasonably practicable, interrupt or disturb existing operations at Terminal 4, including without limitation the operations of existing Airline Sublessees other than Delta.

(e) *Environment Requirements with Respect to the Performance of the Construction Work.*

The Lessee's performance of the Construction Work is subject to the following special environmental requirements, provided that, where the other terms and provisions of the Lease, including without limitation Section 42, entitled "Environmental Obligations," provide requirements that are stricter than or additional to Environmental Requirements, the Construction Work shall comply with such stricter or additional requirements, and references in Section 18A (Construction of the 2010 Expansion Project) of the Lease to "Environmental Requirements" shall be interpreted accordingly:

(i) all Construction Work shall be performed in compliance with Permit No. GP-0-10-001, SPDES General Permit for Stormwater Discharges from Construction Activities, issued by the DEC on January 29, 2010, including without limitation the Storm Water Pollution Prevention Plan filed pursuant thereto by Delta in connection with the Construction Work (including any extension or successor to such permit, the "JFK SPDES Permit"), and the Port Authority grants its permission to the Lessee to perform dewatering and discharge of wastewater in connection with the Construction Work under the JFK SPDES Permit, provided, however, that the Port Authority shall approve all dewatering plans and practices prior to any discharge, and the Lessee shall comply with all the terms and conditions of the JFK SPDES Permit and with all additional requirements of the DEC with respect to such dewatering activities and discharge of wastewater;

(ii) the Lessee shall not exacerbate the existing environmental condition of the Premises, the Airport or any natural resource, including without limitation any ground water or aquifer;

(iii) the Lessee shall submit to the Port Authority for its approval prior to the commencement of the Construction Work an environmental management plan setting forth in detail the Lessee's plans for all handling, excavation, depositing, testing, screening, backfilling, removal, storage, transportation, disposal and other handling of soil and the treatment of ground and wastewater in the performance of the Construction Work (such plan, as approved by the Port Authority, the "Environmental Management Plan"), and the Construction Work shall be performed in accordance with the Environmental Management Plan;

(iv) in the event that any Hazardous Substances are discovered, uncovered, exposed, spilled, released, discharged or disposed on the Airport in the performance of the Construction Work (any such event, a "Spill"), the Lessee shall immediately (w) notify the Port Authority of such Spill, (x) excavate all soil containing any such Hazardous Substances, (y) pump and treat all ground water containing any such Hazardous Substances, and (z) delineate such Spill to the satisfaction of the Port Authority until all such Hazardous Substances have been excavated, pumped and treated in accordance with Environmental Requirements, and no Construction Work that would interfere or delay such remediation shall be performed in the area of such Spill until all such Hazardous Substances have been so removed;

(v) reporting a Spill, the Lessee shall follow all Environmental Requirements and shall direct such report to the attention of such individual at the relevant Governmental Authority as the General Manager of the Airport may require, in order to assure consistency in the environmental management of the Airport;

(vi) promptly upon final disposition of any Hazardous Substance, the Lessee shall submit to the Port Authority a "Certification of Final Disposal" stating the type and amount of material disposed, the method of disposal and the owner and location of the disposal facility, and in all events the name of the Port Authority shall not appear on any certificate or other document as a generator or owner of such material;

(vii) in all events, the Lessee shall be fully responsible for obtaining a No Further Action ("NFA") status from the DEC with respect to all Spills reported to the DEC, and the Lessee shall complete all necessary remedial actions, monitoring and reporting necessary to obtain such NFA status, and the Lessee shall be fully

responsible for all costs associated with any long-term monitoring, reporting and closure activities relating to or resulting from such reported Spills both before and after the Completion Date;

(viii) the Lessee shall design and implement appropriate engineering practices and controls for all dewatering activities in the performance of the Construction Work to prevent contamination of the lower aquifer, dewatering and discharges shall be monitored and reported separately for each individual discharge point that comprises the Construction Work and, upon the Port Authority's request, the Lessee shall provide additional samples and tests relating to the dewatering system;

(ix) the Lessee shall install any and all treatment items requested or required by the DEC, the General Manager of the Airport or any approved Construction Application and/or indicated by water quality sampling results, and all effluent shall meet the JFK SPDES Permit limits;

(x) the Lessee shall designate, by written notice to the Port Authority, a duly authorized representative of the Lessee (the "Lessee Environmental Representative") who shall be responsible for the Lessee's compliance with the JFK SPDES Permit;

(xi) upon notice to the Lessee by the Port Authority upon any indication of non-compliance or potential non-compliance by the Lessee with the JFK SPDES Permit, the Lessee shall at its own expense immediately retain under contract, independent of the Lessee's construction contractor, a qualified environmental consultant approved by the Port Authority (the "Lessee Environmental Consultant"), who shall provide liaison with the Port Authority, and shall have the obligation to submit any and all reports, and any other requested information, directly to the Port Authority and to oversee installation, if applicable, of dewatering wells by a licensed driller, and to monitor contractor compliance with all dewatering operations;

(xii) the Lessee shall be solely responsible for any and all fines, penalties, assessments, or levies assessed due to deviation from or violation of the JFK SPDES Permit or of the Lessee's authorization to discharge stormwater in the performance of the Construction Work during construction or of any other applicable permit, plan, authorization or permission; and

(xiii) the Lessee shall assume all risks arising out of its performance of dewatering and discharging of wastewater at any portion or area of the Premises under the JFK SPDES Permit or of any other applicable permit, plan, authorization or permission and, without limitation as to the generality of any other term or provision contained in the Lease, the Lessee shall indemnify, hold harmless and reimburse the Port Authority, its Commissioners, officers, employees and representatives from and against (and shall reimburse the Port Authority for the Port Authority's costs and expenses, including without limitation legal costs and expenses incurred in connection with the defense of) all claims and demands, penalties, fines, liabilities (including without limitation strict liability), settlements, attorney and consultant fees, investigation and laboratory fees, cleanup and remediation costs, court costs and litigation expenses, damages, judgments, losses, costs and expenses, including without limitation claims for personal injury, including death, property damage and natural resources damage, of whatsoever kind or nature and whether known or unknown, contingent or otherwise, just or unjust, groundless or foreseeable or otherwise arising or alleged to arise out of, or in any way related to the Lessee's performance of dewatering or any discharging at any portion of the Premises or the Airport or the use of the JFK SPDES Permit by the Lessee or of any other applicable permit, plan, authorization or permission.

(f) *Commencement and Completion of the Construction Work.*

The Lessee may commence construction of portions of the Construction Work prior to the approval by the Port Authority of the complete Contract Documents and plans and specifications. Such work, however, shall be performed at the Lessee's sole risk and subject to and in accordance with the terms and conditions specified in the Lease, including the following: if for any reason the plans and specifications for the Construction Work are not approved by the Port Authority or if the approval thereof calls for modifications or changes in the work undertaken by the Lessee, the Lessee will, as directed by the Port Authority either restore the area affected to the condition existing prior to the commencement of any such work or make such modifications and changes in any such work as may be required by the Port Authority. Title to all the Construction Work shall pass to The City of

New York as the same or any part thereof is erected, constructed or installed, and shall be and become part of the Premises if located within the Premises.

When a discrete, integral and material portion of the Construction Work is substantially completed or is properly usable, the Lessee may advise the Port Authority to such effect and may deliver to the Port Authority: (a) a certificate signed by an authorized officer of the Lessee certifying that such portion of the Construction Work has been constructed in accordance with the approved plans and specifications (including but not limited to all Change Orders) and the provisions of the Lease and in compliance with all applicable laws, ordinances and governmental rules, regulations and orders; (b) a certificate signed and sealed on behalf of the Project Engineer by a New York State licensed architect on its staff certifying that the approved plans and specifications (including but not limited to all Change Orders) are in compliance with all applicable laws, ordinances and governmental rules, regulations and orders; and (c) a certificate signed and sealed on behalf of the Project Engineer by a New York State licensed engineer on its staff certifying that such portion of the Construction Work has been constructed in accordance with the approved plans and specifications (including but not limited to all Change Orders). The Lessee shall also certify that such portion of the Construction Work can be properly used even though the Construction Work has not been completed and that the Lessee desires such use. The Port Authority may permit the Lessee to use such portion thereof for the purposes set forth in the Lease taking into consideration that one purpose of the construction staging and scheduling is to permit the continuous operation of the Premises as an air terminal facility and to minimize disruption to passengers, tenant airlines and concessionaires while proceeding as promptly as possible to completion of the construction of the 2010 Expansion Project. Accordingly, the Port Authority shall take into consideration the said purpose in reviewing any request by the Lessee for the issuance of a certificate to the Lessee with respect to each discrete, integral and material portion of the Construction Work permitting the Lessee to use such portion thereof for the purposes set forth in the Lease. In such event, the Lessee may use such portion subject to the condition that all risks thereafter with respect to the construction and installation of the same and any liability therefor for negligence or other reason shall be borne by the Lessee, and subject to the risks as set forth in the Lease in the event that the Port Authority shall not have then approved the complete plans and specifications for the Construction Work.

When the Construction Work is substantially completed and ready for use, the Lessee shall advise the Port Authority to such effect and shall deliver to the Port Authority: (a) a certificate signed by an authorized officer of the Lessee certifying that the Construction Work has been constructed in accordance with the approved plans and specifications (including but not limited to all Change Orders) and the provisions of the Lease and in compliance with all applicable laws, ordinances and governmental rules, regulations and orders; (b) a certificate signed and sealed on behalf of the Project Engineer by a New York State licensed architect on its staff certifying that the approved plans and specifications (including but not limited to all Change Orders) are in compliance with all applicable laws, ordinances and governmental rules, regulations and orders; and (c) a certificate signed and sealed on behalf of the Project Engineer by a New York State licensed engineer on its staff certifying that the Construction Work has been constructed in accordance with the approved plans and specifications (including but not limited to all Change Orders). Thereafter, the Port Authority shall promptly commence inspection of the Construction Work and if the same has been completed as certified aforesaid, a certificate to such effect shall be delivered to the Lessee, subject to the condition that all risks thereafter with respect to the construction and installation of the same and any liability therefor for negligence or other reason shall be borne by the Lessee. Other than as provided in the following paragraph, the Lessee shall not use or permit the use of the Construction Work or any portion thereof for the purposes set forth in the Lease until the Port Authority delivers such certificate.

(g) *Risk of Loss.*

The Lessee assumes the risk of loss or damage to all of the Construction Work prior to the completion thereof and the risk of loss or damage to all property of the Port Authority arising out of or in connection with the performance of the Construction Work. In the event of such loss or damage, the Lessee shall forthwith repair, replace and make good the Construction Work and the property of the Port Authority.

Additions to Gross Revenue

Section 21 (Additions to Gross Revenue) of the Lease, among other things, restricts (i) the receipt of revenues by Designated Affiliates from activities at the Premises that constitute Project Operations, and (ii) the

Lessee's provision of certain services to Designated Affiliates. In addition, Section 21 of the Lease includes the amount of revenues derived from such activities, and the fair market value of such services, in the Lessee's Gross Revenues.

Lease Supplement No. 5 amends Section 21 of the Lease in order to allow (i) Delta or an Affiliate of Delta to perform activities constituting Project Operations at the Premises, provided that the compensation received from the Lessee by Delta and any such Affiliate in connection with the performance of such activities shall not exceed the fair market value of such activities, and revenues received by Delta or any such Affiliate in connection with such activities shall not be included in Gross Revenues, and (ii) the Lessee to provide services to Delta or any Affiliate of Delta pursuant to the ATA or any other Airline Sublease, provided, that the revenues received by the Lessee as compensation for such services shall be not less than the fair market value of such services, provided, further, that compensation that is consistent with the Lessee's customary business practices and does not favor Delta and its Affiliates over other Airline Sublessees shall be deemed to be at fair market value, and provided, further, that there shall be included in Gross Revenues the greater of (x) the actual amount of such compensation and (y) the fair market value of such services.

Lease Supplement No. 5 also clarifies that the definition of Designated Affiliates means any Designated Entity (as defined in the section entitled "Restriction on Transfer," below) or any Affiliate thereof.

Project Financing

Pursuant to Lease Supplement No. 5, the Lessee agrees, commencing January 1, 2011, to cooperate and work with the Port Authority to initiate, advance and complete a current refunding of the outstanding Second Installment, Third Installment and Fourth Installment of the Series 6 Bonds, for a term not longer than the remaining term of the Series 6 Bonds being refunded, if the Port Authority and the Lessee determine that such a refunding would be expected to (x) achieve at least a three percent (3.0%) savings on a net present value basis and (y) result in a lower projected annual debt service on the refunding bonds than the projected annual debt service on the Series 6 Bonds being refunded for substantially all of the years that any such refunding bonds may be outstanding. The foregoing net present value savings calculation shall assume (i) interest rates for the refunding bonds as determined by the Port Authority in consultation with an independent financial advisor or investment bank, based upon current market conditions for debt of equivalent credit quality, term and tax status; and (ii) a discount rate based upon the arbitrage yield of the refunding bonds.

Lease Supplement No. 5 also establishes that the Port Authority Bond Expenses in connection with the 2010 Expansion Project are One Million Three Hundred Thousand Dollars (\$1,300,000).

Termination by the Port Authority

Lease Supplement No. 5 adds a new clause (i) to Section 25 (Termination by the Port Authority) of the Lease in order to address defaults by Delta in connection with the 2010 Expansion Project and to minimize the potential effects thereof on the Lessee's rights under the Lease.

In the event of a failure of the Lessee to keep, perform and observe each and every promise, covenant and agreement of the Lessee set forth in Section 18A (Construction of the 2010 Expansion Project) of the Lease, and such failure is due to or caused by any act or omission of Delta (a "Delta 18A Default"), the Port Authority shall, at least sixty (60) days prior to sending a Notice of Default in connection with such failure (such 60-day period, an "18A Default Waiting Period"), send to the Lessee a notice (an "18A Notice") stating that (x) such Delta 18A Default has occurred and (y) that the Port Authority intends to send a Notice of Default by reason of such occurrence.

The Lessee may, not earlier than thirty (30) days and not later than forty-five (45) days following the effective date of (x) an 18A Notice or (y) an 18A Default Waiting Period Extension Notice (as defined below), send a notice to the Port Authority requesting a meeting to discuss the Delta 18A Default, and the Port Authority and the Lessee shall meet within five (5) business days thereafter. Following such meeting, the Port Authority may, in its sole discretion, send a notice (an "18A Default Waiting Period Extension Notice") to the Lessee extending the

18A Default Waiting Period (as it may have been previously extended) for an additional sixty (60) days from the effective date of such 18A Default Waiting Period Extension Notice. So long as an 18A Default Waiting Period, as it may be so extended, remains in effect, the foregoing provisions shall continue to apply; it being understood, in any event, that unless the Port Authority timely sends an 18A Default Waiting Period Extension Notice, such 18A Default Waiting Period shall expire on the expiration date of the then-effective 18A Default Waiting Period.

Lease Supplement No. 5 all makes clear that in the case of a Delta 18A Default, the Lessee's right to extended cure periods shall be deemed to be applicable to the Lessee's performance of the obligation(s) that are the subject of the Delta 18A Default (provided that such performance by the Lessee complies with the applicable provisions of the Lease).

Restrictions on Transfer

Section 31 (Restrictions on Transfer) of the Lease limits transfers of ownership interests in the Lessee and its parent entities (each such parent entity, including without limitation each member of the Lessee, a "Designated Entity"). Section 31 of the Lease also identifies certain ownership requirements with respect to the direct and indirect ownership of the Lessee. Lease Supplement No. 5 amends and restates Section 31 of the Lease in its entirety in order to accommodate the fact that Delta, a Designated Entity, is a publicly owned and traded corporation (and, hence, certain categories of Delta transfers need to be exempt from the transfer restrictions of Section 31 of the Lease) and to accurately reflect the current ownership structure of the Lessee and its direct and indirect owners.

Lease Supplement No. 5 contains a section entitled "Effect of Delta Transfer," which addresses matters related to Delta's acquisition of an indirect ownership interest in the Lessee. In that section, the Port Authority acknowledges that, the "Amended and Restated Limited Liability Company Agreement" of JFK IAT Member LLC (the "IAT Member LLC Agreement"), the sole direct owner of the Lessee ("IAT Member"), provides for changes to the capital accounts of the members of IAT Member in accordance with the provisions contained therein, and the Port Authority agrees that such changes to the capital accounts of the members of IAT Member (whether as a result of capital contributions, distributions, allocations of income or loss or otherwise) shall not, whether individually or cumulatively, in and of themselves be deemed to constitute a transfer restricted by Section 31 of the Lease or otherwise cause a breach of the provisions of Section 31 of the Lease.

Condemnation

Lease Supplement No. 5 amends and restates Section 34 (Condemnation) of the Lease in its entirety substantially as follows.

(a) *Permanent Taking of All or a Portion of the Premises and the Public Landing Area.*

(1) If a Taking is permanent and covers the entire Premises, then the Lease shall, as of the Date of Taking, cease and determine in the same manner and with the same effect as if such date were the original date of expiration hereof.

(2) If a Taking is permanent but covers less than all of the Premises, the Lease and the term hereof shall continue as to the portion of the Premises not so taken, and the letting as to the part of the Premises so taken shall, as of the Date of Taking, cease and determine in the same manner and with the same effect as if the term of the letting had on that date expired, and the rentals shall be abated as provided in Section 4 hereof.

(3) If a Taking is permanent and covers a Material Part of the Premises or of the Public Landing Area, then the Lessee and the Port Authority shall each have an option exercisable by notice given within ten (10) days after the Date of Taking to terminate the letting hereunder with respect to the Premises not taken, as of the Date of Taking, and such termination shall be effective as if the Date of Taking were the original date of expiration hereof. If the Port Authority exercises this option, it shall purchase from the Lessee the Lessee's leasehold interest (excluding any personal property whatsoever) in the Premises not taken for a consideration equal

to the unamortized capital investment (as defined below), if any, of the Lessee in the Premises not taken. If the letting of the entire Premises is not terminated, the rentals shall be abated in accordance with Section 4 hereof after the date of surrender of possession of the portion of the Premises taken.

(4) If a Taking is permanent but covers less than the entire Premises and the letting of the portion of the Premises not taken is not terminated pursuant to paragraph (b)(3), above, the Lessee shall proceed diligently to restore the remaining part of the Premises not so taken so that the Premises shall be a complete, operable, self-contained architectural unit in good condition and repair and the proceeds of that portion of any award paid in trust to the Port Authority pursuant to Section 23.3 of the Basic Lease attributable to the improvements on the Premises not so taken shall be made available by the Port Authority to be used by the Lessee for that purpose. The Port Authority shall retain any excess of such award over the costs of the restoration.

(5) If a Taking (x) covers all or “substantially all of a Municipal Air Terminal,” as defined in the Basic Lease, and (y) the Basic Lease (with respect to the Airport) and the Lease are consequently terminated, then the Port Authority shall pay to the Lessee its unamortized capital investment, if any, in the Premises, provided, however, that the Port Authority’s foregoing payment obligation to the Lessee shall be limited to a proportionate share (as determined by the Port Authority in its sole discretion following consultation with all of the Port Authority’s tenants at the Airport) of the condemnation proceeds available to be paid to the Lessee and the Port Authority’s other tenants at the Airport, and provided, further, that such available condemnation proceeds shall be limited to the amount of the condemnation proceeds received from the City remaining after the Port Authority has been compensated for (p) the value of its leasehold interest in the Airport or (q) the sum of the unamortized portion of the Port Authority’s investment in improvements at the Airport and any remaining deferred charges for equipment acquired by the Port Authority for use at or in connection with its operation of the Airport, whichever of (p) or (q) is greater (such greater amount, the “Port Authority Share”). In making the determination of “proportionate share” provided in the first proviso of the preceding sentence, the Port Authority shall in no event be liable, in any respect, to the Lessee or any other party by reason of such determination or the resulting distribution of proceeds, and the Lessee shall, prior to receipt of any such distribution, execute and deliver to the Port Authority such form of waiver, release and indemnification as the Port Authority may request. The Lessee understands and accepts that after payment of the Port Authority Share, there may be insufficient condemnation proceeds (or none at all) remaining to pay all or any portion of the Lessee’s unamortized capital investment.

(b) *Temporary Taking of All or Any Part of the Premises or the Public Landing Area.*

(1) If the temporary use of the whole or any part of the Premises shall be taken for any public or quasi-public purpose by any lawful power or authority pursuant to a Taking or by agreement between the Port Authority and such lawful power or authority, (w) the Lessee shall give prompt notice thereof to the Port Authority, (x) the Term shall not be reduced or affected in any way and (y) the Lessee shall continue to pay in full all rentals payable by the Lessee hereunder without reduction or abatement except as set forth in paragraph (c)(2) below.

(2) If a temporary Taking covers all or a Material Part of the Premises or the Public Landing Area, then the Lessee and the Port Authority shall each have an option, exercisable by notice given within ten (10) days after the Date of Taking, to suspend the term of the letting of such of the Premises as are not so taken during the period of the Taking, and, in that event, the rentals for such portion of the Premises not so taken shall abate for the period of the suspension in accordance with Section 4 hereof. If the Port Authority exercises this option, it shall purchase from the Lessee the Lessee’s leasehold interest (excluding any personal property whatsoever) in the Premises not taken for the period of suspension for a consideration equal to the unamortized capital investment, if any, of the Lessee in such Premises which is to be amortized over the period of such suspension.

(c) *Lessee’s Cooperation.*

The Lessee shall execute any and all documents that may be reasonably required in order to facilitate collection by the appropriate party of awards or payments covered by this Section.

(d) *Condemnation Claims by the Lessee.*

To the extent a condemnation claim by the Lessee shall not diminish any claim, award, compensation or damages of or to the City or of or to the Port Authority on account of any condemnation and such condemnation claim is permitted by Section 23 of the Basic Lease, the Lessee may file a claim in a condemnation proceeding.

Joint Periodic Condition Survey

Lease Supplement No. 5 adds a new subsection (h) to Section 40 (Joint Periodic Condition Survey) of the Lease, which requires the Lessee to perform a re-lifing condition survey prior to May 13, 2026 (the “Re-lifing Condition Survey”) and to potentially make capital improvements to the Premises in order to maintain the level of service at the Terminal, and its competitive position as an air terminal, through the Expiration Date in accordance with the terms of the Lease, but shall specifically exclude recommendations for the new installation of (as opposed to replacement of) upgraded technology, systems or other improvements not then already located at and serving the Premises.

The Lessee shall reimburse the Port Authority for one hundred percent (100%) of the costs of the Re-Lifing Condition Survey, which shall be project costs of the Re-lifing Project (as defined below), provided, however, that such costs of the Re-Lifing Condition Survey shall constitute Permitted O&M Expenses until the financing for the Re-lifing Project closes and the costs of the Condition Survey are reimbursed to the Lessee as project costs for the Re-lifing Project.

Subject to sufficient funds being available to the Lessee, the Lessee shall undertake a project for the construction of the capital improvements to be constructed in accordance with the findings and recommendations of the resulting Re-lifing Condition Survey (the “Re-lifing Project”), and shall cooperate with the Port Authority to secure the financing for the Re-Lifing Project, so long as the Debt Service Coverage Ratio (as defined in the Trust Administration Agreement) meets the requirements set forth in Section 2(b) of Appendix B to the Trust Administration Agreement.

Airport Operator Limitations

Section 76 (Airport Operator Limitations) of the Lease contains certain covenants by the Port Authority in respect of the Port Authority’s non-discrimination against the Lessee or the Premises, and the Port Authority’s construction and operation of an airline terminal at the Airport that contains FIS Premises. Lease Supplement No. 5 amends and restates Section 76 of the Lease in its entirety in pertinent part as follows:

(a) In the Port Authority’s operation of the Airport, including, without limitation, the formulation of the policies and procedures respecting such operation and/or the specific application of such policies and procedures and the allocation of costs, the Port Authority agrees that it will not unjustly discriminate against the Lessee or the Premises.

(b) (1) The following covenant (the “Restrictive Covenant”) shall apply until May 13, 2026 (subject to the provisions of paragraph (c) below):

For so long as the Lessee makes available Terminal FIS Premises on a twenty-four (24) hour basis, the Port Authority will not

(A) itself construct or operate an airline terminal which includes FIS Premises, or

(B) enter into an agreement for the construction or operation of an airline terminal which includes FIS Premises at the Airport with any Person that is neither (p) a Scheduled Aircraft Operator nor (q) wholly owned by one or more Scheduled Aircraft Operators and formed to provide air terminal operation services predominantly to such Scheduled Aircraft Operators, unless (i) the operation of such FIS Premises is necessary for the Port Authority to comply with United States Government requirements or (ii) a Capacity Deficiency shall have

occurred, in which event the Port Authority may by notice, annexing thereto appropriate supporting documentation, inform the Lessee that the Port Authority shall thereafter not be subject to the restrictions set forth above.

(2) Notwithstanding the limitations set forth in the foregoing subparagraph (b)(1), the Port Authority may itself construct or operate an airline terminal which includes FIS Premises or enter into an agreement with another Person to construct an airline terminal which includes FIS Premises which in either case is to be primarily utilized by one or more Scheduled Aircraft Operator(s) so long as such Scheduled Aircraft Operator(s) do not hold a Foreign Air Carrier Permit under the Federal Aviation Act of 1958 or a substantially similar permit under any similar federal statute.

(c) Notwithstanding the foregoing provisions, at such time as there are no Series 6 Bonds outstanding or it is reasonably expected that no Series 6 Bonds will be outstanding in the near term, the Lessee and the Port Authority shall, upon either party's receipt of a written request from the other, mutually negotiate, in good faith, reasonable proposals to amend the Lease in order to relax or eliminate the Restrictive Covenant. If no such proposals are agreed upon by the parties by the ninetieth (90th) day after the date on which there are no Series 6 Bonds outstanding, a new subparagraph (b)(3) will be added after subparagraph (b)(2), above, as follows:

“(3) Notwithstanding the limitations set forth in subparagraph (b)(1) above, from and after the date upon which no Series 6 Bonds remain outstanding, the Port Authority may itself construct and/or operate (whether through its employees or through a compensated manager or operator that is the Port Authority's contractor and not the Port Authority's lessee) an airline terminal which includes FIS Premises, provided, however, that until May 13, 2026 the following shall apply:

If the Port Authority is operating at the Airport an airline terminal that includes FIS Premises (a “PA-operated FIS Terminal”) and (x) there are seven (7) or more aircraft building gate positions at Terminal 4 that are not part of the ATA Premises, and (y) either on a retrospective or prospective basis, the Debt Service Coverage Ratio (as defined in and calculated in accordance with the Trust Administration Agreement) is not in compliance with Section 2(a) of Appendix B of the Trust Administration Agreement (a “Low Debt Ratio”), then, during the period that a Low Debt Ratio persists or is projected to persist, the Port Authority shall not enter into any new agreement or renew or extend any existing agreement to accommodate any Foreign Scheduled Aircraft Operator in the PA-operated FIS Terminal so long as the Lessee is able to provide comparable accommodation to such Foreign Scheduled Aircraft Operator at Terminal 4; provided, however, that the foregoing shall not require the Port Authority to remove any existing Foreign Scheduled Aircraft Operator that is holding over beyond the term of its agreement to be accommodated in the PA-operated FIS Terminal.”

Certain Easements

Lease Supplement No. 5 contains provisions relating to easements over the Premises, as well as easements granted to the Lessee over other areas at the Airport.

(a) **Easement for Terminal 2 Connector.**

Delta is required to construct an enclosed passenger walkway connecting Terminal 2 to Terminal 4 (the “Terminal 2 Connector”) and, for so long as the Terminal 2 Connector (once constructed) remains in place (subject to restoration after a casualty), the Premises shall be subject to a leasehold easement in favor of Delta for the purpose of constructing and maintaining a portion of the Terminal 2 Connector within the Premises, including attaching the Terminal 2 Connector to Terminal 4.

(b) **Taxilane Easement.**

Certain strips of land on the Premises shall be subject to an easement for use as a taxilane (the “Taxilane Easement”) in favor of the Lessee for the purposes of ingress to and egress from the Premises, and in favor of the occupant of the Terminal 3 Parcel (the “Terminal 3 Parcel Occupant”) for the purposes of ingress to and egress from the Terminal 3 Parcel, and may be used jointly by the Lessee and the Terminal 3 Parcel Occupant, the

successors in interest of either of the foregoing, the Port Authority and any other entity to whom the Port Authority may grant the right to use the Taxilane Easement.

(c) Aircraft Parking Easement.

The Port Authority grants to the Lessee, effective upon the effective date of the Hardstand Permit and for so long as the Lease remains in effect, a non-exclusive easement over a certain portion of Terminal 3 Parcel for the purposes of the parking of aircraft at the contiguous aircraft building gate positions at the Terminal, and related operations.

Lessee's Appointment as Terminal 3 Hardstand Manager

The Port Authority appoints the Lessee as the Terminal 3 Hardstand Manager, effective upon the effective date of the Hardstand Permit, and the Lessee accepts such appointment, in accordance with the terms and conditions set forth in Lease Supplement No. 5.

The term of the Lessee's appointment as the Terminal 3 Hardstand Manager shall expire on (x) the expiration or earlier termination of the Lease or (y) the expiration or earlier termination of the Hardstand Permit, whichever is earlier. Notwithstanding the foregoing, the Port Authority may, on thirty (30) days' prior notice, revoke the Lessee's appointment as the Terminal 3 Hardstand Manager if the Lessee is in default in the performance of its obligations under such appointment.

No breach of the Lessee's obligations as the Terminal 3 Hardstand Manager, no act or omission of the Lessee in performing its obligations as the Terminal 3 Hardstand Manager, and no revocation or termination of the Lessee's appointment as the Terminal 3 Hardstand Manager, shall constitute or be cause for a breach of the Lease by the Lessee.

As the Terminal 3 Hardstand Manager, the Lessee shall, on behalf of the Port Authority, manage the scheduling for and utilization of the Terminal 3 Hardstands (as defined in the Hardstand Permit) for non-live hardstand use and, if and when permitted, for live hardstand use, as more specifically provided in the Hardstand Permit. In providing such management services, the Lessee, as the Terminal 3 Hardstand Manager, shall honor the preferential use rights granted under the Hardstand Permit to Delta and the Permittee's Affiliate Carriers (as defined in the Hardstand Permit).

The Lessee acknowledges that, as the Terminal 3 Hardstand Manager, it will derive certain benefits by having access to, and use of, the hardstands on the Terminal 3 Parcel in conjunction with the Lessee's operations at the Premises, and that there are possibilities of deriving revenues (which shall constitute Gross Revenues) in the course of performing its activities as the Terminal 3 Hardstand Manager. Accordingly, the Lessee shall receive no additional compensation as the Terminal 3 Hardstand Manager.

TSA EDS Project

Lease Supplement No. 5 addresses the obligations of the Port Authority and the Lessee to, as soon as practicable, negotiate in good faith, execute and deliver a supplement to the Lease to implement the construction of the TSA EDS Project and the funding thereof, as set forth in Appendix E – SUMMARY OF CERTAIN PROVISIONS OF THE ANCHOR TENANT AGREEMENT.”

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APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE ANCHOR TENANT AGREEMENT

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The following is a summary of certain provisions of the Anchor Tenant Agreement. This summary is not to be considered a full statement of the terms of the Anchor Tenant Agreement and accordingly is qualified in its entirety by reference thereto and is subject to the full text thereof, the provisions of which are to constitute a contract between JFK International Air Terminal LLC and Delta Air Lines, Inc. Unless the context shall clearly indicate some other meaning or may otherwise require, as used in this summary, any words or phrases specifically defined herein shall be read and construed in accordance with such special definitions.

Definitions:

“2026 Condition Survey” is defined under the heading “Miscellaneous – 2026 Condition Survey” herein.

“Additional Phase I Gates” is defined under the heading “Additional Phase I Gates” herein.

“Additional Rent” means all charges, payments and amounts required to be paid by Delta to IAT pursuant to the Anchor Tenant Agreement, except payments of and amounts included in the Delta Rent.

“Adjusted Terminal Management Fees” is defined under the heading “Rent Charges; Payments – Post DBO Rent” herein.

“Affiliate” means with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with such Person. For the purposes of this definition, “control” means the possession, directly or indirectly, of the power, whether or not exercised, to direct or cause the direction of the management or policies of any Person, whether through ownership of voting securities, membership interests, partnership interests or other ownership interests, by contract or otherwise, provided that, without limiting the foregoing, except as otherwise provided herein, any Person who owns or controls directly or indirectly 10% (25% for a Person whose shares are listed on a nationally recognized stock exchange) or more of the securities having ordinary voting power for the election of directors or other governing body of a corporation or 10% (25% for a Person whose shares are listed on a nationally recognized stock exchange) or more of the membership, partnership or other ownership interests of any other Person shall be deemed to control such corporation or other Person, provided, further, that, for purposes of the Anchor Tenant Agreement, Delta shall not be an “Affiliate” of IAT or JFK IAT Member nor shall IAT or JFK IAT Member be an “Affiliate” of Delta.

“Airport” is defined in Appendix D-1 – “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE.”

“Airport Security Program” is defined under the heading “Security – Airport Security Program” herein.

“Alteration” is defined under the heading “Alterations and Additions – Alterations Generally” herein.

“Annual Period” means each period commencing on December 1 of any calendar year and ending on November 30 of the immediately succeeding calendar year, from and including the Effective Date to and including the earlier to occur of the Expiration Date or the Termination Date of the Anchor Tenant Agreement, except that the first Annual Period shall be the period from and including the Effective Date to and including the immediately following November 30 and the last Annual Period shall be the period from and including December 1 of the calendar year immediately preceding the date on which the Expiration Date or the Termination Date (as applicable) occurs to and including the Expiration Date or the Termination Date (as applicable).

“Approved Contractor” means any third party contractor that possesses the required permits from the Port Authority to perform the services for which it is retained selected as follows: (i) in respect of the Phase I IAT Project, Phase II or Phase III, as approved by IAT and Delta from time to time for the purpose of providing construction work, labor, materials or services in or on Terminal 4, including any Construction Contractor, (ii) in respect of other work, labor, materials or services in or on Terminal 4, as selected by the contracting party who has responsibility for such work, labor, materials or services pursuant to the Anchor Tenant Agreement, the Port/IAT Lease, any other Transaction Document or as otherwise agreed to in writing by IAT and Delta, and (iii) in respect to Handling Services as selected by IAT.

“Assumed Environmental Damages” means:

(a) Damages relating to the following events occurring or conditions originating subsequent to the Delta Space Permit Effective Date and prior to the end of the Term (i) the presence on, about or under the Delta Space of any Hazardous Substance, and/or (ii) the Release or threatened Release of any Hazardous Substance from the Delta Space, and/or (iii) the presence of any Hazardous Substance on, about or under Terminal 4 or other property at the Airport as a result of any Delta Representative’s use and occupancy of Terminal 4, the migration of a Hazardous Substance from the Delta Space, or any other activities conducted or work performed by or on behalf of Delta at Terminal 4, and/or (iv) any personal injury, including wrongful death, or property damage (including natural resource damage), arising out of or related to any Hazardous Substance described in (i), (ii), or (iii) above, and/or (v) the violation of any Environmental Requirement at the Delta Space, except for (A) the portion of such Damages resulting from any act or omission of IAT or its Affiliates or Sublessees, or any of their respective officers, directors, employees, agents, invitees and contractors at any time (in all cases other than the Delta Representatives), (B) the portion of such Damages resulting from the sole gross negligence or willful misconduct of the Port Authority or (C) in the case of Damages arising out of or relating to the presence of Hazardous Substances on, about or under the Delta Space because of the migration of Hazardous Substance from property other than the Delta Space, provided, however, that the exceptions in the foregoing items (A)-(C) do not apply to Delta’s obligations set forth in paragraph (b) immediately below, and provided, further, however, that nothing in this paragraph (a) is intended to limit the obligations of Delta to perform the Remediation in connection with the Phase I IAT Project as described in paragraph (b) below; and

(b) all costs to Remediate, and all costs that may be required to satisfy Environmental Requirements to store, dispose, treat or transport any item or material, including soil and water, containing Hazardous Substances (i) that is excavated at the Terminal 4 Site within the Excavation Boundary without any monetary limit or cap, or (ii) that is excavated at the Terminal 4 Site outside of the Excavation Boundary provided that the costs thereof for which Delta shall be responsible under this clause (ii) shall not exceed the Phase I IAT Project Environmental Cap, and in each case as needed to perform the construction of the Phase I IAT Project in accordance with Environmental Requirements or if more stringent, in accordance with the requirements of the Port/IAT Lease; provided that, Remediation outside of the “Perimeter Dig Area” (as such area is described in the definition of “Excavation Boundary”) shall only be performed if required by a Governmental Authority as a result of the discovery of Hazardous Substances within the Perimeter Dig Area that extend outside of the Perimeter Dig Area, unless performance of Remediation is required by the Port Authority in order for it to be in compliance with, in its judgment, the Basic Lease, in which case the Remediation shall be undertaken and completed to attain such compliance to the satisfaction of the Port Authority. Delta and IAT acknowledge that Delta shall pay Delta’s Share of ATA Permitted Remediation Costs.

“ATA Airline Sublease” means a Sublease made by Delta to any Delta Affiliate Carrier, or IAT to any Contract Carrier, in each case in accordance with the terms of the Port/IAT Lease, the Anchor Tenant Agreement and the Port Authority Consent to Sublease.

“ATA Airline Sublessee” means a sublessee, licensee or other occupant under an ATA Airline Sublease.

“ATA Permitted O&M Expenses” means those particular items of Permitted O&M Expenses and other expenses identified in the Anchor Tenant Agreement.

“ATA Permitted Remediation Costs” means those costs for Remediation (without duplication for Assumed Environmental Damages) at Terminal 4 (or because of Hazardous Substances originating from Terminal 4) that must be performed because of Environmental Requirements, are not incurred because of, or in connection with, the construction of the Phase I IAT Project, and: (i) are not recoverable directly from a Sublessee through such Sublessee’s indemnification obligations to IAT, and (ii) are not already included in Delta Rent as an ATA Permitted O&M Expense.

“Baggage System” means and includes all systems, facilities, fixtures and equipment necessary or appropriate for moving passengers’ baggage and/or personal property in and around Terminal 4.

“Base Line Plans” means the list of the construction schedules, plans and specifications and other similar technical construction documents relating to the Phase I IAT Project that have been approved by IAT and Delta as of the date hereof included on Schedule 6-1 of the Anchor Tenant Agreement; included on Schedule 6-1, for each document, is a correct and complete list of all amendments, supplements, replacements, modifications, change orders and other changes relating thereto in effect as of the date hereof.

“Basic Lease” means the Amended and Restated Agreement of Lease of the Municipal Air Terminals, dated November 24, 2004, between the City and the Port Authority. By said agreement, the City leases to the Port Authority the land on which the Airport is located.

“Basis of Design” means, collectively, (i) Delta Air Lines JFK Terminal 4 Concourse B Extension Basis of Design, Job Number 132040; (ii) Delta Air Lines JFK Terminal 4 Headhouse Expansion Basis of Design, Job Number 132040; and (iii) Passenger Bridge T3 / T4 John F. Kennedy International Airport, Basis of Design, issued for TAA review, each prepared by ARUP/SOM, a joint venture of Skidmore, Owings, Merrill LLP Architects and Ove Arup & Partners Consulting Engineers PC related to the design and completion of the Phase I IAT Project, subject in each case to the prior approval from time to time by the Port Authority.

“Bond Insurer[s]” means MBIA Insurance Corporation or National Public Finance Guarantee Corporation as the bond insurer under the Series 6 Bond Documents.

“Bond Resolution” means that certain Special Project Bond Series Resolution adopted by the board of directors of the Port Authority on August 5, 2010, entitled “Special Project Bonds, Series 8 and 9, JFK International Air Terminal LLC Project – Establishment and Authorization of Issuance,” including any amendments, modifications or supplements thereto.

“Bonds” means the Series 6 Bonds and the Series 8 Bonds.

“Budget” is defined under the heading “Operations Advisory Committee; Management Committee; Trilateral Committee and Budget – Budgets; Calculation of Delta Rent And Adjusted Terminal Management Fees” herein.

“Budgetary Limits” is defined under the heading “Construction of the Phase I IAT Project” herein.

“Business Day” is defined in the Port/IAT Lease and means any day other than a Saturday, a Sunday, a legal holiday or a day on which banking institutions in the Port of New York District are required or authorized by Law to remain closed.

“Capital Expenditure” means any expenditure treated as capital in nature in accordance with GAAP.

“Capital Repair” means any renovation or replacement of Terminal 4 (or portion thereof) the cost of which constitutes a Capital Expenditure.

“City” means The City of New York, a municipal corporation of the State of New York.

“Civil Aircraft Operator” is defined in the Port/IAT Lease and means a Person engaged in civil transportation by aircraft or otherwise operating aircraft for civilian purposes, whether governmental or private. If any such Person is also engaged in the operation of aircraft for military, naval or air force purposes, he or she shall be deemed to be a Civil Aircraft Operator only to the extent that he or she engages in the operation of aircraft for civilian purposes.

“Common Space” is defined under the heading “Demise; Premises – Demise; Premises” herein.

“Comprehensive Retail Plan” is defined in Appendix D-1 – “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE.”

“Concession Master Plan” means a plan (subject to Section 44 of the Port/IAT Lease) prepared with a view toward enhancing customer service at Terminal 4 related to concession services to be provided at Terminal 4 developed and approved by IAT in consultation with Delta and the Concessions Subcommittee.

“Concession Space” means the areas in Terminal 4 designated for concessionaires as shown on Exhibit A to the Anchor Tenant Agreement, and following Phase I DBO any additional areas in Terminal 4 designated for concessions as part of the Phase I IAT Project.

“Concession Sublease” means a Sublease made by IAT for use of any portion of the Concession Space.

“Concession Sublessee” means a Sublessee, licensee or other occupant under a Concession Sublease.

“Concessions Subcommittee” is defined under the heading “Concessions – Concession Master Plan” herein.

“Concourse A” means the east passenger concourse of Terminal 4, including the related aircraft parking, apron and ramp.

“Concourse B” means the west passenger concourse of Terminal 4, including the related aircraft parking, apron and ramp, and following Phase I DBO the Phase I Concourse B Expansion.

“Construction Administrator” means AECOM USA, Inc., or any replacement thereof selected by Delta and IAT to act as Construction Administrator under the Construction Administration Agreement.

“Construction Administration Agreement” means the Construction Administration Services Agreement, dated as of April 13, 2010, between Delta and the Construction Administrator, as approved by IAT and as amended or replaced from time to time in accordance with the terms of the Anchor Tenant Agreement.

“Construction Contractor” means contractors, subcontractors, suppliers and materialmen.

“Construction Related Assignment Agreement” is defined under the heading “Construction of the Phase I IAT Project” herein.

“Contract Carrier” means an ATA Airline Sublessee in Terminal 4, holding an ATA Airline Sublease by, through or under IAT at any time and from time to time, including (i) any Delta Code Share Carrier using space in Terminal 4 (all of which must hold their ATA Airline Subleases by, through or under IAT) and (ii) any Delta Affiliate Carrier that holds its ATA Airline Sublease by, through or under IAT (it being understood that “Contract Carrier” shall not include Delta or any Delta Affiliate Carrier that holds its ATA Airline Sublease by, through or under Delta).

“Contractor Consent and Agreement” is defined under the heading “Construction of the Phase I IAT Project” herein.

“Control Tower” is defined in the Port/IAT Lease and means the building in which the air traffic control tower for the Airport is located, known as Building No. 156.

“Control Tower Space” is defined in Appendix D-1 – “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE.”

“Cost Overruns” means costs of the Phase I IAT Project in excess of the proceeds of the Series 8 Bonds available to pay such costs.

“Damages” is defined under the heading “Indemnification – Indemnification by Delta,” herein.

“Delta Affiliate Carrier” means (i) any Scheduled Aircraft Operator that has been granted by the United States Department of Transportation immunity from the United States antitrust laws with respect to an international airline alliance with Delta, or (ii) any Scheduled Aircraft Operator that is wholly owned by Delta or which is wholly owned by the direct or indirect owner of Delta, or (iii) any Scheduled Aircraft Operator that operates under a Delta trade name and whose flights to and from the Airport are operated under Delta’s two letter designator code.

“Delta TAA Certificate” means the TAA Certificate of Delta Air Lines, Inc. delivered by Delta to IAT on the Effective Date.

“Delta Code Share Carrier” means any Scheduled Aircraft Operator that is not a Delta Affiliate Carrier which (i) uses Delta’s designator code or a common designator code with Delta on some or all of its flights to or from the Airport, or (ii) participates with Delta in the SkyTeam® alliance.

“Delta Gates” means the Gates subleased by Delta from IAT from time to time under the Anchor Tenant Agreement.

“Delta Hardstand Positions” is defined under the heading “Identification and Use of Available Gates” herein.

“Delta Nonpublic Space” means any space within the Delta Space used for office, operations, club room, passenger lounge or storage purposes or similar space, in all cases which is not open to the general public and is used exclusively by Delta, Delta Affiliate Carriers, and other Persons subleasing from Delta as described in the third paragraph under the heading “Subleasing and Assignment by Delta – Subleasing and Assignment by Delta” herein, wherever such space may be located from time to time within the Delta Space.

“Delta’s Parking Space Costs” means a monthly amount equal to (i) the number of parking spaces included within the Delta Premises for all or any portion of such month, multiplied by (ii) the lowest monthly automobile parking fee charged to any other Contract Carrier for use of the automobile parking area at Terminal 4, which shall be pro-rated for partial months.

“Delta Parties” is defined under the heading “Indemnification – Indemnification By IAT” herein.

“Delta Premises” is defined under the heading “Demise; Premises – Demise; Premises” herein.

“Delta Recordkeeper” is defined under the heading “Books, Records and Audit – Delta Books And Records” herein.

“Delta Rent” means, Pre-DBO Rent, Interim Rent, or Post-DBO Rent, as applicable and as adjusted in accordance with the provisions described under the heading “Rent Charges; Payments” herein.

“Delta Representatives” means Delta, Delta’s Affiliates and Sublessees, and their respective officers, directors, employees, agents, invitees and contractors.

“Delta Schedule” is defined under the heading “Identification and Use of Available Gates – Use of Delta Gates and Delta Hardstand Positions” herein.

“Delta Space” is defined under the heading “Demise; Premises – Demise; Premises” herein.

“Delta Space Permit” means the John F. Kennedy International Airport Terminal 4 Space Permit, dated as of January 1, 2009, between IAT and Delta.

“Delta Space Permit Effective Date” means May 13, 2001.

“Delta’s Share of ATA Permitted Remediation Costs” means an amount equal to Delta’s share of the ATA Permitted Remediation Costs which shall be calculated based upon the ratio of the number of Delta and Delta Affiliate Carrier passengers arriving or departing from Terminal 4 from the Delta Space Permit Effective Date through the applicable date of determination, divided by the total number of passengers arriving and departing from Terminal 4 during the applicable period; provided that, under no circumstance shall Delta’s Share of ATA Permitted Remediation Costs include any Assumed Environmental Damages consisting of costs or expenses related to Remediation performed outside of the Excavation Boundary in connection with the Phase I IAT Project.

“Delta Taxes” is defined under the heading “Taxes – Delta Responsibility For Taxes” herein.

“Delta Trade Fixtures P&S” means detailed plans and specifications for Delta’s trade fixtures provided by Delta or the Construction Administrator.

“Delta Users” is defined under the heading “Indemnification – Indemnification by Delta” herein.

“Direct or Indirect Owner” is defined in the Port/IAT Lease and means a reference to ownership on a cumulative basis, whether or not through subsidiaries.

“Discount Rate” is defined under the heading “Delta Event of Default; IAT Remedies – Remedies” herein.

“Effective Date” means the date upon which Delta and IAT become legally bound by the terms and conditions of the Anchor Tenant Agreement.

“Emergency Repairs” is defined under the heading “Maintenance and Operations of Terminal 4 – Emergency Situations” herein.

“Environmental Requirements” is defined in the Port/IAT Lease and means all applicable present and future laws, statutes, enactments, resolutions, regulations, rules, ordinances, codes, licenses, permits, orders, approvals, plans, authorizations, concessions, franchises, requirements and similar items of all governmental agencies, departments, commissions, boards, bureaus or instrumentalities of the United States, states and political subdivisions thereof and all applicable judicial, administrative, voluntary and regulatory decrees, judgments, orders and agreements relating to the protection of human health or the environment, the foregoing to include, without limitation:

(i) All requirements pertaining to reporting, licensing, permitting, investigation and remediation of emissions, discharges, releases or threatened releases of Hazardous Substances into the air, surface water, groundwater or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Substances; and

(ii) All requirements pertaining to the protection from Hazardous Substances of the health and safety of employees or the public.

“Event of Default” is defined under the heading “Delta Event of Default; IAT Remedies – Delta Event Of Default” herein.

“Excavation Boundary” means the boundary or boundaries around the perimeter of the following areas: the footprint, as actually excavated, of the proposed Phase I Concourse B Expansion, the Phase I Headhouse Improvements, and related improvements to apron, ramp, and taxiway areas identified on Exhibit A-2 of the Anchor Tenant Agreement as “Perimeter Dig Area,” together with additional excavated areas adjacent thereto for which excavation is performed pursuant to the plans and specifications included within the Phase I IAT Project Contract Documents related to excavation and construction for purposes of completing the Phase I IAT Project, plus a ten (10) foot wide (measured from the widest extent, surface or subsurface, of such excavations) strip of land adjacent to such foregoing areas; *provided, however, that* to the extent such boundary or boundaries, as described above, would cross the lease line dividing the Terminal 4 Site and the Terminal 3 Site, the Excavation Boundary shall be deemed to coincide with such dividing line: Remediation of the Terminal 3 Site shall be governed by the Port/Delta Lease and shall not be subject to any Phase I IAT Project Environmental Cap.

“Excluded Environmental Damages” means any Damages, other than any Assumed Environmental Damages and Delta’s Share of ATA Permitted Remediation Costs, for the following: (i) the presence on, about or under Terminal 4 of any Hazardous Substance, and/or (ii) the Release or threatened Release of any Hazardous Substance from Terminal 4, and/or (iii) the presence of any Hazardous Substance on, about or under Terminal 4 or other property at the Airport as a result of the use and occupancy of Terminal 4 or a migration of a Hazardous Substance from Terminal 4, and/or (iv) any personal injury, including wrongful death, or property damage (including natural resource damage), arising out of or related to any Hazardous Substance described in (i), (ii) or (iii) above, and/or (v) the violation of any Environmental Requirement at Terminal 4.

“Expiration Date” is defined under the heading “Term – Effective Date Of The Anchor Tenant Agreement; Duration Of Agreement Term” herein.

“FIS Facility” or “Federal Inspection Services Facility” means those portions of Terminal 4, including the space in the Headhouse shown as “Shared FIS” on Exhibit A of the Anchor Tenant Agreement, used from time to time by the United States Government for keeping in a segregated area quarantined individuals and goods and for the inspection of Terminal 4 passengers, their baggage and other belongings by officials of the United States Customs and Border Protection or other agencies, bureaus, services or subdivisions of the United States Government.

“Force Majeure Events” is defined under the heading “Miscellaneous – Force Majeure” herein.

“GAAP” means generally accepted accounting principles in the United States as in effect from time to time as promulgated by the Financial Accounting Standards Board, which establishes standards for financial accounting and reporting that are authorized by the United States Securities and Exchange Commission, or a successor Person exercising such functions.

“Gate” means an aircraft parking position, holdroom and related operations space at Terminal 4 for active loading and unloading of passengers.

“Governmental Authority” is defined in the Port/IAT Lease and means federal, state, municipal and other governmental authorities, boards and agencies of any state, nation or government, except that it shall not be construed to include the Port Authority.

“Governmental Authorization” is defined in the Port/IAT Lease and means, for purposes of the Anchor Tenant Agreement, all consents, licenses, certificates, permits or other authorization from all Governmental Authorities having jurisdiction over (a) with respect to Delta, the operations of Delta which may be necessary for the conduct of Delta’s operations at the Delta Premises and (b) with respect to IAT, the operations of IAT which may be necessary for the conduct of IAT’s operations at Terminal 4.

“Handling Services” is defined in the Port/IAT Lease and means and includes, collectively, those services commonly known as “Ramp Services” which include, but are not limited to, aircraft ground handling, interior and exterior aircraft cleaning, baggage loading and unloading from aircraft, the transportation of passengers to and from aircraft for the purpose of enplanement and deplanement and the performance of ground services incidental to flight, such as pre-flight briefing of air crews, and those services commonly known as “Passenger Handling Services,” which include, but are not limited to, passenger ticketing, passenger assistance and passenger information services.

“Hardstand Position” means a remote aircraft parking position on the Terminal 4 Site not located at a Gate.

“Hazardous Substance” is defined in the Port/IAT Lease and means and includes, without limitation, any pollutant, contaminant, toxic or hazardous waste, dangerous substance, potentially dangerous substance, noxious substance, toxic substance, inflammable, explosive or radioactive material, urea formaldehyde foam insulation, asbestos, polychlorinated biphenyls (“PCBs”), chemicals known to cause cancer, endocrine disruption or reproductive toxicity, petroleum and petroleum products and other substances which have been and continue to be or in the future shall be declared to be hazardous or toxic, or the removal of which have been or in the future shall be required, or the manufacture, preparation, production, generation, use, maintenance, treatment, storage, transfer, handling or ownership of which have been and continue to be or in the future shall be restricted, prohibited, regulated or penalized by any Environmental Requirement.

“Headhouse” means the landside terminal building on the Terminal 4 Site (including the Headhouse Expansion, but excluding Concourse A and Concourse B) as shown on Exhibit A of the Anchor Tenant Agreement.

“IAT” means JFK International Air Terminal LLC, a limited liability company organized and existing under the Laws of New York, and its successors and assigns.

“IAT Event of Default” is defined under the heading “IAT Event of Default; Delta Remedies – IAT Event of Default” herein.

“IAT Marks” is defined under the heading “Use and Operation – Trademark License” herein.

“IAT Nonpublic Space” means those portions of the IAT Space that are reserved for IAT’s exclusive use, that are reserved or leased for the exclusive or shared use by one or more of IAT’s Sublessees other than Delta (including for shared use by IAT and one or more such Sublessees) for office, clubroom, passenger lounge, storage or other purposes, or that are not otherwise open to the general public, wherever such space may be located from time to time.

“IAT Parties” is defined under the heading “Indemnification – Indemnification by Delta” herein.

“IAT Space” means that portion of Terminal 4 that is not part of the Delta Space or Common Space.

“IAT Users” is defined under the heading “Indemnification – Indemnification By IAT” herein.

“IATA” is defined under the heading “Identification and Use of Available Gates – Use of Delta Gates and Delta Hardstand Positions” herein.

“JFK IAT Member” is defined under the heading “Operations Advisory Committee; Management Committee; Trilateral Committee and Budget – Trilateral Committee” herein.

“Law” is defined in the Port/IAT Lease and means all applicable provisions of all (a) constitutions, treaties, statutes, laws (including common law), codes, rules, regulations, ordinances or orders of any Governmental

Authority or the Port Authority, (b) Governmental Authorizations and (c) orders, decisions, injunctions, judgments, awards and decrees of any Governmental Authority or the Port Authority.

“Lessor Party” means the Port Authority, the City, or any future operator of the Airport with the ability to grant a leasehold interest in Terminal 4.

“Light Rail System” is defined in Appendix D-1 – “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE.”

“Liquidity” means the sum of Unrestricted Cash and Unused Committed Credit Facilities.

“Major Contract” is defined under the heading “Construction of the Phase I IAT Project” herein.

“Management Committee” is defined under the heading “Operations Advisory Committee; Management Committee; Trilateral Committee and Budget – Management Committee” herein.

“Master Plan” means the long-term plans for the development of the Terminal 4 Site and the Terminal 3 Site as shown in Exhibit B of the Anchor Tenant Agreement, which resulted from the cooperative planning efforts of Delta, IAT and the Port Authority, and which may change from time to time by agreement among Delta, IAT and the Port Authority, but which must remain at all times consistent with the requirements of the Port/IAT Lease and/or the Bond Documents.

“Material Adverse Effect” means the results of taking or failing to take a particular action that could reasonably be expected to result in any of the following: (i) Delta’s leasehold interest or use and enjoyment of the Delta Premises as contemplated by the Anchor Tenant Agreement is materially and adversely affected, (ii) Delta’s financial obligations under the Anchor Tenant Agreement, become more burdensome to Delta in any material respect, (iii) Delta’s nonmonetary obligations are materially and adversely modified, or (iv) Delta’s rights under the Anchor Tenant Agreement are diminished in any material respect.

“New Lease” is defined in Appendix D-1 – “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE.”

“Notice of Disagreement” is defined under the heading “Operations Advisory Committee; Management Committee; Trilateral Committee and Budget – Trilateral Committee” herein.

“O&M” is defined under the heading “Maintenance and Operations of Terminal 4 – O&M Services” herein.

“O&M Services” is defined under the heading “Maintenance and Operations of Terminal 4 – O&M Services” herein.

“Operations Advisory Committee” is defined under the heading “Operations Advisory Committee; Management Committee; Trilateral Committee and Budget – Operations Advisory Committee” herein.

“Option Effective Date” is defined under the heading “Phase II/III Options” herein.

“Option Space[s]” is defined under the heading “Phase II/III Options – Phase II/III Option” herein.

“Permitted O&M Expenses” is defined in Appendix D-1 – “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE.”

“Person” is defined in the Port/IAT Lease and means not only a natural person, corporation or other legal entity, but also two or more natural persons, corporations or other legal entities acting jointly as a firm, partnership, unincorporated association, consortium, joint adventurers or otherwise.

“Phase I” means the first phase of the Master Plan as shown in Exhibit B of the Anchor Tenant Agreement comprising the Phase I IAT Project, the Phase I Delta Project, and the Terminal 2-4 Connector.

“Phase I Concourse B Expansion” means the portion of the Phase I IAT Project comprising improvements and renovations to the existing Concourse B, and the extension of Concourse B to add 9 Gates as shown on Exhibit A of the Anchor Tenant Agreement.

“Phase I DBO” means the date upon which the 2010 Expansion DBO occurs as such term is defined in the Port/IAT Lease.

“Phase I Delta Project” means the second portion of Phase I comprising the demolition of Terminal 3, improvements to the Terminal 3 Site utilities, and the paving and creation of 16 hardstands on the Terminal 3 Site.

“Phase I Headhouse Improvements” means the portion of the Phase I IAT Project comprising the additions and modifications to the Headhouse, including without limitation the TSA EDS Project, the FIS Facility, bag claim, security check points, bag make-up and other processing areas as shown on Exhibit A of the Anchor Tenant Agreement.

“Phase I IAT Project” means the first portion of Phase I, comprising the Phase I Concourse B Expansion, improvements to taxilanes and throats on the Terminal 4 Site, and the Phase I Headhouse Improvements.

“Phase I IAT Project Construction Period” means the period from the Effective Date through Phase I DBO.

“Phase I IAT Project Contract Documents” means the Base Line Plans and the construction schedules, plans and specifications and other similar technical construction documents with respect to the Phase I IAT Project included therein together with the Phasing Strategy.

“Phase II” means the second phase of the Master Plan as it may change from time to time by agreement among Delta, IAT and the Port Authority, presently expected to include a further extension of Concourse B of Terminal 4 to add 11 regional jet Gates as shown on Exhibit B of the Anchor Tenant Agreement.

“Phase II/III Option” is defined under the heading “Phase II/III Options – Phase II/III Option” herein.

“Phase II Space” is defined under the heading “Phase II/III Options – Phase II/III Option” herein.

“Phase III” means the final phase of the Master Plan as it may change from time to time by agreement among Delta, IAT and the Port Authority, presently expected to include an extension of Concourse A and, as necessary, modifications to the Headhouse as shown on Exhibit B of the Anchor Tenant Agreement.

“Phase III Space” is defined under the heading “Phase II/III Options – Phase II/III Option” herein.

“Phasing Strategy” means a strategy to be developed and implemented by IAT to relocate Contract Carriers within Terminal 4 or from Terminal 4 to other terminals at the Airport in order to facilitate the availability of the applicable Gates for Delta’s use as provided for in the Anchor Tenant Agreement, that shall provide, inter alia, that such Contract Carriers will not be forced to leave Terminal 4. IAT will periodically consult with the Airport General Manager during the development of the strategy, at which times the Airport General Manager may express concerns, including concerns relating to the Port Authority’s grant assurances, to which IAT will give consideration in the implementation of the strategy, it being understood that the Airport General Manager shall take into consideration IAT’s obligations under the heading “Additional Phase I Gates; Hardstand Positions” when expressing such concerns.

“Port Authority” means the Port Authority of New York and New Jersey, a body corporate and politic created and existing under and by virtue of the Compact of April 30, 1921 between the States of New York and New Jersey and thereafter consented to by the Congress of the United States of America, together with its successors and assigns.

“Port Authority Consent to Sublease” means the consent agreement among the Port Authority, Delta, and IAT, whereby, among other things, the Port Authority grants its consent to the Anchor Tenant Agreement, or, if contained in a supplement to the Port/IAT Lease, as set forth in the Port/IAT Lease, as supplemented.

“Port Authority Handling Fee” means the amount of money due the Port Authority pursuant to the Port/IAT Lease with respect to Handling Services.

“Port Authority Rules and Regulations” is defined under the heading “Use and Operation – Port Authority Rules and Regulations” herein.

“Port/Delta Lease” means the lease agreement, dated as of January 1, 1993, and known as Lease No. AYC-325 between the Port Authority and Delta with respect to Terminal 2 and Terminal 3 as the same has heretofore been amended, supplemented or otherwise modified.

“Port/IAT Lease” means the agreement of lease, effective as of May 13, 1997 and known as Lease No. AYC-685 between the Port Authority and IAT as the same has heretofore been amended, supplemented or otherwise

modified as described in Schedule 4-1 of the Anchor Tenant Agreement, pursuant to which the Port Authority leases Terminal 4 to IAT.

“Port of New York District” mean the Port District as defined in Appendix C-1 – “SUMMARY OF CERTAIN PROVISIONS OF THE SPECIAL PROJECT BOND RESOLUTION.”

“Post-DBO Rent” is defined under the heading “Rent Charges; Payments – Post-DBO Rent” below.

“Pre-DBO Delta Premises” means the Delta Premises prior to Phase I DBO, as described under the heading “Demise; Premises – Demise; Premises” herein.

“Pre-DBO Rent” is defined under the heading “Rent Charges; Payments – Pre-DBO Rent” below.

“Prime Rate” means, on any date, the rate published in the Federal Reserve Statistical Release of Selected Interest Rates (Board of Governors of The Federal Reserve System Publication 14.15(519)) as the bank prime loan rate; or, if no bank prime loan rate is published for the date in question, the date next preceding the date in question for which such rate is published; or, if more than one bank prime loan rate is published for any such date, the average of such rates; or, if such bank prime loan rate is no longer published, the Prime Rate shall be the rate published in a substitute index (reflecting the average of the prime or base rates published by the top (by assets in domestic offices) insured, US-chartered, commercial banks) selected by Delta and approved by IAT.

“Project Costs” means those costs and expenses incurred with respect to the development, construction and completion of the Phase I IAT Project which qualify as 2010 Expansion Project Costs as defined in the Bond Resolution; provided, that, the cost of employees of Delta allocable to design, construction and completion of the Phase I IAT Project shall not exceed \$1,000,000.

“Public Aircraft Facilities” is defined in the Port/IAT Lease and means the following facilities, as they may from time to time be provided and maintained by the Port Authority at the Airport for public and common use, including use by Civil Aircraft Operators, for the following purposes and which (except, in certain circumstances, by reason of force majeure) are usable for such purposes:

- (i) Public Aircraft Parking and Storage Area; and
- (ii) Public Ramp and Apron Area; and
- (iii) Runways; and
- (iv) Taxiways; and
- (v) Facilities Incidental to the Runways, Ramp and Apron Area, Aircraft Parking and Storage Area and Taxiways.

“Qualified Costs” is defined in Appendix C-4 – “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT.”

“Records” is defined under the heading “Books, Records and Audit – IAT Books And Records” herein.

“Reimbursement” is defined under the heading “Port/IAT Lease; Basic Lease; Transaction Documents – Transaction Documents” herein.

“Reimbursement Payment” is defined under the heading “Port/IAT Lease; Basic Lease; Transaction Documents – Transaction Documents” herein.

“Reimbursement Payor” is defined under the heading “Port/IAT Lease; Basic Lease; Transaction Documents – Transaction Documents” herein.

“Release” means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, depositing or disposing of any Hazardous Substance into the indoor or outdoor environment in violation of, or creating liability under, applicable Environmental Requirements.

“Remediate” or **“Remediation”** means the investigation (including any feasibility studies or reports), cleanup, removal, abatement, transportation, disposal, treatment (including in-situ treatment), management, stabilization, neutralization, collection, or containment of a Hazardous Substance or contamination, that may be

required to satisfy Environmental Requirements, including, without limitation, any closure, restoration or monitoring, operations and maintenance activities that may be required by any Government Authority after the completion of such investigation, cleanup, removal, transportation, disposal, treatment, neutralization, collection, or containment activities as well as the performance of any and all obligations imposed by any Governmental Authority in connection with such investigation, cleanup, removal, transportation, disposal, treatment (including in situ treatment), management, stabilization, neutralization, collection, or containment (including any such obligation that may be imposed pursuant to an environmental permit or a consent order).

“Rent” means the Delta Rent and Additional Rent.

“Replacement Lease” means any lease from a Lessor Party to IAT, or its successor as operator of Terminal 4 upon the expiration of or in substitution for the Port/IAT Lease.

“Scheduled Aircraft Operator” is defined in the Port/IAT Lease and means a Civil Aircraft Operator engaged in transportation by aircraft operated wholly or in part on regular flights to and from the Airport in accordance with published schedules; but so long as the Federal Aviation Act of 1958, or any similar federal statute providing for the issuance of Foreign Air Carrier Permits or Certificates of Public Convenience and Necessity or substantially similar permits or certificates, is in effect, no Person shall be deemed to be a Scheduled Aircraft Operator within the meaning of the Anchor Tenant Agreement unless it also holds such a permit or certificate.

“Semi-Annual Period” means each period commencing on December 1, or the Effective Date if the Anchor Tenant Agreement becomes effective after December 1 of a calendar year and before June 1 of the immediately succeeding calendar year, and ending on the next succeeding May 31 (or, if such period commences on May 31, ending on that May 31), or the Expiration Date or the Termination Date if the Anchor Tenant Agreement expires or terminates prior to such May 31, and commencing on June 1, or the Effective Date if the Anchor Tenant Agreement becomes effective after June 1 of a calendar year and before December 1 of such calendar year, and ending on the next succeeding November 30 (or, if such period commences on November 30, ending on that November 30), or the Expiration Date or the Termination Date if the Anchor Tenant Agreement expires or terminates prior to such November 30.

“Series 6 Bond Documents” means the Series 6 Bonds and the documents related thereto listed in Schedule 4-2 of the Anchor Tenant Agreement.

“Series 6 Bonds” means The Port of Authority of New York and New Jersey, Special Project Bonds, Series 6, JFK International Air Terminal LLC Project, dated April 1, 1997, in the initial aggregate principal amount of \$934,100,000, the proceeds of which were used for the construction of Terminal 4.

“Series 8 Bonds” means The Port of Authority of New York and New Jersey, Special Project Bonds, Series 8, JFK International Air Terminal LLC Project in the aggregate principal amount of \$796,280,000, dated _____, 2010, the proceeds of which are to be used primarily for the construction of the Phase I IAT Project and as otherwise permitted by the Series 8 Bond Documents.

“Series 8 Bond Documents” means the Series 8 Bonds and the documents related thereto listed in Schedule 4-3 of the Anchor Tenant Agreement.

“Series 8 First Additional Land Rent” is defined in Appendix D-3 – “SUMMARY OF CERTAIN PROVISIONS OF LEASE SUPPLEMENT NO. 5.”

“Series 8 Requisition Certificate” is defined in Appendix C-4 – “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST ADMINISTRATION AGREEMENT.”

“Standard Draw Documentation” means the documentation (and supporting statements and materials required therewith) required to be delivered by Delta as described in the third paragraph under the heading “Construction of the Phase I IAT Project” herein to request draws from the proceeds of the Series 8 Bonds, which shall be substantially in the form of Schedule 6-3 of the Anchor Tenant Agreement (subject to completion of the information required therein applicable to such draw request), or as modified from time to time as reasonably requested by IAT to address changes to the documents and information that IAT may be required to deliver in connection with draw requests under the Series 8 Bond Documents.

“Sublease” means any sublease, sub-sublease, license agreement or other occupancy agreement (except the Anchor Tenant Agreement) made by Delta or IAT to a Sublessee relating to any part of Terminal 4, including any ATA Airline Sublease and any Concession Sublease.

“Sublessee” means the sublessee, sub-sublessee, licensee or other occupant under a Sublease, including any ATA Airline Sublease and any Concession Sublease.

“Substantial Completion” means, with respect to any construction or improvements contemplated by the Anchor Tenant Agreement, the date or dates certified by the architect of record for the applicable project as the date when such construction or improvements are sufficiently complete, in accordance with the applicable Phase I IAT Project Contract Document, so that said improvement may be occupied and used for the purpose of operating said improvement as contemplated by the Anchor Tenant Agreement and such occupancy is permitted by applicable Governmental Authority and/or the Port Authority.

“Taking” is defined under the heading “Condemnation – Damages” herein.

“Tax Exempt Bond” means any obligation the interest on which is exempt from federal income tax under Section 103 of the Code issued to finance or refinance the cost of any aspect of Terminal 4, including the Series 6 Bonds and the Series 8 Bonds.

“Tax Exempt Financed Property” is defined under the heading “Port/IAT Lease; Basic Lease; Transaction Documents – Transaction Documents” herein.

“Taxes” is defined under the heading “Taxes – Delta Responsibility For Taxes” herein.

“Taxiways” is defined in Appendix D-1 – “SUMMARY OF CERTAIN PROVISIONS OF THE LEASE.”

“Tax Lien” means the imposition of a lien, levy or charge by a Governmental Authority against the Delta Premises, Terminal 4 or the Airport resulting from the failure to pay taxes.

“Term” means the period from and including the Effective Date to and including the earlier to occur of (1) the Expiration Date, as the Expiration Date may be extended by Delta as provided herein, and (2) the Termination Date.

“Terminal 2” means the terminal building and associated land leased by Delta under the Port/Delta Lease, referred to therein as “Terminal 1A” and commonly known as “Building 54” or “Terminal 2” at the Airport, as the same may be altered, replaced or otherwise modified from time to time.

“Terminal 2-4 Connector” means the passenger connector (including without limitation people movers) to be constructed in connection with Phase I connecting Terminal 2 with Terminal 4 as shown on Exhibit B of the Anchor Tenant Agreement.

“Terminal 2-4 Connector Area” means the portion of the Terminal 4 Site containing approximately 0.13 acres shown as “Terminal 2-4 Connector” on Exhibit A of the Anchor Tenant Agreement, on which a portion of the Terminal 2-4 Connector is to be constructed.

“Terminal 2-4 Connector P&S” is defined under the heading “Construction of the Phase I IAT Project – Terminal 2-4 Connector” herein.

“Terminal 3” means the terminal building and associated land leased by Delta under the Port/Delta Lease, referred to therein as “Terminal A” and commonly known as “Building 53” or “Terminal 3” at the Airport, as the same may be altered, replaced or otherwise modified from time to time.

“Terminal 3 Site” means a portion of the land on which the Airport is located that is leased by Delta from the Port Authority under the Port/Delta Lease and upon which Terminal 3 is located.

“Terminal 3 Parking Space Permit” means the Space Permit – Aircraft Parking, known as Permit No. AYE-066 between the Port Authority and Delta with respect to certain parking use at the Terminal 3 Site, entered into in connection with the Series 8 Bonds, as the same may hereafter be amended, supplemented or otherwise modified.

“Terminal 4” means the air passenger terminal known as Terminal 4 at the Airport, including (i) the Terminal 4 Site, (ii) all buildings, structures, improvements and building fixtures now or hereafter located on the

Terminal 4 Site, and (iii) the related aircraft parking, apron, ramp, taxiway and other aircraft operations areas, and has the same meaning as the term “Premises” under the Port/IAT Lease.

“**Terminal 4 Gate Use Fee**” means the amount to be credited to Delta for each use by a Contract Carrier of a Delta Gate or charged to Delta for each use by Delta or a Delta Affiliate Carrier of an IAT Gate, in an amount determined in accordance with the provisions of the Anchor Tenant Agreement.

“**Terminal 4 Hardstand Use Fee**” means the amount to be credited to Delta for each use by a Contract Carrier of a Delta Hardstand Position or charged to Delta for each use by Delta or a Delta Affiliate Carrier of an IAT Hardstand Position, in an amount determined in accordance with the provisions of the Anchor Tenant Agreement.

“**Terminal 4 O&M Performance Standards**” is defined under the heading “Maintenance and Operations of Terminal 4 – O&M Performance Standards” herein.

“**Terminal 4 Project Bonds**” means the Bonds and any other special project bonds that may be issued by the Port Authority in connection with Terminal 4.

“**Terminal 4 Project Bond Documents**” means, collectively and notwithstanding any duplication, the Bond Documents, the Terminal 4 Project Bonds, and all documents comparable to the Bond Documents that may be executed and/or delivered in connection with the issuance of any Terminal 4 Project Bonds.

“**Terminal 4 Rules and Regulations**” is defined under the heading “Use and Operation – Terminal 4 Rules and Regulations” herein.

“**Terminal 4 Security Plan**” is defined under the heading “Security – Terminal 4 Security” herein.

“**Terminal 4 Site**” means a portion of the land on which the Airport is located that is leased by IAT from the Port Authority under the Port/IAT Lease and upon which Terminal 4 is and shall be located.

“**Terminal 4 Standards**” is defined under the heading “Construction of the Phase I IAT Project” herein.

“**Termination Date**” means that calendar month, day and year on which either Delta or IAT elects to terminate the Anchor Tenant Agreement pursuant to the terms and conditions set forth under the headings “Delta Event of Default; IAT Remedies – Remedies” or “IAT Event of Default; Delta Remedies – Remedies,” respectively, herein.

“**Transaction Documents**” means the Anchor Tenant Agreement, the Bond Documents and the non-disturbance agreements and the other documents listed in Schedule 4-4 of the Anchor Tenant Agreement.

“**Trilateral Committee**” is defined under the heading “Operations Advisory Committee; Management Committee; Trilateral Committee and Budget – Trilateral Committee” herein.

“**Trust Administration Agreement**” means that certain Trust Administration Agreement dated as of May 13, 1997, by and between IAT and Trustee, as modified by that certain First Supplemental Trust Administration Agreement dated as of August 10, 2001, that certain Second Supplemental Trust Administration Agreement dated as of December 20, 2002, that certain Third Supplemental Trust Administration Agreement dated as of January 1, 2004, that certain Fourth Supplemental Trust Administration Agreement dated as of December 1, 2004, that certain Fifth Supplemental Trust Administration Agreement dated as of December 1, 2007, and that certain Sixth Supplemental Trust Administration Agreement dated as of the date hereof, including all appendices thereto as the same may be amended, supplemented or modified from time to time.

“**Trustee[s]**” means The Bank of New York Mellon as the trustee[s] under the Bond Documents (or any successor thereto as trustee under the Bond Documents).

“**TSA EDS Project**” is defined under the heading “Construction of the Phase I IAT Project” herein.

“**TSA EDS Project Costs**” is defined under the heading “Construction of the Phase I IAT Project” herein.

“**TSA MOA**” means the Memorandum of Agreement between TSA and the Port Authority relating to Baggage Screening Projects for JFK, HSTS04-08-H-CT1236, signed by TSA on September 5, 2008 and by the Port Authority on September 10, 2008.

“United States” means the states and territories comprising the United States of America, the District of Columbia, Commonwealth of Puerto Rico, the United States Virgin Islands, American Samoa, Guam, and any other territories or protectorates subject to the jurisdiction of the United States Government.

“United States Government” means the United States of America and its agencies, departments, bureaus, boards and instrumentalities.

“Unrestricted Cash” means the sum of the line items “Cash” and “Short-Term Investments” in Delta’s most recent publicly available financial statements, or if not publicly available, as provided to Bond Insurer, whether audited or unaudited. For avoidance of doubt, such term shall not include restricted cash or restricted short term investments.

“Unused Committed Credit Facilities” means the sum of immediate borrowing availability under committed credit agreements, for which Delta is in compliance and is the borrower.

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Demise; Premises

Demise; Premises

IAT lets, demises and leases to Delta, and Delta takes, hires and leases from IAT, such right, title and interest as may be leased by IAT to Delta pursuant to the terms of the Port/IAT Lease and the Port Authority Consent to Sublease in and to the following premises in “as is” condition and subject at all times to the rights, if any, that any Sublessee of IAT (other than Delta and its Sublessees) may have in respect of the Common Space (collectively, as the same may exist from time to time, the “**Delta Premises**”):

(i) Prior to Phase I DBO (the “**Pre-DBO Delta Premises**”):

(1) Certain Concourse B Gates, together with associated holdrooms, loading bridges, equipment, and ramp area, together with such additional Gates as may be made available prior to Phase I DBO as described under the heading “Demise; Premises – Additional Phase I Gates; Hardstand Positions” herein;

(2) Certain Departures Level Check-in Counters;

(3) Certain Baggage Make-up Areas; provided that, the parties acknowledge that on occasion the baggage belt delivery system fails or other emergencies occur and baggage cannot be delivered to desired baggage make-up units and the parties agree to use best efforts to allow the other party use of their baggage make-up units, when available, should a baggage belt failure or other emergency occur;

(4) Certain Ticket Counters;

(5) Certain Office, Storage and Maintenance Space;

(6) Certain Hardstand Positions; provided that, if one or more such Hardstand Positions shall be unavailable for reasons related to the Phase I IAT Project, IAT shall use reasonable efforts to provide comparable Hardstand Positions, both in number and location, to replace any such unavailable Hardstand Positions, and IAT’s failure to provide such comparable Hardstand Positions shall not constitute a breach of the Anchor Tenant Agreement, however appropriate adjustment shall be made to the Pre-DBO Rent to account for such unavailable Hardstand Positions;

(7) Certain Headhouse space described as “Delta Space” in the Anchor Tenant Agreement;

(8) Three curbside check-in counters by door #3 on the Departures Level of Terminal 4;

(9) Use rights with respect to a portion of the Control Tower Space leased to IAT pursuant to Section 78 of the Port/IAT Lease, including control positions and the right to use ancillary portions of the Control Tower commensurate with such control positions, together with all rights and benefits appurtenant thereto under Section 78 of the Port/IAT Lease;

(10) The right of Delta and its ATA Airline Sublessees to use in common with IAT and its ATA Airline Sublessees as a shared FIS Facility, all of the space in the Headhouse shown as “Shared FIS” on Exhibit A to the Anchor Tenant Agreement; and

(11) The right of Delta and its Sublessees to use in common with IAT and its Sublessees as public space and for its other intended purposes all of the space in Terminal 4 shown as “Common Space” on Exhibit A to the Anchor Tenant Agreement.

(ii) Following Phase I DBO, the Delta Premises shall comprise the Pre-DBO Delta Premises (excluding the Hardstand Positions described in paragraph (i)(6) above) and, without duplication, the following:

(1) Up to 16 Gates (subject to the provisions as described under the heading “Demise; Premises – Additional Phase I Gates; Hardstand Positions”) and related operations space on Concourse B of Terminal 4, composed of the Concourse B Gates comprising the Pre-DBO Delta Premises at the end of the Phase I IAT Project Construction Period and the Phase I Concourse B Expansion;

(2) Other portions of Terminal 4, to be occupied exclusively by Delta, including portions of the Phase I Headhouse Improvements to be occupied exclusively by Delta, in all cases commensurate with Delta’s expanded presence in Terminal 4 and in accordance with the Phasing Strategy;

(3) A portion of the Control Tower Space leased to IAT pursuant to Section 78 of the Port/IAT Lease, including control positions and the right to use ancillary portions of the Control Tower commensurate with such control positions, together with all rights and benefits appurtenant thereto under Section 78 of the Port/IAT Lease as shown on Exhibit A to the Anchor Tenant Agreement;

(4) The portion of the Terminal 2-4 Connector constructed on the Terminal 4 Site;

(5) Not less than five (5) automotive parking spaces, together with such additional space as IAT and Delta may agree from time to time; and

(6) Five (5) Hardstand Positions (subject to the provisions as described under the heading “Demise; Premises – Additional Phase I Gates; Hardstand Positions”).

The check-in counters and curbside check-in counters identified in paragraphs (i)(2) and (i)(8) above, such other check-in counters and curbside check-in counters as agreed to between IAT and Delta from time to time and the use rights with respect to a portion of the Control Tower Space identified in paragraphs (i)(9) and (ii)(3) above, shall be preferential use premises in which Delta shall have preferential, first priority use rights, and the Delta Gates and Delta’s Hardstand Positions (if any) shall be preferential use premises to Delta in accordance with the Anchor Tenant Agreement.

The premises and space described in paragraphs (i)(10) and (i)(11) above, and paragraph (ii)(4) above (the “**Common Space**”), shall be for the common use, enjoyment and benefit of Delta and IAT and their respective Sublessees: (a) in the case of the space described in paragraph (i)(10) above, to be occupied and used by the United States Government as a shared FIS Facility; and (b) in the case of the space described in paragraph (i)(11) above, to be occupied and used as public space pursuant to the Anchor Tenant Agreement by Delta, IAT, their respective Sublessees, and their respective officers, employees, passengers, customers, patrons, contractors, suppliers and invitees.

The premises and space described in paragraphs (i)(1)-(7) and paragraphs (ii)(1)-(2) above (collectively, as the same may exist from time to time, the “**Delta Space**”), other than those areas identified as preferential use premises pursuant to the paragraph two paragraphs above this paragraph, shall be for Delta’s exclusive use, enjoyment and benefit during the Term to be occupied and used pursuant to the Anchor Tenant Agreement by Delta, its ATA Airline Sublessees and their respective officers, employees, passengers, customers, patrons, contractors, suppliers and invitees (subject to the proviso set forth in paragraph (i)(3) above, in which case any baggage make-up units made available by either party shall not be for Delta’s exclusive use, enjoyment and benefit but shall be preferential use premises in which Delta shall have preferential, first priority use rights at all times during which such baggage make-up units are made available by the other party).

The Delta Premises are let to Delta and Delta takes the same subject to all the following: (i) easements, restrictions, reservations, covenants and agreements, if any, to which the Delta Premises may be subject, and rights of the public in and to any public street; (ii) rights, if any, of any enterprise, public or private which is engaged in furnishing heating, cooling, lighting, power, telegraph, telephone, steam, or transportation services in and to the Airport and of the City and of the State of New York; and (iii) permits, licenses, regulations and restrictions, if any, of applicable Governmental Authorities and the Port Authority.

Use Rights

Delta and Delta's Sublessees shall be entitled to the benefits of access, ingress and egress and other use rights granted to IAT under the Port/IAT Lease, subject at all times to the terms of the Port/IAT Lease and IAT's ability to grant such rights to Delta and Delta's Sublessees, including (i) to the walkways, roadways and Light Rail System located on the Airport and the entrances and exits now or hereafter located in, on and adjacent to the Headhouse, (ii) between the Delta Premises and the Public Aircraft Facilities located on the Airport by means of Taxiways existing from time to time located on the Airport, and the right of passage over said Taxiways, (iii) to use any of IAT's taxiway easements appurtenant to the Airport, (iv) the right of access to the Distribution Portion of the Underground Fuel System (as defined in the Port/IAT Lease) located on the Airport and connections thereto appurtenant to the Delta Gates from time to time, to use the same to distribute fuel for Delta and its ATA Airline Sublessees, all in accordance with the applicable provisions of the Port/IAT Lease and the Port Authority Rules and Regulations, (v) the right of access to all utility facilities located on the Airport necessary and appropriate to serve the Delta Premises and to obtain utilities necessary for the use and operation of the Delta Premises in accordance with the Anchor Tenant Agreement, and, acting through its employees, contractors, suppliers and invitees, to use the same from time to time all in accordance with the applicable provisions of the Port/IAT Lease, the Port Authority Rules and Regulations, the Anchor Tenant Agreement and the Terminal 4 Rules and Regulations, and (vii) all of IAT's other easements, rights and benefits in and to Terminal 4 as are necessary for the use and operation of the Delta Premises as provided in the Anchor Tenant Agreement and all of IAT's other easements, rights and benefits now or hereafter appurtenant to the Delta Premises pursuant to the Port/IAT Lease or otherwise; provided that, Delta's rights described in this section shall be subject at all times to the requirements of the Port/IAT Lease, the Terminal 4 Rules and Regulations and the Terminal 4 Security Plan.

Additional Phase I Gates; Hardstand Positions

In accordance with the Phasing Strategy and the applicable provisions of the Anchor Tenant Agreement and the Port/IAT Lease, and subject to all applicable ATA Airline Subleases between IAT and Contract Carriers, IAT will at all times use commercially reasonable efforts to make available to Delta, in addition to the Delta Gates identified in paragraph (i)(1) under the heading "Demise; Premises" herein and the Delta Gates comprising the Phase I Concourse B Expansion, four additional Gates on Concourse B (the "*Additional Phase I Gates*"). Any such Additional Phase I Gates shall be delivered vacant in "as is" condition, subject to reasonable wear and tear but in compliance with IAT's maintenance and operations obligations under the Port/IAT Lease with respect thereto. Delta shall be obligated to add the Additional Phase I Gates and related facilities to the Delta Premises as IAT makes such Gates and facilities available to Delta. The economic terms for Delta's occupancy of such Additional Phase I Gates prior to Phase I DBO shall be as provided in the first paragraph under the heading "Rent Charges, Payments – Pre-DBO Rent" herein. Notwithstanding anything contained in the foregoing to the contrary, if despite commercially reasonable efforts IAT is not able to deliver the Additional Phase I Gates as provided for in the Phasing Strategy and in accordance with the Anchor Tenant Agreement and the Port/IAT Lease and subject to all applicable ATA Airline Subleases between IAT and Contract Carriers, (i) such failure shall not constitute an IAT Event of Default, and (ii) IAT shall continue to use commercially reasonable efforts to cause the Additional Phase I Gates to be made available to Delta as Delta Gates as soon as is reasonably practicable. If three (3) of the Additional Phase I Gates referenced above have been made available to Delta as Delta Gates, and fewer than three other Contract Carrier flights per day utilize the fourth Additional Phase I Gate, such fourth Additional Phase I Gate shall be included as part of the Delta Premises as a Delta Gate subject to the following provisions: (i) Delta will accommodate the flights of the remaining Contract Carrier(s) pending relocation of such Contract Carrier(s) to alternate terminal locations, and (ii) the applicable sections of the Anchor Tenant Agreement regarding the Terminal 4 Gate Use Fee, the delivery of required license agreements, and the Handling Services shall be applicable to the use of such Delta Gate by such Contract Carrier(s). IAT shall finalize the Phasing Strategy prior to Phase I DBO and shall keep Delta apprised of the status of (including the development, modification and implementation of) the

Phasing Strategy from time to time, including at such times as reasonably requested by Delta. The foregoing provisions shall constitute “an express provision to the contrary” as such phrase is used in Section 223-a of the Real Property Law of the State of New York and shall constitute a waiver of Delta’s rights pursuant to such Section 223-a and any other law of like import now or hereafter in force.

The parties acknowledge and agree that as Gates are added to the Delta Premises as Additional Phase I Gates, additional space in the Headhouse and in Concourse B, including check-in counters, baggage make-up areas, ticket counters, office, storage and maintenance space, and curbside check-in counters, may be desirable to support Delta’s larger presence in Terminal 4 by virtue of the increased number of Delta Gates. The parties will enter into such amendments with respect to Exhibit A to the Anchor Tenant Agreement as are required to identify such additional Delta Gates and supporting Delta Premises from time-to-time as such premises are identified and agreed to by IAT and Delta, and the Delta Rent shall be increased by recalculating the same pursuant to the methodologies for such calculations set forth under the heading “Rent Charges, Payments” herein.

As of the Effective Date, Delta and IAT assume (and Exhibit A of the Anchor Tenant Agreement as it relates to the addition of the Delta Hardstand Positions described in paragraph (ii)(6) under the heading “Demise; Premises” herein has been prepared based on such assumption) that all ground support equipment reasonably required to support the operations of the applicable Contract Carriers at the applicable Gates and Hardstand Positions at Terminal 4 and the operation of the Delta Premises can be accommodated on the Terminal 4 Site in space that does not interfere with such operations or parking at Hardstand Positions. If additional space is reasonably required on the Terminal 4 Site for ground support equipment parking and staging that reduces the number of Hardstand Positions at the Terminal 4 Site available for aircraft parking, the number of Delta Hardstand Positions shall be reduced as is reasonably required (after IAT makes commercially reasonable efforts, at no material cost or expense of IAT, to locate such ground support equipment in alternate locations at the Terminal 4 Site) to accommodate the ground support equipment reasonably required to support the operation of all Contract Carriers and Delta at the Terminal 4 Site, and such Delta Hardstand Positions shall revert to IAT.

Noninterference

IAT agrees that it will use, and will cause its Sublessees (other than Delta) to use, commercially reasonable efforts not to unreasonably hinder, impede or interfere with Delta’s and its Sublessees’ (other than Delta) rights, benefits, obligations and responsibilities under the Anchor Tenant Agreement, or Delta’s and its Sublessees’ (other than Delta) rights, benefits in, and access to the Common Space and the Delta Space.

Delta agrees that it will use, and will cause its Sublessees to use, commercially reasonable efforts not to unreasonably hinder, impede, or interfere with IAT’s and its Sublessees’ rights, benefits, obligations and responsibilities under the Anchor Tenant Agreement, or the Port/IAT Lease or IAT’s and its Sublessees’ rights, benefits in and access to the Common Space and the IAT Space.

Term

Effective Date Of The Anchor Tenant Agreement; Duration Of Agreement Term

The Anchor Tenant Agreement shall become effective on the Effective Date, and the leasehold estate created in the Anchor Tenant Agreement shall then begin, provided that, Delta’s right to possession of the Delta Premises as the same may exist from time to time shall commence as described under the heading “Demise; Premises” herein (in accordance with the Phasing Strategy). The Anchor Tenant Agreement shall continue in full force and effect, unless terminated prior thereto as hereinafter provided, for an initial term expiring one day prior to the earlier of (x) the thirtieth (30th) anniversary of Phase I DBO, and (y) December 31, 2043 (the “**Expiration Date**”).

Port/IAT Lease; Basic Lease; Transaction Documents

Port/IAT Lease and Basic Lease

Without limiting IAT's obligations expressly stated in the Anchor Tenant Agreement, IAT shall comply with all of the material terms, covenants, agreements, conditions and other provisions binding upon IAT under the Port/IAT Lease, subject at all times to any waivers or modifications thereof that may be granted by the Port Authority or other relevant parties from time to time that are not inconsistent with the provisions of the immediately following paragraph, if the noncompliance by IAT would result in a Material Adverse Effect, other than if such noncompliance is due to Delta's or its Affiliates' or Sublessees' actions or omissions.

Without Delta's prior written consent in each case, IAT shall not do any of the following (i) exercise any right to terminate the Port/IAT Lease, (ii) if the same would result in a Material Adverse Effect, enter into any material amendment, supplement, waiver or other modification to the Port/IAT Lease, or (iii) assign or transfer the Port/IAT Lease or the leasehold interest thereunder (except for collateral assignments and related transfers pursuant to the Terminal 4 Project Bond Documents), or release any material portion of the premises subject to such Port/IAT Lease (except for Subleases that could not reasonably be expected to interfere with Phase I, Phase II or Phase III); provided that, during an Event of Default, Delta's consent shall not be required to an amendment, supplement, waiver or other modification to the Port/IAT Lease unless (1) such amendment, supplement, waiver or other modification affects the calculation of the Series 8 First Additional Land Rent in a manner that results in an increase in Post-DBO Rent (for any relevant Annual Period) as a result of such change to the calculation of the Series 8 First Additional Land Rent, or (2) the primary purpose of such amendment, supplement, waiver or other modification is not related to a legitimate business purpose, but rather to disadvantage Delta during an Event of Default; provided, further, that, if IAT determines (after reasonable consultation with Delta) that any insurance required pursuant to the terms of the Port/IAT Lease is not available on commercially reasonable terms and for a commercially reasonable cost, reasonable modifications or waivers to the Port/IAT Lease requirements with respect to such coverages shall not require Delta's prior written consent. IAT shall deliver to Delta copies of initial drafts of any and all proposed amendments, supplements, terminations, waivers and other modifications with respect to the Port/IAT Lease as promptly as practicable but in no event later than ten (10) Business Days after IAT furnishes or receives any such proposed amendment, supplement, termination, waiver or other modification (but in all instances at least ten (10) Business Days prior to execution thereof) or, in the case of any such proposed amendment, supplement, termination, waiver or other modification that is to be executed by IAT less than ten (10) Business Days after IAT has furnished or received an initial draft thereof, simultaneously with IAT's furnishing or promptly upon IAT's receipt of such initial draft. Delta shall have consultation rights in respect to any proposed amendments, supplements, terminations, waivers and other modifications with respect to the Port/IAT Lease that could reasonably be expected to have an adverse effect on Delta's rights and/or obligations under the Anchor Tenant Agreement.

The Anchor Tenant Agreement is and shall be subject and subordinate to all of the terms, covenants, conditions and provisions of the Port/IAT Lease and the Basic Lease and the rights of the Port Authority and the City thereunder. No provision of the Anchor Tenant Agreement, including the rights, benefits and easements granted under the heading "Demise; Premises" above, is intended to or shall be interpreted as providing to Delta or its Sublessees or their respective officers, employees, passengers, customers, patrons, contractors, suppliers or invitees, any greater rights, benefits and easements than those granted to IAT under the Port/IAT Lease (or permitted under the Port Authority Consent to Sublease). Delta expressly acknowledges and agrees that all restrictions, limitations and prohibitions contained in the Port/IAT Lease and applicable to IAT and its Sublessees, and their respective officers, employees, passengers, customers, patrons, contractors, suppliers and invitees shall be equally applicable to Delta and its Sublessees, and their respective officers, employees, passengers, customers, patrons, contractors, suppliers and invitees. All rights, benefits and easements granted to Delta and its Sublessees, and their respective officers, employees, passengers, customers, patrons, contractors, suppliers and invitees in the Anchor Tenant Agreement are subject to any rights, benefits or easements reserved by, or granted by IAT to, the Port Authority under the Port/IAT Lease.

(a) Without limiting Delta's obligations expressly stated in the Anchor Tenant Agreement, Delta shall be bound by, subject to, and obligated to comply with, and perform, all of the terms and provisions of the Port/IAT Lease as the same relate to Delta's performance of its obligations and exercise of its rights under the Anchor Tenant Agreement, including Delta's occupancy and use of Terminal 4 (including the Delta Premises or portions thereof)

and Delta's operations and activities at the Airport in, on or from Terminal 4 (including the Delta Premises), as if Delta were the lessee under the Port/IAT Lease, including the obligations of the lessee under the Port/IAT Lease with respect to compliance with applicable Law, compliance with Port Authority Rules and Regulations, the conduct of prohibited activities and operations, rights of entry and non-discrimination, it being understood that, (i) Delta shall have no obligation to pay any rental, additional rental (including any acceleration of the principal of or interest on the Bonds), fees, charges or payments required to be paid by IAT under the Port/IAT Lease, except for Delta's share thereof to be paid by Delta to IAT as expressly provided in the Anchor Tenant Agreement; (ii) other than as expressly provided in the Anchor Tenant Agreement, Delta shall have no obligation to perform any work, labor or services with respect to any restoration after any damage, destruction or condemnation; (iii) other than as expressly provided in the Anchor Tenant Agreement, Delta shall have no obligation to make any payments to be made or perform any obligations to be performed by IAT under the Port/IAT Lease; (iv) other than as expressly provided in the Anchor Tenant Agreement, Delta shall have no obligation or liability under the Port/IAT Lease for any failure of IAT to pay or perform any of its obligations under the Port/IAT Lease or for any other act or omission of, or undertaking by, IAT or any other Person, or for any financial or other consequences arising therefrom to the extent that such failure or non-performance by IAT is not due to the failure or non-performance by Delta of any of its obligations under the Anchor Tenant Agreement; and (v) other than as expressly provided in the environmental provisions of the Anchor Tenant Agreement and in connection with payment of Delta's Share of ATA Permitted Remediation Costs, Delta shall have no other environmental obligations or liabilities under the Port/IAT Lease.

The Port Authority shall have the right, throughout the Term, as a third-party beneficiary to enforce directly against Delta the obligations of Delta under the Anchor Tenant Agreement with respect to any part of Terminal 4.

Delta shall indemnify and hold harmless the Port Authority, the City and the Trustee[s] and their respective commissioners (if any), directors, officers, employees, agents and representatives, as third-party beneficiaries under the Anchor Tenant Agreement, from and against (and shall reimburse the Port Authority, the City and the Trustee[s] for their respective costs and expenses, including legal expenses incurred in connection with the defense of) all claims and demands (including claims and demands in respect of death, personal injury or property damage) arising out of the use or occupancy of the Delta Premises by Delta, or by others with Delta's consent, or out of any other acts or omissions of Delta, its officers, representatives, agents, contractors and employees on the Delta Premises or elsewhere at the Airport, and its guests, invitees and its business visitors on the Delta Premises, or out of the acts or omissions of others on the Delta Premises with Delta's consent, including claims and demands of the City for indemnification arising by operation of law or the Basic Lease. Delta shall at its own expense defend any suit based upon any such claim or demand (even if such suit, claim or demand is groundless, false or fraudulent), and in handling such it shall not, without obtaining express advance permission from the general counsel of the Port Authority, raise any defense involving in any way the jurisdiction of the tribunal over the person of the Port Authority, its commissioners, officers, agents or employees, the immunity of the Port Authority, its commissioners, officers, agents or employees, the governmental nature of the Port Authority or the provisions of any statutes respecting suits against the Port Authority. Notwithstanding anything to the contrary in this paragraph, the provisions of this paragraph shall not apply to (i) claims and demands arising out of the sole gross negligence or willful misconduct of the Port Authority, or (ii) claims and demands arising out of the sole gross negligence or willful misconduct of the Trustee[s] and its directors, officers, employees, contractors, agents, representatives, guests, invitees and business visitors; but shall apply to claims and demands arising out of Assumed Environmental Damages, and claims and demands arising out of Delta's breach of its environmental obligation governed by the environmental provisions of the Anchor Tenant Agreement.

Notwithstanding anything to the contrary in the Anchor Tenant Agreement, if the Anchor Tenant Agreement has not theretofore terminated or expired, the Anchor Tenant Agreement shall terminate and expire as to Delta's rights to use and occupy the Delta Premises without notice to Delta or IAT, on the day preceding the expiration date or earlier termination of the Port/IAT Lease, or on such earlier date as IAT and the Port Authority (with the prior written consent of the Trustee[s], if required) may agree or on the effective date of any revocation of the Port Authority Consent to Sublease, provided that, (i) the Anchor Tenant Agreement shall not terminate or expire in connection with any assignment or foreclosure of the Port/IAT Lease, or the execution of a New Lease, by the Trustee[s] pursuant to Section 23 of the Port/IAT Lease, notwithstanding any intervening termination of the Port/IAT Lease; and (ii) the Anchor Tenant Agreement shall not terminate or expire if (A) the Port/IAT Lease is replaced by a Replacement Lease from the City, the Port Authority or any other Person having the right to lease Terminal 4, as Lessor Party, to IAT, as lessee, and (B) if applicable, the Basic Lease is replaced by a Replacement

Lease from the City, as Lessor Party, to the Port Authority or any other Person who executes a Replacement Lease pursuant to clause (A), as lessee. If the Port/IAT Lease is replaced by a Replacement Lease pursuant to clause (A), all references in the Anchor Tenant Agreement to the "Port/IAT Lease" shall thereafter be deemed to refer to such Replacement Lease, and all references in the Anchor Tenant Agreement to the "Port Authority" as the Lessor Party under the Port/IAT Lease shall thereafter be deemed to refer to the Lessor Party under such Replacement Lease. If the Basic Lease is replaced by a Replacement Lease pursuant to clause (B), all references in the Anchor Tenant Agreement to the "Basic Lease" shall thereafter be deemed to refer to such Replacement Lease, and all references in the Anchor Tenant Agreement to the "City" as the lessor under the Basic Lease shall thereafter be deemed to refer to the Lessor Party under such Replacement Lease.

Except as permitted by the Port Authority Consent to Sublease, Delta shall not sub-sublease all or any portion of the Delta Premises without the prior written consent of the Port Authority.

Delta shall not make any payment of Rent payable under the Anchor Tenant Agreement more than one month in advance, except as provided in the Anchor Tenant Agreement.

Delta shall not perform, and shall cause its Sublessees not to perform, any activities or services at the Airport for which the Port Authority requires the payment of fees and/or the issuance of a Port Authority permit, unless Delta pays such required fees and/or obtains such required permit.

In the event that IAT terminates the Port/IAT Lease pursuant to Section 65(a) thereof, Delta shall have the right to terminate the Anchor Tenant Agreement upon not less than 30 days' prior written notice to IAT and, if Delta exercises such right to terminate the Anchor Tenant Agreement, the Anchor Tenant Agreement shall expire and terminate upon the Termination Date specified in Delta's termination notice.

Transaction Documents

IAT shall comply with all of the provisions of the Transaction Documents executed and delivered by IAT to the extent such provisions are binding upon IAT, subject at all times to any waivers or modifications thereof that may be granted by the Port Authority or other relevant parties from time to time that are not inconsistent with the provisions of the immediately following paragraph; in each case, if the noncompliance therewith would result in a Material Adverse Effect, other than if such noncompliance is due to Delta's or its Affiliates' or Sublessees' actions or omissions.

Without Delta's prior written consent in each case, IAT shall not do any of the following if such act would result in a Material Adverse Effect on Delta: (i) consent to any amendment, supplement, termination, waiver or other modification of any of the terms, covenants, agreements, conditions or other provisions of the Bond Documents and other Transaction Documents, or (ii) take (or fail to take) any other action the taking (or failure to take) of which would have the effect of amending, supplementing, terminating, waiving or otherwise modifying any of the terms, covenants, agreements, conditions or other provisions of the Bond Documents or other Transaction Documents, *provided that*, nothing contained in this paragraph shall prevent IAT from taking any action that is reasonably necessary for IAT to comply with its obligations under the Port/IAT Lease, the Terminal 4 Project Bond Documents and the other Transaction Documents *provided, further, that*, during an Event of Default, Delta's consent shall not be required to an amendment, supplement, termination, waiver or other modification to the Bond Documents or other Transaction Documents unless the primary purpose of such amendment, supplement, termination, waiver or other modification is not related to a legitimate business purpose, but rather to disadvantage Delta during an Event of Default. IAT shall deliver to Delta copies of initial drafts of any and all proposed amendments, supplements, terminations, waivers or other modifications with respect to the Bond Documents and any other Transaction Documents as promptly as practicable but in no event later than ten (10) Business Days after IAT furnishes or receives any such proposed amendment, supplement, termination, waiver or other modification (but in all instances at least ten (10) Business Days prior to execution thereof or, in the case of any such proposed amendment, supplement, termination, waiver or other modification that is to be executed by IAT less than ten (10) Business Days after IAT has furnished or received an initial draft thereof, simultaneously with IAT's furnishing or promptly upon IAT's receipt of such initial draft). Delta shall have consultation rights in respect to any proposed amendments, supplements, terminations, waivers or other modifications with respect to the Bond Documents and any other Transaction Documents that could reasonably be expected to have a Material Adverse Effect.

The rights of Delta under the Anchor Tenant Agreement shall be subject and subordinate to all of the terms, covenants, conditions and provisions of the Bond Documents and the other Transaction Documents and the liens, security interests, pledges, assignments, transfers and hypothecations made by IAT and the Port Authority under the Terminal 4 Project Bond Documents and the other Transaction Documents.

IAT grants to Delta consultation rights in respect of any and all investments made or directed by IAT in respect of the proceeds of the Series 8 Bonds.

Subject to IAT approval, at the request of Delta (i) all or any part of the Bonds may be refinanced on commercially reasonable terms in connection with the financing of the Phase I IAT Project, Phase II and/or Phase III, and (ii) the Series 8 Bonds may be refinanced on commercially reasonable terms at any time. Except as provided in the preceding sentence, any other refinancing of the Series 6 Bonds shall require the approval of IAT (which may be granted or withheld in IAT's sole and absolute discretion) and the approval of Delta if such refinancing would have a Material Adverse Effect on Delta. If the required consent of IAT and Delta has been given as required by the preceding sentence, IAT and Delta shall use reasonable efforts to accomplish any of the foregoing refinancing(s) on commercially reasonable terms subject to consent of the Port Authority.

Delta's consent shall be required for (i) any financing or refinancing of the Terminal 4 Project Bonds that will materially and adversely affect rates and charges payable by Delta or Delta Affiliate Carriers, or (ii) any financing or refinancing of the Terminal 4 Project Bonds that will materially and adversely affect the ability to carry out Phase II and/or Phase III, if such refinancing occurs on or prior to December 31, 2020, or after December 31, 2020 and Delta has delivered a notice approved by IAT indicating its election to proceed with Phase II and Phase III and Delta has commenced design and construction of Phase II and Phase III; provided that, during an Event of Default by Delta in respect of Delta's obligations regarding performing the Phase I IAT Project in accordance with the construction of the Phase I IAT Project provisions of the Anchor Tenant Agreement, Delta's consent shall not be required for any financing or refinancing of the Terminal 4 Project Bonds if such financing or refinancing is reasonably necessary for the completion of the Phase I IAT Project, the payment of amounts due in respect of any Phase I IAT Project Construction Contract or the payment of any other amounts or the performance of any other obligations in respect of the Phase I IAT Project.

Upon the delivery by Delta of written notice to IAT that the Phase I IAT Project has been completed substantially in accordance with the provisions of the Anchor Tenant Agreement governing construction of the Phase I IAT Project, any balance remaining in respect of proceeds of the Series 8 Bonds (other than amounts retained by the Trustee to pay costs not then due and payable or for which the liability for payment is in dispute or amounts to be retained therein by the Trustee, subject to compliance with Law related to the Tax Exempt Bonds) shall be applied in accordance with the terms of the applicable Bond Documents.

Notwithstanding anything in the Anchor Tenant Agreement to the contrary, Delta acknowledges and agrees that Delta shall promptly pay over or assign (as applicable) to, or as directed by, IAT (each, a "**Reimbursement Payment**"), for application in accordance with all applicable provisions of the Port/IAT Lease and the Bond Documents, any amount paid or payable (as the case may be, a "**Reimbursement**") to Delta by the Construction Administrator, any Approved Contractor, any Construction Contractor, any insurance provider, any Governmental Authority or any other Person (as the case may be, a "**Reimbursement Payor**") in respect of any portion or component of the Phase I IAT Project, any trade fixture, equipment or other personal property, or the related construction or installation thereof, in each case that was purchased or financed, in whole or in part, with the proceeds of the Series 8 Bonds (as the case may be, "**Tax Exempt Financed Property**"), including, without limitation, in respect of (i) overpayments by Delta to any such Reimbursement Payor (whether such Reimbursement is paid to Delta in the form of an uncontested refund upon request, in the form of damages awarded in litigation or arbitration, paid to Delta in settlement of a litigation or arbitration claim, or otherwise), (ii) damages awarded in litigation or arbitration, paid to Delta in settlement of a litigation or arbitration claim, or otherwise, relating to any claim Delta may have against any such Reimbursement Payor for breach of contract, in tort or any other cause of action, (iii) insurance proceeds, and (iv) condemnation proceeds; provided that, with respect to any Reimbursement made in respect of property not purchased or financed entirely with the proceeds of the Series 8 Bonds, to the extent that such Reimbursement exceeds the amount required to be paid to the Trustee or other any Person pursuant to the Port/IAT Lease or any Transaction Document, Delta may retain a percentage of such excess equal to the percentage

of the related Tax Exempt Financed Property that was not purchased or financed, directly or indirectly, with the proceeds of the Series 8 Bonds.

Construction of the Phase I IAT Project

Delta covenants and agrees, utilizing the proceeds of the Series 8 Bonds (which shall be made available to Delta for such purposes as provided for in the Anchor Tenant Agreement and in the Series 8 Bond Documents), to diligently design, construct and complete the Phase I IAT Project, in a first-class workmanlike manner, using new, first-class materials and equipment, substantially in accordance and in compliance with the Phase I IAT Project Contract Documents, and in compliance with (i) all applicable Laws, (ii) the Port/IAT Lease, (iii) the Basis of Design, and (iv) applicable Port Authority Rules and Regulations (including the Port Authority's tenant alteration application process). The provisions of Section 18A (Construction of the 2010 Expansion Project) of the Port/IAT Lease (and other provisions of the Port/IAT Lease that expressly reference or are deemed to reference Section 18A) insofar as they relate to the construction and completion of the 2010 Delta Expansion Project (as defined in the Port/IAT Lease) are hereby incorporated by reference and shall be binding on Delta; *provided that*, other than as expressly provided under the environmental provisions of the Anchor Tenant Agreement, Delta shall have no other environmental obligations or liabilities under Article 18A of the Port/IAT Lease. Delta shall enter into all Phase I IAT Project Construction Contracts with Approved Contractors in such forms as Delta may determine except that the construction contracts for the Phase I IAT Project shall be fixed priced contracts or guaranteed maximum cost contracts obtained through a competitive bidding process acceptable to Delta and IAT in all respects; *provided, however, that* Delta (with IAT's approval) may select other construction delivery methods or formats for specific portions of the Phase I IAT Project. Delta and IAT have appointed the Construction Administrator for coordinating the design and construction of the Phase I IAT Project pursuant to the Construction Administration Services Agreement.

The Phase I IAT Project shall be designed and constructed to meet Delta's and IAT's requirements and specifications, with quality of construction and finishes matching the quality of construction and finishes in the current Terminal 4 ("**Terminal 4 Standards**") and the Basis of Design, except as otherwise approved by IAT and the Port Authority. However, Delta and IAT agree to cooperate in an effort to satisfy the budgetary constraints set by Delta in consultation with IAT ("**Budgetary Limits**") through modifications to the construction plans and/or specifications, which modifications shall also be consistent with the Terminal 4 Standards and the applicable Basis of Design. The Phase I IAT Project is more particularly described as the "2010 Delta Expansion Project" in the Port/IAT Lease.

Subject to the provisions of this paragraph, IAT shall cooperate with Delta in connection with all draw requests made under the Series 8 Bond Documents to pay Project Costs or reimburse Delta for Project Costs, subject to receipt from Delta of (x) the Standard Draw Documentation (appropriately completed), and (y) the applicable information referenced in Schedule 6-3 of the Anchor Tenant Agreement together with the supporting documentation as may be reasonably required in connection with such draw request. No portion of any draw request submitted by Delta pursuant to this paragraph shall be to pay (or reimburse Delta for paying) any cost that is not eligible to be paid (or reimbursed) upon delivery of the Series 8 Requisitions Certificate pursuant to the terms of the Trust Administration Agreement. Subject to the provisions of this paragraph, within five (5) Business Days of receipt of the Standard Draw Documentation and such other documentation from Delta, provided that Delta has complied with Section 5.1.6 (Contractor/CM & Consultant Payment Processing) of the Delta/JFK IAT Redevelopment Program-Program Procedures Manual in effect at such time, IAT shall, deliver a corresponding related draw request for the proceeds of the Series 8 Bonds under the Series 8 Bond Documents and apply the proceeds thereof to pay Project Costs or reimburse Delta for Project Costs, as directed by Delta, and if IAT shall receive any such amounts which it is not entitled to retain, IAT shall hold, and be deemed to hold, the same in trust for Delta (subject to the interests of the Trustee and the Port Authority) until the same is paid in accordance with the applicable Standard Draw Documentation. IAT shall not make any draw requests for proceeds of the Series 8 Bonds without the consent of Delta (unless a Delta Event of Default has occurred and is then continuing under the provisions of the Anchor Tenant Agreement governing Delta Events of Defaults), unless (i) failure to have the proceeds available from such draw would result in IAT having to use its own funds to satisfy its obligations related to completion of the Phase I IAT Project or the Series 8 Bonds under the Port/IAT Lease, the Phase I IAT Project Contract Documents, the Bond Documents and/or the other Transaction Documents, and (ii) Delta has been provided with such draw request (including completed Standard Draw Documentation and supporting documents)

and has failed during the 30 days following receipt thereof to either (x) approve such draw request, or (y) provide reasonably detailed information establishing that such draw request should not be made, provided that, this clause (ii)(y) shall not apply to draw requests for proceeds of the Series 8 Bonds made by IAT in connection with IAT's obligation to make payments of principal and interest on the Series 8 Bonds if such payments constitute Project Costs. Upon request, IAT shall promptly execute and deliver such documents as may be necessary in connection with draw requests under the Series 8 Bond Documents. Delta covenants and agrees to perform all of its obligations under each Phase I IAT Project Contract Document and to consult with IAT prior to Delta's exercise of (or determination to refrain from exercising) any termination rights or remedies in connection with a default available to Delta under or in respect of the Construction Administration Agreement or any Phase I IAT Project Contract Document.

Delta agrees to collaterally assign its right, title and interest in and to (i) the Construction Administration Agreement, (ii) each Phase I IAT Project Construction Contract with an aggregate value for work in connection with the Phase I IAT Project in excess of \$10,000,000 (each a "**Major Contract**"), and (iii) each Phase I IAT Project Construction Contract that is not a Major Contract if such Phase I IAT Project Construction Contract permits the assignment thereof to IAT, for the benefit of IAT (and IAT's collateral assignment thereof to the Port Authority and IAT's and the Port Authority's assignment thereof to the Trustee as may be required by the Terminal 4 Project Bond Documents) pursuant to a collateral assignment agreement substantially in the form attached to the Anchor Tenant Agreement as Exhibit D (the "**Construction Related Assignment Agreement**"). Delta shall cause the Construction Administrator under the Construction Administration Agreement and the service provider under each Major Contract to execute and deliver an agreement (a "**Contractor Consent and Agreement**") substantially in the form attached to the Anchor Tenant Agreement as Exhibit E, or such other form approved by IAT. Delta shall use commercially reasonable efforts to include in each Phase I IAT Project Construction Contract that is not a Major Contract the provisions set forth on Exhibit F; provided that, failure to obtain such language in the applicable Phase I IAT Project Construction Contract shall not preclude Delta from hiring such contractor. Subject at all times to the other provisions of the Anchor Tenant Agreement, provided that no Delta Event of Default shall have occurred and is then continuing, Delta may exercise all of its rights and privileges under the Construction Administration Agreement and each Phase I IAT Project Construction Contract without any consent or approval of IAT. Delta's rights under the immediately preceding sentence shall cease and terminate if an Event of Default shall have occurred and is then continuing in respect of Delta's obligations in respect of the Phase I IAT Project in accordance with the provisions of the Anchor Tenant Agreement governing construction of the Phase I IAT Project, in which event IAT shall have the right, but not the obligation, to elect, by giving written notice to Delta and each Approved Contractor, to enforce the obligations of the Approved Contractors and to perform Delta's obligations under the Construction Administration Agreement and the Phase I IAT Project Construction Contract, in the place and stead of Delta subject to the limitations specified in any related Construction Related Assignment Agreement or the Contractor Consent and Agreement and/or the Phase I IAT Project Construction Contract, as applicable. Upon an election by IAT as set forth in the preceding sentence, (i) Delta's right to request draws from the proceeds of the Terminal 4 Project Bonds shall terminate, and (ii) provided that any changes to and approvals of the Phase I IAT Project Contract Documents are commercially reasonable and in accordance with the Basis of Design, Delta's right to approve future Phase I IAT Project Contract Documents and changes to any Phase I IAT Project Contract Documents shall terminate.

If it is determined that the proceeds of the Series 8 Bonds will not be sufficient to complete the Phase I IAT Project or if there are Cost Overruns that cannot be funded from contingencies built into the construction budget using the proceeds of the Series 8 Bonds, Delta and IAT will consult with each other in connection with securing any "completion financing" for the Phase I IAT Project on terms that are consistent with the terms of the Series 6 Bonds and the Series 8 Bonds, if such financing is made available by the Port Authority and is otherwise on commercially reasonable terms, provided that the amount of financing under the Terminal 4 Project Bonds for the Phase I IAT Project shall not exceed in the aggregate \$1.2 Billion Dollars.

The Port/IAT Lease provides for IAT to complete the "New In-Line EDS System Matrix/Design/Construction Build Out" for Terminal 4 (being the portion of the project covered by the TSA MOA to be constructed in Terminal 4) (the "TSA EDS Project") which project is included in the Phase I IAT Project. Delta and IAT will cooperate with each other to maximize the amount of funding from the TSA for the TSA EDS Project (and therefore, the Phase I IAT Project consisting of the TSA EDS Project), in accordance with the terms of the TSA MOA and the Port/IAT Lease. Subject to the provisions of this paragraph, IAT shall cooperate with Delta

in connection with all draw requests made under the Port/IAT Lease and the TSA MOA to reimburse Delta for amounts actually expended by Delta in respect of the TSA EDS Project, *provided* that such amounts are eligible for reimbursement by TSA (the "TSA EDS Project Costs"). IAT shall at its option either transfer to Delta amounts IAT receives as reimbursement of TSA EDS Project Costs or provide Delta with a credit against the Delta Rent in an amount equal to such amounts, subject in all cases to IAT's receipt from Delta of appropriate completed draw documentation together with such supporting documentation as may be reasonably required by IAT or under the TSA MOA and/or the Port/IAT Lease in connection with such draw request. Subject to the provisions of this paragraph, within five (5) Business Days of receipt of such documentation from Delta, provided that Delta has complied with Section 5.1.6 (Contractor/CM & Consultant Payment Processing) of the Delta/JFK IAT Redevelopment Program-Program Procedures Manual in effect at such time, IAT shall deliver a corresponding related draw request to the Port Authority for preparation and submission of the corresponding draw request to the TSA for reimbursement of TSA EDS Project Costs. If IAT shall receive any such reimbursement amounts for TSA EDS Project Costs which it is not entitled to retain, IAT shall hold, and be deemed to hold, the same in trust for Delta (subject to the interests of the Trustee and the Port Authority) until the same is reimbursed to Delta or credited against the Delta Rent as provided above. IAT shall not make any draw requests for TSA funds allocated to the TSA EDS Project without the consent of Delta (unless a Delta Event of Default has occurred and is then continuing pursuant to the provisions under the heading "Delta Event of Default; IAT Remedies – Delta Event of Default"), unless (i) failure to have the proceeds available from such draw would result in IAT having to use its own funds to satisfy its obligations related to completion of the Phase I IAT Project under the Port/IAT Lease, the Phase I IAT Project Contract Documents, and/or the other Transaction Documents, and (ii) Delta has been provided with such draw request (including completed draw documentation and supporting documents) and has failed during the 30 days following receipt thereof to either (x) approve such draw request, or (y) provide reasonably detailed information establishing that such draw request should not be made. Upon request, IAT shall promptly execute and deliver such documents as may be necessary in connection with draw requests for TSA EDS Project Costs under the Port/IAT Lease and the TSA MOA.

Cost Overruns

IAT and Delta acknowledge and agree that Delta shall bear the construction risk for Phase I, and that there may be delays and/or Cost Overruns in connection with the construction of the Phase I IAT Project, that all such Cost Overruns and any penalties associated therewith shall be the sole responsibility of, and paid by, Delta and that Delta's obligations in respect of such Cost Overruns and penalties associated therewith shall not be excused under any circumstances, including any Force Majeure Event. Delta and IAT shall work cooperatively to avoid such Cost Overruns through mutually and reasonably agreed reductions in scope, extensions of delivery dates, changes in design or materials, changes in terms of Phase I IAT Project Construction Contracts and/or the Phase I IAT Project Contract Documents, extensions of the Substantial Completion date, or exercise of rights under performance bonds and other actions reasonably requested by Delta and approved by IAT, *provided that*, the Terminal 4 Standards, the Terminal 4 O&M Performance Standards and the Basis of Design are maintained and complied with unless otherwise agreed to by IAT and Delta and the applicable requirements of the Port/IAT Lease (including the Basis of Design) are complied with unless otherwise agreed to by the Port Authority and IAT in their sole discretion.

Terminal 2-4 Connector

Delta covenants and agrees that, at its sole cost and expense (without utilizing proceeds of any Terminal 4 Project Bonds), Delta shall design, construct and complete the Terminal 2-4 Connector on the Terminal 2-4 Connector Area, in a first class workmanlike manner and consistent with the Terminal 4 Standards and the applicable Basis of Design, except as otherwise approved by IAT and the Port Authority. The Terminal 2-4 Connector shall be completed substantially in accordance and in compliance with (i) the Terminal 2-4 Connector P&S, (ii) all applicable Laws, (iii) applicable provisions of the Port/IAT Lease, (iv) applicable Port Authority Rules and Regulations (including the Port Authority's tenant alterations application process), and (v) the applicable provisions of the Anchor Tenant Agreement.

The Terminal 2-4 Connector shall be designed and constructed to meet Delta's requirements and specifications and the applicable Basis of Design. Delta and/or the Construction Administrator have provided preliminary plans and specifications for the Terminal 2-4 Connector to be constructed on the Terminal 2-4 Connector Area to IAT, which plans and specifications have been approved by IAT. Delta or the Construction

Administrator shall provide the final plans and specifications for the Terminal 2-4 Connector on the Terminal 2-4 Connector Area (the “**Terminal 2-4 Connector P&S**”) to IAT at least 30 days prior to the date on which Delta estimates it shall begin construction of the Terminal 2-4 Connector on the Terminal 2-4 Connector Area. The final Terminal 2-4 Connector P&S shall be subject to IAT’s approval. Once the Terminal 2-4 Connector P&S have been approved by IAT, the Terminal 2-4 Connector P&S shall not thereafter be amended, modified, supplemented or otherwise changed in any material respect without the consent of IAT, taking into consideration the Budgetary Limits for the Terminal 2-4 Connector, provided that, the Terminal 4 Standards are maintained and complied with unless otherwise agreed to by IAT, Delta and the Port Authority.

Leasehold Improvements and Trade Fixtures

All of Delta’s leasehold improvements that are attached to the Delta Premises such that they cannot be removed therefrom without material damage thereto shall not be removed by Delta without the consent of IAT, or be removed by IAT without the consent of Delta (unless such removal is required by the Port/IAT Lease), nor shall such leasehold improvements be removed by either Delta or IAT without the consent of the Port Authority if legal title to any such leasehold improvement shall have vested in the Port Authority pursuant to the Anchor Tenant Agreement or the Port/IAT Lease. All of Delta’s personal property and trade fixtures that, in each case, are installed in the Delta Premises, that have not been financed with the proceeds of Terminal 4 Project Bonds and which are capable of being removed without causing material damage to the Delta Premises, and for which legal title has not vested in the Port Authority pursuant to the Anchor Tenant Agreement or the Port/IAT Lease, shall remain the property of Delta and shall be removable at any time by Delta, including upon the expiration or termination of the Term, provided that, Delta shall repair any damage to the Delta Premises caused by the removal thereof. Delta shall not remove or alter (i) any property that has been financed with the proceeds of Terminal 4 Project Bonds (or which was originally financed with Terminal 4 Project Bonds and has subsequently been replaced by Delta with its own funds), or (ii) any of IAT’s or its Sublessees’ personal property or trade fixtures (other than personal property or trade fixtures of Delta which may be removed subject to the provisions of this paragraph) from Terminal 4 without IAT’s prior written consent.

Access; Permits; IAT Cooperation; Site Security

Delta’s obligations to cause the construction and completion of the Phase I IAT Project and the Terminal 2-4 Connector (including installation of trade fixtures) shall be subject to Delta’s receiving IAT’s approval of the Phase I IAT Project Contract Documents, the Terminal 2-4 Connector P&S, the Delta Trade Fixtures P&S, all building and other permits, consents and approvals, including permits, consents and approvals from the Port Authority (including appropriate reciprocal easement agreements among Delta, IAT and the Port Authority for locating the Terminal 2-4 Connector), necessary and appropriate for constructing, using and operating the Phase I IAT Project and the Terminal 2-4 Connector, as applicable and requirements of the Series 8 Bond Documents, provided that, the foregoing shall not limit Delta’s obligations in respect of Cost Overruns as described under the heading “Construction of the Phase I IAT Project – Cost Overruns” herein. IAT shall use commercially reasonable efforts to cause its contractors, subcontractors, consultants, suppliers and service providers to cooperate with and assist Delta, the Construction Administrator and Delta’s contractors, subcontractors, consultants, suppliers and service providers in connection with the design and construction of the Phase I IAT Project and the Terminal 2-4 Connector.

Delta shall be responsible for obtaining and maintaining all building and other permits, approvals and consents, including permits, approvals and consents from the Port Authority, necessary for constructing, using and operating the Phase I IAT Project and the Terminal 2-4 Connector. IAT shall cooperate with, and upon Delta’s reasonable request, use commercially reasonable efforts to assist Delta in obtaining and maintaining such permits, approvals and consents and, promptly upon request, execute and deliver IAT approved Construction Applications (as defined in the Port/IAT Lease) to the Port Authority and other applications and requests for, and other documents with respect to, such permits, approvals and consents reasonably requested by Delta.

During the period of construction of the Phase I IAT Project and the Terminal 2-4 Connector (including installation of trade fixtures), as applicable, and at all times subject to and in accordance with the Port Authority Rules and Regulations, the Terminal 4 Rules and Regulations, the Terminal 4 Security Plan and other requirements under Law or as required by any Governmental Authority, the Port Authority, Delta, the Construction Administrator,

Delta's contractors, subcontractors, consultants, suppliers and service providers and their respective employees and representatives shall have access at times reasonably agreed to by IAT to Terminal 4 as may be reasonably necessary and appropriate to construct and complete expeditiously the Phase I IAT Project and the Terminal 2-4 Connector. In connection with the construction of the Phase I IAT Project and the Terminal 2-4 Connector, Delta shall not interrupt or disturb operations at Terminal 4 and the Airport to the extent reasonably practicable, and in accordance with the requirements specified in the Phase I IAT Project Contract Documents, the Terminal 2-4 Connector P&S and other agreements entered into in connection with such construction (including operational conflicts). IAT shall use reasonable efforts to: (i) provide and to cause its contractors, subcontractors, consultants, suppliers and service providers to provide such access; (ii) arrange for any permit for such access required by the Port Authority; (iii) require IAT's Sublessees to cooperate with Delta in providing access to their respective subleased space in order for Delta to complete the Phase I IAT Project and the Terminal 2-4 Connector, *provided that*, such access does not unreasonably interfere with, interrupt or disturb, such Sublessees' activities or operations; and (iv) provide Delta with office space in Terminal 4 or a construction facility on the Terminal 4 Site sufficient for and reasonably equipped as a construction office for the requisite project staff for the Phase I IAT Project and the Terminal 2-4 Connector. IAT and Delta shall establish and continue throughout the design and construction of the Phase I IAT Project and the Terminal 2-4 Connector a construction working group consistent with the Phase I IAT Project Management Structure, including the Construction Administrator, the general contractor or construction manager, and others as Delta or IAT shall reasonably request, who shall meet at least weekly or as otherwise determined by Delta during design and construction of the Phase I IAT Project and the Terminal 2-4 Connector to consider, discuss and resolve matters relating to the design and construction thereof.

IAT shall be responsible for site security for all of Terminal 4 during the Phase I IAT Project Construction Period and Delta shall fully cooperate with IAT in connection therewith.

Rent Charges; Payments

Pre-DBO Rent

Commencing as of the Effective Date and continuing until Phase I DBO, Delta shall promptly pay to IAT the amounts equal to rentals based on fixed rates in consideration for the existing aircraft contact gates and hardstands that Delta currently uses in Terminal 4, plus additional rentals on a square foot basis for certain supporting office and operational space it currently uses, together with rentals calculated in a manner prescribed by the Anchor Tenant Agreement for any additional aircraft contact gates of the existing Terminal 4 facility that Delta may sublease from IAT prior to completion of the 2010 Expansion Project (the "**Pre-DBO Rent**").

If Phase I DBO does not occur prior to the end of the scheduled capitalized interest period with respect to the Series 8 Bonds, additional interim rentals equal (i) to the cost of all debt service (net of interest on any Series 8 Bond reserve and sinking fund accounts and financing costs in respect of the Series 8 Bonds, plus (ii) certain other amounts beginning in various periods (the "**Interim Rent**").

If at any time prior to Phase I DBO any portion of the Phase I IAT Project is placed in service for federal income tax purposes, and provided that Interim Rent is not yet due and payable as provided in the immediately preceding paragraph, in addition to the Rent required to be paid pursuant to the first paragraph under the heading "Rent Charges; Payments – Pre-DBO Rent" above, Delta shall pay to IAT as Additional Rent an amount equal to the amount of interest due and payable (net of interest on any reserve and sinking fund accounts if such interest is available for payment of such debt service) on the portion of Series 8 Bonds equal to the aggregate cost of all such portions of the Phase I IAT Project placed in service, as and when such interest is due and payable on the Series 8 Bonds.

Delta Post-DBO Rent

Commencing as of Phase I DBO, in lieu of Pre-DBO Rent and the Interim Rent (if applicable), Delta will be obligated to pay monthly rentals to IAT that are generally calculated to enable IAT to recover from Delta an amount equal to the sum of (i) the allocable Series 8 Bond debt service, certain capital charges and certain other costs associated with Delta's preferential and exclusive subleased space and (ii) Delta's share of IAT's costs allocated to certain common/shared areas of Terminal 4 based on use (the "**Post-DBO Rent**"), net of actual

Terminal 4 Gate Use Fees and Terminal 4 Hardstand Use Fees to be credited against Post-DBO Rent at the time any such payment of Post-DBO Rent is being made.

Delta Rent shall be set annually in advance pursuant to the Budget, and reconciled in arrears in accordance with a procedure set forth in the Anchor Tenant Agreement.

Commencing as of Phase I DBO and continuing through the remainder of the Term, Delta shall pay to IAT a management fee as calculated pursuant to the Anchor Tenant Agreement (the “**Adjusted Terminal Management Fees**”) on the first day of each month of each Annual Period by making payments thereof to IAT pursuant to the provisions under the heading “Rent Charges; Payments – Payments” below.

Additional Rent

Commencing with the Effective Date and continuing through the remainder of the Term, Delta shall pay to IAT pursuant to the provisions described under the heading “Rent Charges; Payments – Payments” below on the dates and at the times provided for in the Anchor Tenant Agreement all amounts comprising Additional Rent (including Delta’s Share of ATA Permitted Remediation Costs and Delta’s Parking Space Costs) under the Anchor Tenant Agreement, *provided that*, if a date or time is not specified for the payment of a particular component of Additional Rent, such component of Additional Rent shall be paid on the first day of the calendar month immediately succeeding the date on which such Additional Rent obligation arises.

Payments

Unless otherwise agreed to by IAT and Delta, payments due under the Anchor Tenant Agreement shall be made on the dates specified under the headings “Rent Charges; Payments –Pre-DBO Rent” or “– “Delta Post-DBO Rent” above, as applicable, by wire transfer according to the wire transfer instructions provided by each party hereto, which instructions may be amended, canceled or supplemented at any time during the Term by written notice to the other party. If a payment is required to be made on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day.

Overdue Interest

If either party shall not have received from the other party any amounts due and payable under the Anchor Tenant Agreement more than five Business Days after the date such payment was due, interest shall accrue on all such overdue amounts from and including the sixth Business Day after such payment was due at the rate per annum equal to the Prime Rate plus 2% or the highest rate permitted by applicable Law (whichever is less). Notwithstanding the foregoing, if IAT incurs any late charges or is charged any interest pursuant to the Port/IAT Lease in connection with any payment obligation of IAT to the Port Authority under the Port/IAT Lease as a result of Delta’s failure to timely pay to IAT any amounts due and payable by Delta to IAT under the Anchor Tenant Agreement, the amount payable by Delta pursuant to this paragraph shall not be less than the amount of such late charges incurred by and/or interest charged to IAT pursuant to the Port/IAT Lease to the extent the same result from Delta’s failure to timely pay to IAT any amounts due and payable by Delta to IAT under the Anchor Tenant Agreement, provided that IAT has used commercially reasonable efforts to satisfy such payment obligations to the Port Authority through the use of other funds available to IAT in order to avoid the incurrence of any such late charges or interest.

No Additional Charge

There shall be no charges to Delta for its occupancy of the Delta Premises or use of services provided by IAT to the Delta Premises other than the charges described or referred to in the Anchor Tenant Agreement except to the extent that additional charges are imposed at the Airport by the Port Authority, the City, a subsequent Airport operator, or another Governmental Authority with jurisdiction over the Airport, and IAT is obligated to pay such charges by law. Notwithstanding anything to the contrary contained in the Anchor Tenant Agreement, unless otherwise agreed to by IAT and Delta, Delta shall not be obligated to pay any Rent payable pursuant to the

provisions described under the heading “Rent Charges; Payments” attributable to any payments owed by IAT to the Port Authority under the Port/IAT Lease until such payments are due and payable by IAT.

Use and Operation

Use

At all times during the Term, Delta and its Sublessees shall have the right to use and occupy the Delta Premises only for the uses and purposes permitted pursuant to Section 6 (and other provisions) of the Port/IAT Lease applicable to Scheduled Aircraft Operators. Neither Delta nor its Sublessees shall use or occupy any portion of the Delta Premises for office facilities or other operations other than for office facilities or other operations that are directly related to the day-to-day operations at the Airport.

Operation As Air Terminal

At all times during the Term, IAT shall operate Terminal 4 as an airline passenger terminal, open and operating, 24 hours per day, seven days per week, in accordance with and subject to the limitations set forth in the Port/IAT Lease, throughout the Term for the operations, use and occupancy of Delta and its Sublessees and the use of their respective passengers and invitees in accordance with the Anchor Tenant Agreement.

Port Authority Rules And Regulations

Each of IAT, Delta, their respective Sublessees, and their respective officers, employees, guests and invitees shall be bound by and comply with the Port Authority Rules and Regulations in connection with its use and occupancy of the Delta Premises. “**Port Authority Rules and Regulations**” means the Airport Rules and Regulations of the Port Authority in effect as of the Effective Date, as the same have heretofore been amended, supplemented, or otherwise modified as described in Schedule 8-1 of the Anchor Tenant Agreement and may hereafter be amended, supplemented, replaced or otherwise modified from time to time by the Port Authority pursuant to the Port/IAT Lease.

Terminal 4 Rules and Regulations

The “**Terminal 4 Rules and Regulations**” means the Terminal 4 Rules and Regulations regulating the conduct and operations of Persons using or otherwise present at Terminal 4, which incorporate and include the Terminal 4 Operations Manual, the Terminal 4 Ramp Handling Manual and other procedural and regulatory guides published by IAT, as the same heretofore have been amended, supplemented, or otherwise modified and may hereafter be amended, supplemented, replaced or otherwise modified from time to time by IAT in consultation with Delta with respect to matters which directly affect the use or operation of the Delta Premises.

Not later than 120 days prior to the schedule date for Substantial Completion, IAT, in consultation with Delta with respect to matters directly affecting the Delta Premises, shall consider proposed modifications to or proposed replacements of the Terminal 4 Rules and Regulations to address the use and occupancy by Delta of the Phase I Project from and after Phase I DBO.

IAT shall be responsible for the implementation and enforcement of the Terminal 4 Rules and Regulations and each of Delta, its Sublessees, and their respective officers, employees, guests and invitees shall be bound by and comply with the Terminal 4 Rules and Regulations.

Ramp Services And Passenger Handling

Delta may, without any need for IAT, or Management Committee approval, throughout the Term provide Handling Services, subject to the requirements of all applicable Law and the Port Authority and in full compliance with the Port/IAT Lease, including the receipt of a valid handling permit from the Port Authority, and subject to the Terminal 4 Rules and Regulations. IAT shall have no right hereunder to require Delta to obtain a license from IAT or to charge any separate fee in respect of Handling Services to Delta or to any recipient of Delta’s Handling

Services other than the collection of the Port Authority Handling Fee (if required by the Port/IAT Lease). The Port Authority Handling Fees attributable to revenues derived from customers in Terminal 4 shall be paid to IAT and applied in accordance with the provisions of the Port/IAT Lease and the Anchor Tenant Agreement. Delta shall be entitled to appoint one wholly-owned subsidiary of Delta as an Approved Contractor for purposes of performing Handling Services without the prior approval of IAT. IAT's approval shall be required prior to appointing more than one wholly-owned subsidiary of Delta as an Approved Contractor for performing Handling Services. If Delta desires to hire a third-party contractor to provide Handling Services to Delta or Delta Affiliate Carriers at the Delta Premises which is not then an Approved Contractor, IAT shall review such third-party contractor in consultation with Delta in connection with IAT's right to approve same as an Approved Contractor for Handling Services.

FIS Facility

IAT shall make available the FIS Facility located in the Common Space to the United States Government as required by the Port/IAT Lease, provided that, the operations, the hours of operation and the levels of staffing of the FIS Facilities shall be determined by the United States Government. Terminal 4 air passengers and flight crew shall have the right to use the FIS Facilities. The United States Government (and not IAT or Delta), shall be solely responsible for operating and staffing the FIS Facilities.

Additional Understandings Regarding Terminal 3

For so long as the Terminal 3 Parking Space Permit is in effect, and IAT shall be managing the hardstand positions on the Terminal 3 Site, IAT shall credit Delta Rent for each use of a hardstand parking position on the Terminal 3 Site by a Scheduled Aircraft Operator (other than Delta or any Delta Affiliate Carrier) in an amount equal to the Terminal 3 Parking Fee to be determined in accordance with Schedule 8-3 of the Anchor Tenant Agreement.

Upon Phase I DBO, Delta shall commence and pursue diligently to completion the Phase I Delta Project at Delta's sole cost and expense.

Right Of Entry

Notwithstanding anything to the contrary in the Anchor Tenant Agreement, IAT reserves for itself and its employees, officers, directors, managers, agents, representatives and contractors, and Delta grants to such parties, the right to enter the Delta Space at reasonable times and without unreasonable interference to Delta or its operations, without being deemed an eviction of Delta or permitting any abatement of rent, to (i) perform IAT's obligations under the Anchor Tenant Agreement, (ii) inspect the Delta Space and Delta's activities being conducted therein to assure compliance with the Anchor Tenant Agreement and the Port/IAT Lease or (iii) do any other act or thing that IAT is permitted or obligated to do under the Anchor Tenant Agreement or the Port/IAT Lease, provided that, (A) any damage to the Delta Space or the property of Delta or any of its Sublessees directly resulting from such entry shall be repaired or replaced by IAT as an ATA Permitted O&M Expense (if such damage, however, is caused by the gross negligence or willful misconduct of IAT or their employees, representatives or contractors, it shall be repaired or replaced by IAT at no cost to Delta and not as an ATA Permitted O&M Expense); and (B) except in the event of emergencies, such right of entry into the Delta Nonpublic Space shall be on reasonable notice and Delta shall have the right to require that its representative accompany the party or parties seeking entry.

IAT grants to Delta and its officers, directors, managers, agents, employees, representatives and contractors, subject in all cases to the rights of IAT's Sublessees (other than Delta), the right to enter IAT Space that is not IAT Nonpublic Space, at reasonable times as reasonably necessary to do any other act or thing that Delta is permitted or obligated to do under the Anchor Tenant Agreement, provided that, (A) any damage to the IAT Space or the property of IAT or any of its Sublessees shall be repaired or replaced by Delta at no cost to IAT if caused by Delta or its employees, representatives or contractors; and (B) such right of entry into portions of the IAT Space that is IAT Nonpublic Space or space comprising mechanical or communications closet areas shared by Delta and/or one or more of IAT's other Sublessees shall require advance notice to, and approval by, IAT, and if required by IAT, shall occur only with a representative of IAT and/or IAT's Sublessees present.

Maintenance and Operations of Terminal 4

O&M Services

IAT shall provide all O&M Services to Terminal 4. “**O&M Services**” or “**O&M**” means all maintenance and operations services to, in, at and on Terminal 4, inclusive of the Delta Space; provided that, all maintenance and operations services to, in, at and on the Terminal 2-4 Connector shall be the responsibility, and shall be performed at the sole cost and expense, of Delta.

IAT shall perform the O&M Services itself or through Approved Contractors, in accordance with policies and procedures to be established from time to time throughout the Term by IAT, in accordance with the annual Budgets.

Failure To Perform O&M

If IAT fails to perform any of its O&M Services under the Anchor Tenant Agreement in accordance with the Terminal 4 O&M Performance Standards and such failure has a Material Adverse Effect on Delta or any Sublessee of Delta, Delta may (but shall not be obligated to) notify IAT and the Management Committee and IAT shall have five days after receipt thereof to propose and commence implementation of a cure for the failure, and shall have a total of 15 days after receipt of Delta’s initial notice to cause the failure to be cured; *provided, however, that* (i) if with commercially reasonable diligence such failure cannot be cured within such period of 15 days, and (ii) IAT has commenced the cure of such failure within such 15-day period and has pursued such cure diligently, then such period shall be extended for so long as is reasonably necessary for IAT in the exercise of due diligence to cure such failure. If IAT fails to propose and commence implementation of a cure for the failure within such five day period, or fails to cause the failure to be cured within such 15-day period (as same may be extended pursuant to the preceding sentence), Delta may (but shall not be obligated to) notify IAT and the Management Committee of such failure and, if IAT fails to cause the default to be cured within five days after receipt of such second notice, such matter or dispute shall be referred to the Trilateral Committee for resolution, which such resolution and implementation of the cure must be completed within 10 days of referral to the Trilateral Committee.

O&M Performance Standards

At all times during the Term, IAT shall maintain O&M Services at a level that is at least equal to the standards for a common use international gateway airport terminal in a major city or such other standard established by the Management Committee from time to time (the “**Terminal 4 O&M Performance Standards**”).

Emergency Situations

If any circumstances or conditions exist which must be resolved or repaired to protect against an imminent threat to life, material property damage or security of the Delta Premises (“**Emergency Repairs**”) as a result of the failure of IAT to perform any O&M Services, Delta shall promptly notify IAT of such condition, which notice shall set forth, in reasonable detail, the nature of the Emergency Repairs and the proposed remedial measures as are reasonably necessary to cure such condition. If IAT does not perform such Emergency Repairs with ten (10) days of receipt of notice from Delta, or such shorter period as may be reasonably necessary to protect against an imminent threat to life, material property damage or security of the Delta Premises, Delta may (after making such efforts as are reasonably practicable given the conditions necessitating the Emergency Repairs) take such minimally necessary measures related to the Emergency Repairs as are required to protect against such imminent threat to life, material property damage or security of the Delta Premises.

Operations Advisory Committee; Management Committee; Trilateral Committee and Budget

Operations Advisory Committee

IAT and Delta agree that throughout the Term there shall be established an operations advisory committee (the “**Operations Advisory Committee**”) composed of representatives determined and identified in accordance

with the Anchor Tenant Agreement. Each of IAT and Delta may replace its representative on the Operations Advisory Committee by notice to the other party, provided that any replacement representative holds a position of authority commensurate with the tasks undertaken by such committee. Although the Operations Advisory Committee shall be responsible for monitoring day-to-day operations matters insofar as the same relate to the use and operation of the Delta Premises (including day-to-day issues related to O&M Services and scheduling of operations during construction periods), IAT shall carry out day-to-day operations. The Operations Advisory Committee shall report directly to the Management Committee. Insofar as the Operations Advisory Committee's recommendations impact Contract Carriers, such policies shall be reasonable, equitable and nondiscriminatory and shall at all times comply with the requirements of the Port/IAT Lease. The parties' representatives on the Operations Advisory Committee will act cooperatively and in good faith in considering each others' suggestions, requests and recommendations, and at all times in compliance with the requirements of the Port/IAT Lease. Matters which cannot be resolved in an expedient manner by the Operations Advisory Committee and which are materially important to the use and operation of the Delta Premises shall be brought to the attention of the Management Committee for expedited resolution. Pending a decision by the Management Committee on the matter in dispute, IAT shall continue to carry out day-to-day operations regarding the matter in dispute in accordance with best management practices. The Operations Advisory Committee shall also act with respect to the following matters: (i) consultation in connection with the scheduling and use of Gates and times, including accommodations necessary for the Phase I IAT Project (and Phase II and Phase III, as applicable), (ii) the matters under review by such subcommittees as may be established by the Management Committee from time to time, and (iii) such other matters as are designated by the Management Committee.

Management Committee

IAT and Delta agree that throughout the Term, there shall be a management committee (the "**Management Committee**") composed of the members determined and identified in accordance with the Anchor Tenant Agreement. The Management Committee shall meet no less frequently than monthly. The parties' representatives on the Management Committee will act cooperatively and in good faith in considering each others' suggestions, requests and recommendations and the recommendations of the Operations Advisory Committee. Insofar as the Management Committee's recommendations impact Contract Carriers, such recommendations shall be reasonable, equitable and nondiscriminatory and shall at all times comply with the requirements of the Port/IAT Lease. In addition to resolving issues raised by the Operations Advisory Committee pursuant to the provisions under heading "Operations Advisory Committee; Management Committee; Trilateral Committee and Budget – Operations Advisory Committee," above, various other matters specified in the Anchor Tenant Agreement shall be within the scope of the Management Committee, including consultation with IAT in preparing the annual Budgets and reconciliations for Permitted O&M Expenses with respect to Terminal 4 and approving ATA Permitted O&M Expenses, consultation with IAT in connection with changes to the Terminal 4 Rules and Regulations, and consultation with IAT in preparing the Terminal 4 Security Plan.

Matters which are materially important to the use and operation of the Delta Premises and which cannot be resolved in an expedient manner by the Management Committee shall be promptly brought to the attention of the Trilateral Committee for expedited resolution as described under the heading "Operations Advisory Committee; Management Committee; Trilateral Committee and Budget – Trilateral Committee" below. Pending a decision by the Trilateral Committee on the matter in dispute, IAT shall continue to carry out day-to-day operations regarding the matter in dispute in accordance with best management practices.

The Management Committee shall not, nor shall any representative on the Management Committee, take any action in violation of or fail to act in compliance with any provision of the Basic Lease, the Port/IAT Lease, the Transaction Documents, the Terminal 4 Project Bond Documents or the Anchor Tenant Agreement.

Budgets; Calculation of Delta Rent And Adjusted Terminal Management Fees

Not later than September 1 of each calendar year, Delta shall prepare and furnish to IAT a statement of Delta's and Delta Affiliate Carriers' actual to date and projected flight and passenger usage for the current Annual Period. Not later than September 15 of each calendar year, commencing with the calendar year immediately preceding the calendar year in which Phase I DBO is expected to occur, IAT shall deliver to the Management Committee for the Management Committee's review and consultation, a proposed annual budget for the ensuing

Annual Period that is prepared by IAT in good faith taking into consideration factors reasonably determined by IAT to be relevant to such annual budget, including the operation and maintenance of Terminal 4 in accordance with the Terminal 4 O&M Performance Standards and the Port/IAT Lease, reasonably anticipated increases or decreases in IAT's cost and expense of performing its obligations under the Anchor Tenant Agreement and the Port/IAT Lease, and reasonably anticipated increases and decreases in activity at Terminal 4 (each such annual budget, a "Budget"), provided that, there shall be a Budget subcommittee established by the Management Committee for the purpose of keeping the parties informed as to matters relating to each proposed Budget. Each Budget shall include a preliminary pro forma rent statement for the applicable Annual Period, itemized in detail reasonably requested by Delta, projecting the amounts of the Delta Rent (including any anticipated credits attributable to the Terminal 4 Gate Use Fees or Terminal 4 Hardstand Use Fees) and the Adjusted Terminal Management Fees, setting forth the monthly amounts (based on such annual amount) to be payable by Delta in equal monthly installments during such Annual Period. Not later than October 1, Delta shall deliver its comments with respect to the amounts of the Delta Rent (including any anticipated credits) and the Adjusted Terminal Management Fees set forth in such Budget to IAT. After its receipt and consideration of Delta's comments, but not later than October 15, IAT shall present a revised proposed Budget, including a revised pro forma rent statement, to the Management Committee. If Delta is still not satisfied with the amounts of the Delta Rent (including any anticipated credits attributable to the Terminal 4 Gate Use Fees or Terminal 4 Hardstand Use Fee) and the Adjusted Terminal Management Fees set forth in such Budget, Delta shall promptly deliver to IAT's representatives on the Management Committee a written explanation of the items to which Delta objects. The Management Committee is responsible for resolving remaining differences between the representatives of IAT and Delta (including through recommendation to the Trilateral Committee if the Management Committee cannot reach a unanimous determination) and making the determination regarding such items, and the resulting Budget shall be the Budget for the applicable Annual Period, including with respect to the amounts of the Delta Rent (including any anticipated credits attributable to the Terminal 4 Gate Use Fees or Terminal 4 Hardstand Use Fees) and the Adjusted Terminal Management Fees for such Annual Period.

The Budget for each Annual Period shall include and cover all estimated and proposed ATA Permitted O&M Expenses and shall indicate the headcount for all personnel of IAT dedicated (on-site or otherwise, full time or part time) to Terminal 4 to the extent the expense of such personnel is allocated to Delta pursuant to the provisions under the heading "Rent Charges; Payments" herein. The Budget for the first Annual Period shall be in the form of the pro forma Budget attached as Schedule 10-2 of the Anchor Tenant Agreement, and shall generally conform to the items and staffing levels set forth therein. The Budget for each succeeding Annual Period shall be in the form of the Budget for the prior Annual Period, with such changes in form and scope consistent with the terms of the Anchor Tenant Agreement as Delta or IAT shall reasonably request and the Management Committee shall approve. If by December 1, IAT has not obtained the approval of the Management Committee with respect to the ATA Permitted O&M Expenses used in calculating the Delta Rent for the Annual Period covered by such Budget, such matter shall be referred to arbitration pursuant to the dispute resolution provisions of the Anchor Tenant Agreement with respect to those matters which remain in dispute, and the proposed Budget shall apply for purposes of calculating the ATA Permitted O&M Expenses used in calculating the Delta Rent. Following resolution of any disputed items from the Budget, IAT shall provide Delta with a credit against future Rent, if applicable, for overpayments made by Delta in respect of such disputed items, and Delta shall promptly pay IAT for any underpayments made by Delta in respect of such disputed items.

If IAT reasonably determines at any time during an Annual Period that it is in the best interests of Terminal 4 to incur any expense which is properly includable in the Permitted O&M Expenses and which is not contemplated by the approved Budget for such Annual Period, IAT shall consult with the Management Committee regarding such expenses, provided that, once established for an Annual Period, no increases shall be made to the ATA Permitted O&M Expenses used in calculating the Delta Rent for Capital Repairs in excess of the greater of (i) \$2,000,000.00, and (ii) 50% of the Capital Improvements Reserve Fund Requirement (as defined in the Port/IAT Lease) during such Annual Period without the approval of Delta. Notwithstanding any of the foregoing, in the event of an emergency or if an expenditure is necessary to comply with applicable Law or the Port/IAT Lease or to avoid criminal liability, civil liability or the imposition of a fine or other penalty, IAT may incur such cost or obligation without consultation with the Management Committee or Delta consent.

Trilateral Committee

If any matter brought before the Management Committee results in a dispute that is to be elevated pursuant to the Management Committee provisions of the Anchor Tenant Agreement, such dispute shall be referred to a committee (the “**Trilateral Committee**”) composed of three members, one to be appointed by IAT, one to be appointed by Delta, and one to be appointed by JFK IAT Member LLC (“**JFK IAT Member**”). The Trilateral Committee shall be composed of the members determined and identified in accordance with the Anchor Tenant Agreement, which shall set policies and shall resolve those matters that cannot be resolved by the Management Committee. The Trilateral Committee shall consider and resolve matters and disputes referred to the Trilateral Committee considering both parties’ positions objectively and in good faith. The identity of each of IAT’s, Delta’s and JFK IAT Member’s members on the Trilateral Committee shall change as the identity of the individuals holding such offices change, and each of IAT, Delta and JFK IAT Member may change the identity of the offices and/or its officers on the Trilateral Committee, as such positions change, by notice to the other party, *provided that*, any replacement representative holds a position of authority commensurate with the tasks undertaken by such committee. Each of IAT, Delta and JFK IAT Member may designate alternate representatives to act in place of its designated members by notice given to the other party at the time a matter or dispute is referred to the Trilateral Committee, if the member designated is unavailable, including by oral notice given at such time. Any such matter or dispute shall be referred to the Trilateral Committee by any IAT or Delta representative on the Management Committee by a notice describing the matter or dispute at issue (a “**Notice of Disagreement**”) given to IAT, Delta and JFK IAT Member members on the Trilateral Committee. In the event any such matter or dispute is referred to the Trilateral Committee, for a period of 20 days following the delivery of the Notice of Disagreement, the Trilateral Committee shall attempt in good faith to settle the matter or dispute in question, by such meetings in person or by telephone conference call or by such correspondence as the members of the Trilateral Committee shall determine. If the Trilateral Committee settles the matter or dispute in question, the settlement shall be set forth in a written memorandum or agreement signed by the Trilateral Committee members of both parties, which shall be delivered to the Management Committee to be implemented. If at the end of the 20-day period the Trilateral Committee shall not have settled the dispute through a unanimous decision, then JFK IAT Member shall have the ability to resolve such deadlock except in respect to those matters specified in the arbitration provisions of the Anchor Tenant Agreement, which shall be subject to arbitration pursuant to the Anchor Tenant Agreement, *provided that*, nothing contained in this paragraph or in the dispute resolution provisions of the Anchor Tenant Agreement shall be deemed to restrict the rights of either party to pursue such remedies as are available to such party under the provisions of the Anchor Tenant Agreement governing events of default or specific performance, as applicable.

Security

Airport Security Program

Each of IAT and Delta shall be bound by and comply with the Airport Security Program. “**Airport Security Program**” means the Airport Security Program established by the Port Authority, current as of the Effective Date, setting forth the security rules and regulations at the Airport, as the same has heretofore been amended, supplemented, or otherwise modified.

Terminal 4 Security

The “**Terminal 4 Security Plan**” means the Terminal 4 Security Plan, current as of the Effective Date, established by IAT and submitted to the Port Authority, setting forth the security rules, regulations and procedures relating to the use and operation of Terminal 4, as the same has heretofore been amended, supplemented, or otherwise modified and may hereafter be amended, supplemented, replaced or otherwise modified from time to time by IAT (in consultation with Delta) in accordance with the Port/IAT Lease.

Each of IAT and Delta shall be bound by and shall comply with the Terminal 4 Security Plan. IAT shall take all measures necessary or appropriate to enforce the Terminal 4 Security Plan throughout Terminal 4 (including in and on the Delta Premises) and Delta shall reasonably cooperate, and shall cause its Sublessees to reasonably cooperate, with IAT in connection therewith. IAT shall not unreasonably discriminate in such enforcement against Delta, its Sublessees or the Delta Premises.

Alterations and Additions

Alterations Generally

Any alteration, replacement, modification, addition, improvement or repair to Terminal 4 (each, an “**Alteration**”) made pursuant to the Anchor Tenant Agreement shall be made in compliance with Laws and the Port/IAT Lease, including Section 19 of the Port/IAT Lease. In addition, no Alteration shall (i) decrease the value, utility or useful life of Terminal 4 from its value, utility or useful life immediately prior to the making thereof, assuming Terminal 4 was in the condition required by the Port/IAT Lease, unless such Alteration is required under the Port/IAT Lease, (ii) violate the Basic Lease or the Port/IAT Lease or any restriction, easement, condition or covenant or other matter affecting title to Terminal 4; (iii) be undertaken before IAT or Delta (as applicable) shall have procured all permits and authorizations required for such Alteration, and (iv) be performed by any contractor that is not an Approved Contractor. The making of any Alterations shall be expeditiously completed in a good and workmanlike manner; and with respect to Alterations affecting the Delta Space made by Delta, Delta shall have made adequate arrangements for payment of the cost of all Alterations and shall be solely responsible for the cost and expense of maintaining and repairing such Alterations without duplication for amounts contemplated by the ATA Permitted O&M Expenses. In connection with any Alteration made by Delta, IAT shall submit to the Port Authority in a timely fashion a Tenant Alteration Application pursuant to Section 19 of the Port/IAT Lease.

IAT Alterations; Limitations

IAT may make, and may permit its Sublessees to make, any Alterations to any portion of Terminal 4 not included in the Delta Space, provided that, (i) such Alteration does not materially adversely affect the operation and use of any portion of Terminal 4 or the facilities, systems and equipment thereof; and (ii) if such Alteration occurs on or prior to December 31, 2020, or after December 31, 2020 and Delta has delivered a notice approved by IAT indicating its election to proceed with Phase II and Phase III and has commenced design and construction of Phase II and Phase III, such Alteration will not materially adversely affect the development of the Terminal 4 Site in accordance with the Master Plan or cause such development of the Terminal 4 Site to cost materially more than it would if such Alteration had not been made.

Notwithstanding the provisions of clause (a), above, IAT shall also make or cause to be made such Alterations to any portions of Terminal 4 as are required by the Port Authority or any other Governmental Authority and, if requested by Delta and agreed to be taken by IAT in IAT’s sole discretion, such Alterations reasonably proposed by Delta (but not made by Delta) and approved by IAT. IAT shall consult with Delta regarding Alterations Delta wishes to make to Terminal 4.

Delta Alterations

At Delta’s sole cost and expense, Delta may make Alterations to (i) the Delta Nonpublic Space, (ii) the Delta Premises to install telecommunications equipment, and (iii) Terminal 4 to install signage, provided that, in all cases such Alterations are in compliance with the Terminal 4 Rules and Regulations and could not reasonably be expected to materially adversely affect the operation and use by IAT and its Sublessees of any other portions of Terminal 4 or the facilities, systems and equipment thereof. In the event that such Alterations could reasonably be expected to materially adversely affect such operation or use, prior IAT approval is required.

Without limiting the provisions of the immediately preceding paragraph, Delta may make Alterations to the following portions of the Delta Premises, but only with the approval of IAT and subject to the terms of the Port/IAT Lease: (i) the interior portions of the Delta Space, and (ii) the Common Space adjacent to the Delta Space and the facilities and equipment of such areas and space, provided that, the same could not reasonably be expected to materially adversely affect the operation and use of the Common Space, the IAT Space, any other portion of Terminal 4 occupied by IAT or any of its Sublessees (other than Delta), or the facilities, systems and equipment therein. Except as expressly provided for herein, Delta shall have no right to make any other Alterations to Terminal 4 unless such Alterations are approved by IAT in its sole discretion.

Identification and Use of Available Gates

Use of Delta Gates and Delta Hardstand Positions

No later than ninety (90) days prior to the beginning of each International Air Transport Association (or successor organization, “**IATA**”) summer and winter scheduling season, and based on the actual schedule for Delta and Delta Affiliate Carrier flights for such upcoming scheduling season, Delta shall provide in writing to IAT the proposed schedule for use of the Delta Gates and Hardstand Positions included within the Delta Premises (“**Delta Hardstand Positions**”) for the scheduled flights of Delta and Delta Affiliate Carriers during such upcoming scheduling season. Delta shall update the proposed schedule with the official scheduling information loaded into the publicly available scheduling database operated by OAG (or any successor industry-wide commercial airline scheduling database), which shall be no later than thirty (30) days prior to the commencement of the applicable scheduling season. Delta’s failure to submit the schedule by the dates specified above shall not prevent Delta from submitting such schedule at a later date and having priority use as provided herein, but subject at all times to the schedule for the applicable scheduling season as established in accordance with this paragraph; *provided, however*, if no schedule has been submitted by Delta for the applicable summer or winter season, the schedule published by OAG for such summer or winter season, as applicable, shall apply to such scheduling season. So that IAT may revise the schedule to assure maximum and efficient usage of Terminal 4 by Delta, Delta Affiliate Carriers, and Contract Carriers, but subject at all times to the schedule for the applicable scheduling season as established in accordance with this paragraph, Delta shall provide IAT with a revised flight schedule for Delta Gates and Delta Hardstand Positions within thirty (30) days before any revised flight schedule taking effect, and shall take into account, but not be limited to, the addition or elimination of Delta and Delta Affiliate Carrier flights from its schedules. Individually and collectively the Delta schedules referenced in this paragraph constitute the “**Delta Schedule**.” Based on the Delta Schedule and the scheduling information from IAT and the Contract Carriers, IAT will publish a comprehensive schedule for the facility for each scheduling season with reasonable detail of time, slot length and period of availability for Gates and Hardstand Positions. Upon receiving any Delta Schedule, IAT shall have the right to license or sublease to Contract Carriers the available Delta Gates and Delta Hardstand Positions subject to the times, slot lengths and other conditions that are so scheduled.

Delta shall, subject to the Terminal 4 Rules and Regulations, have first priority for scheduling and use for Delta and Delta Affiliate Carrier flights at the Delta Gates and Delta Hardstand Positions (if any) in accordance with the procedures described below; *provided, that*, to the extent the Terminal 4 Rules and Regulations would act to subordinate the priority rights of Delta as specified herein as a result of Delta’s operations being domestic rather than international, IAT and Delta agree to negotiate in good faith to accommodate Delta’s domestic operations in a manner reasonably acceptable to Delta.

(i) Delta shall have the first priority for scheduling Delta and Delta Affiliate Carrier flights to the Delta Gates and Delta Hardstand Positions (if any) for arrivals and departures in accordance with the procedure described in the first paragraph under the heading “Identification and Use of Available Gates – Use of Delta Gates and Delta Hardstand Positions.”

(ii) In order to further assure maximum usage of Delta Gates and Delta Hardstand Positions by Delta, Delta Affiliate Carriers, and other Contract Carriers, Delta shall allow temporary use by any Contract Carriers within a scheduling season which is not in conflict with the schedule established in accordance with the first paragraph under the heading “Identification and Use of Available Gates – Use of Delta Gates and Delta Hardstand Positions.” When IAT confirms (or availability is otherwise confirmed by the applicable control tower personnel) that no other Contract Carrier is scheduled to use a Delta Gate or Delta Hardstand Position or will in fact not use the Delta Gate or Delta Hardstand Position, Delta and Delta Affiliate Carriers shall be allowed to use such Delta Gates and Delta Hardstand Position during any such period. On the other hand, if Delta or Delta Affiliate Carriers shall temporarily be unable to use Delta Gates or Delta Hardstand Positions previously allocated to Delta or Delta Affiliate Carriers under the schedule (or the revised schedule) established in accordance with the first paragraph under the heading “Identification and Use of Available Gates – Use of Delta Gates and Delta Hardstand Positions,” Delta shall promptly so inform IAT and IAT may allow other Contract Carriers to use such Delta Gates and Delta Hardstand Positions for that temporary period.

(iii) If requested by Delta, IAT shall, subject to the provisions of the Port/IAT Lease, give preference for the use of the available Delta Gates and Delta Hardstand Positions to Contract Carriers who are Delta Code Share Carriers.

(iv) For each use of a Delta Gate by a Contract Carrier, IAT shall charge fees to the Contract Carrier in accordance with the Port/IAT Lease. IAT shall credit Delta Rent for each use of a Delta Gate by a Contract Carrier in an amount equal to the Terminal 4 Gate Use Fee. IAT shall credit Delta Rent for each use of a Delta Hardstand Position by a Contract Carrier in an amount equal to the Terminal 4 Hardstand Use Fee.

(v) As a condition precedent to the use of any of the Delta Gates or the Delta Hardstand Positions by any Scheduled Aircraft Operator other than Delta or Delta Affiliate Carriers, IAT will obtain from such Scheduled Aircraft Operator, duly executed by such Scheduled Aircraft Operator, a license, in the form attached as Exhibit J to the Anchor Tenant Agreement and incorporated by reference into the Anchor Tenant Agreement together with proof of the insurance coverage required by such license. Delta shall be provided a copy of each license obtained by IAT (with the confidential business information redacted therefrom).

(vi) Any Person providing Handling Services to Contract Carriers at the Delta Space shall provide indemnification of Delta for any and all operations on Delta Premises.

(vii) IAT shall ensure that at the conclusion of each occupancy, the relevant Contract Carrier shall surrender the space licensed in a clean and orderly condition, ready for Delta's use and occupancy.

If Delta has excess long term capacity in the Delta Space, Delta shall use commercially reasonable (taking into consideration scheduling and operational matters) efforts to fill such excess capacity with Delta and Delta Affiliate Carriers operating at Terminal 2. Delta shall identify to IAT from time to time any long term excess capacity at Delta Gates where availability is reasonably expected to continue for a period of not less than twenty-four (24) months and is sufficient for long term use by a Contract Carrier for which IAT shall solicit Scheduled Aircraft Operators to become Contract Carriers for such designated Delta Gates, for a term acceptable to Delta (provided that Delta's identification of available Delta Space shall be exercised for legitimate business purposes consistent with the Delta network plan and shall not be exercised in an unjustly discriminatory manner or in a manner to block access to Delta Gates for anticompetitive purposes). IAT shall have no duty (other than reasonable marketing and related activities consistent with IAT's current business practices) to fill excess capacity at the Delta Gates, and Delta shall continue to include such Delta Gates in the cost calculations used to calculate Delta Rent; provided that, Delta shall be entitled to a credit against the Delta Rent in an amount equal to the Terminal 4 Gate Use Fee for each use of the Delta Gates by a Contract Carrier. Delta recognizes and agrees that IAT may also have IAT Gates to lease at the same time that there is excess capacity at the Delta Gates, that IAT shall not have any obligations to give Delta Gates priority over the IAT Gates in identifying Contract Carriers and that IAT is permitted to give IAT Gates preference to Delta Gates when identifying available Gates to Contract Carriers. In addition, if Delta has excess capacity in the Delta Space, and if IAT has excess demand by potential Contract Carriers, IAT may request, but Delta shall be under no obligation to provide (unless IAT is required to accommodate Contract Carriers pursuant to the Port/IAT Lease and IAT is unable to accommodate such Contract Carriers at the IAT Gates, in which case Delta shall make such excess capacity in the Delta Space available to IAT), long term access to one or more Delta Gates as may be specified by Delta in its sole and absolute discretion (provided such discretion is exercised pursuant to a legitimate business purpose consistent with the Delta network plan and not in an unjustly discriminatory manner or in a manner to block access to Delta Gates for anticompetitive purposes), for a term acceptable to Delta, but in all cases in a manner that complies with the requirements of the Port/IAT Lease, and Delta shall be entitled to a credit against the Delta Rent in an amount equal to the Terminal 4 Gate Use Fee.

At any time during a scheduling season, if (i) the hourly Terminal 3 Parking Fee is greater than 150% of the hourly Terminal 4 Hardstand Use Fee, (ii) there are sufficient hardstand positions on the Terminal 3 Site to accommodate one or more of Delta's aircraft scheduled to be parked at the Delta Hardstand Positions during such scheduling season, and (iii) IAT has excess demand (when considered in connection with Delta's scheduled use on the Terminal 3 Site and the Delta Hardstand Positions, and the scheduling needs of Contract Carriers and reasonably expected needs of other Scheduled Aircraft Operators) for the Hardstand Positions, IAT may (after consultation with

Delta) request that Delta use one or more of the available hardstands positions located on the Terminal 3 Site to the extent required to accommodate such excess demand by IAT for the Hardstand Positions, so that IAT is able to locate Contract Carriers and other Scheduled Aircraft Operators at the Delta Hardstand Positions made available by Delta's use of the hardstand positions located on the Terminal 3 Site instead of the applicable Delta Hardstand Positions.

Use of IAT Gates

If Delta wishes IAT to locate a Delta Code Share Carrier in an IAT Gate in close proximity to the Delta Gates, IAT shall use reasonable efforts to locate such carrier in such IAT Gate, subject to availability of space and the execution of an ATA Airline Sublease on terms reasonably acceptable to IAT; provided, however, the Delta Code Share Carriers shall be charged the same as Contract Carriers for the use of the IAT Gate and otherwise shall be treated as Contract Carriers for purposes of the Anchor Tenant Agreement.

If no Delta Gates or Delta Hardstand Positions, as applicable, are available when required by Delta or a Delta Affiliate Carrier, Delta may request IAT, and IAT shall use commercially reasonable efforts (taking into consideration scheduling and operational matters) to schedule such Delta or Delta Affiliate Carrier flight to an IAT Gate or Hardstand Position if permitted by the schedule established in accordance with the first paragraph under the heading "Identification and Use of Available Gates – Use of Delta Gates and Delta Hardstand Positions." For each use of an IAT Gate by Delta or a Delta Affiliate Carrier, Delta shall pay IAT the Terminal 4 Gate Use Fee. For each use of an IAT Hardstand Position by Delta or a Delta Affiliate Carrier, Delta shall pay IAT the Terminal 4 Hardstand Use Fee.

Mutual Agreement During Airport-wide or Terminal-wide Irregular Operations

The Operations Advisory Committee, or its designee, in real-time consultation with Delta and IAT, shall be permitted to assign (without any Terminal 4 Gate Use Fee or other fee but upon reasonable notice to IAT and Delta and without causing unreasonable interference or disturbance to the activities or operations of IAT or Delta or their respective Sublessees) inbound Delta and Delta Affiliate Carrier flights to unoccupied IAT Gates and inbound Contract Carrier flights to unoccupied Delta Gates during airport-wide or terminal-wide irregular operations (i.e., not carrier-specific irregular operations), subject at all times to the Port/IAT Lease.

Concessions

Concessions Operations

IAT shall have the exclusive right and obligation to manage and operate all Concession Space in Terminal 4. IAT shall operate and maintain the Concession Space in accordance with the Concession Master Plan and as required by the Port/IAT Lease, which shall include IAT's performance of the following:

- (i) use its best efforts to sublet the Concession Space to Concession Sublessees in accordance with the Concession Master Plan (including performing reasonable financial due diligence);
- (ii) comply with the Concession Master Plan in all material respects, as the Concession Master Plan may be amended, updated or replaced from time to time;
- (iii) coordinate and supervise the construction of tenant improvements by Concession Sublessees in compliance with the provisions of the Anchor Tenant Agreement governing alterations and additions to Terminal 4;
- (iv) use its best efforts to enforce all provisions of the Concession Subleases, including the payment of the rents and other charges payable thereunder; and

(v) manage the daily oversight of the various Concession Sublessees, ensuring that all material contractual obligations of the Concession Subleases are met and that the concessions are run in a first class manner at all times.

Concession Master Plan

IAT shall prepare the Concession Master Plan (and any revisions thereto and replacements thereof) in consultation with the Concessions Subcommittee, subject to the terms and conditions set forth under the heading “Concessions.” The Management Committee shall maintain throughout the Term a subcommittee (the “**Concessions Subcommittee**”) composed of representatives appointed by IAT and Delta. The Concessions Subcommittee shall meet during the Phase I IAT Project Construction Period in order to allow time for IAT’s development and implementation of the Concession Master Plan prior to Phase I DBO. Thereafter the Concessions Subcommittee shall meet at such times as may be required to address issues related to the performance under, and changes to, the Concession Master Plan. Matters which cannot be resolved in an expedient manner by the Concessions Subcommittee shall be promptly brought to the attention of the Management Committee within ten days of any impasse for expedited resolution of disagreements among members of the Concessions Subcommittee with respect to the matters under the Concessions Subcommittee’s consideration. The Concessions Subcommittee shall act in an advisory capacity with respect to the following matters: (i) development of the Concession Master Plan and the Comprehensive Retail Plan, including identifying concession opportunities and Concession Spaces in Terminal 4, and reviewing, evaluating, and implementing proposed concepts for Concession Spaces to ensure alignment with Delta’s brand and customer experience standards, (ii) confirming compliance by IAT of the provisions described under the heading “Concessions - Concessions Operations” above, (iii) preparing plans and recommendations for the Management Committee with respect to curing any deficiencies identified in respect of the performance by any Concession Sublessees, or in respect to deficiencies in the quality (including cleaning and related matters), fit and finish of Concession Space, (iv) addressing any nuisance affecting the Delta Premises resulting from the operations of adjacent Concession Space, and (v) reviewing signage and promotion for concessions, concessions mix, concession performance, and concession standards, rules and regulations.

Failure to Perform Concession Management Services

If IAT fails to perform any of its obligations described under the heading “Concessions,” Delta may (but shall not be obligated to) notify IAT and the Concessions Subcommittee thereof. IAT shall have 10 days thereafter to propose and commence implementation of a cure for such failure that is satisfactory to Delta and the Concessions Subcommittee; and IAT shall have a total of 30 days after Delta’s initial notice to cause such failure to be cured; provided, however, that (i) if with commercially reasonable diligence such failure cannot be cured within such period of 30 days, and (ii) IAT has commenced the cure of such failure within such 30-day period and has pursued such cure diligently, then such period shall be extended for so long as is reasonably necessary for IAT in the exercise of due diligence to cure such failure. If IAT does not cure such failure within the time periods specified above, the Concessions Subcommittee or the Management Committee (or the Trilateral Committee, if necessary) shall within ten days of such failure develop a plan to cure such failure.

Books, Records and Audit

IAT Books And Records

IAT shall make, maintain, keep and retain books, ledgers and other business records (“**Records**”) in accordance with the requirements of the Port/IAT Lease, subject to any waivers or modifications thereof granted by the Port Authority from time to time.

Delta Books And Records

Delta shall make, maintain, keep and retain, and shall require each of its Approved Contractors and its Construction Contractors (in each case to the extent the value of materials or services furnished by such person to Delta in respect of the Delta Premises in any Annual Period is in excess of \$25,000 and only if the provision of materials or services relates to Rent, charges, payments or other amounts due from Delta to IAT under the Anchor

Tenant Agreement) (in this section, including Delta, each a “**Delta Recordkeeper**”) to make, maintain, keep and retain Records, in accordance with accepted accounting practices, showing all of the Delta Recordkeeper’s transactions connected with or related to Terminal 4. Delta shall maintain, and shall require the other Delta Recordkeepers to maintain the Records for four years after the end of the Annual Period to which they relate. Notwithstanding the preceding sentence, (i) if any Records relate to any claim, controversy, dispute, suit, action or proceeding connected with or related to Terminal 4, the Anchor Tenant Agreement, the Bond Documents or the other Transaction Documents, Delta shall maintain, and shall require the other Delta Recordkeepers to maintain, such Records until four years after the final determination of such claim, controversy, dispute, suit, action or proceeding by a final settlement, award or judgment not subject to the possibility of appeal, and (ii) if any Records relate to expenditures paid or reimbursed with the proceeds of the Series 8 Bonds, Delta shall maintain, and shall require the other Delta Recordkeepers to maintain, such Records as required by the Bond Documents and the Port/IAT Lease and shall (or shall cause the Delta Recordkeeper to) provide copies of all such documents to IAT following Phase I DBO.

Delta shall permit the Port Authority’s and IAT’s representatives to examine, inspect, audit, make extracts from and make photocopies of Delta’s Records relating to the Rent, charges, payments and other amounts due from Delta under the Anchor Tenant Agreement, upon reasonable notice to Delta, during ordinary business hours, at Terminal 4 or another location in the Port of New York District, or, on the condition that Delta shall pay to the Port Authority and IAT all travel costs and expenses for Port Authority and IAT auditors and other representatives in connection with any audit at locations outside the Port of New York District, Delta may make said records and books of account available to the Port Authority and IAT at Delta’s offices or the offices where the records are kept. Delta shall permit the Port Authority’s and IAT’s representatives to examine, inspect, audit, make extracts from and make photocopies of Delta’s Records to the extent provided for in the Port/IAT Lease or the Anchor Tenant Agreement.

Delta shall require each of the other Delta Recordkeepers to permit Delta’s, IAT’s and the Port Authority’s representatives to examine, inspect, audit, make extracts from and make photocopies of such Delta Recordkeeper’s Records upon reasonable request to the extent provided for in said Section 60(e) of the Port/IAT Lease, during ordinary business hours, at Terminal 4 or another location in the Port of New York District, or, on the condition that such Delta Recordkeeper shall pay to the Port Authority and IAT all travel costs and expenses for Port Authority and IAT auditors and other representatives in connection with any audit at locations outside the Port of New York District, such Delta Recordkeeper may make said records and books of account available to the Port Authority and IAT at such Delta Recordkeeper’s offices or the offices where the records are kept. If the Records are not made available in the Port of New York District, Delta shall reimburse IAT or the Port Authority, as the case may be, for its representatives’ reasonable costs of travel, meals and lodging to conduct such audit at such location. If the Records are in computerized form, Delta shall, or in the case of another Delta Recordkeeper shall require such Delta Recordkeeper to, demonstrate the same for IAT’s or the Port Authority’s representatives and allow such representatives to inspect the same to the extent reasonably necessary for such audit. IAT shall notify those granted access to the Records that they are confidential and may not be disclosed without the prior written consent of Delta or the other applicable Delta Recordkeeper (except as provided under the disclosure, confidentiality and public announcements provisions of the Anchor Tenant Agreement), and shall comply with the provisions of Article 31 the Anchor Tenant Agreement.

Overpayments; Underpayments

In the event that any audit initiated by IAT discloses any overpayment or underpayment of any Rent (including Delta’s O&M Charges) or any other charge, payment or amount paid by Delta under the Anchor Tenant Agreement, IAT shall promptly notify Delta of such overpayment or underpayment and any dispute relating thereto shall be referred to the Management Committee. Absent a dispute, the parties shall promptly make such adjustment as is appropriate. If the adjustment results in IAT owing Delta, IAT shall credit the amount owed as of the date such notice. If the adjustment results in Delta owing IAT, Delta shall pay the amount owed within 15 days after receipt of such notice. In each case, the amount of the adjustment shall bear interest (from the date the understated or overstated payment was due to the date the amount of the adjustment is paid) at the rate per annum equal to the Prime Rate plus 2% or the highest rate permitted by applicable Law (whichever is less), which shall be paid with the amount of the adjustment.

Covenants

Delta Minimum Liquidity

While any Series 6 Bonds are outstanding, upon the occurrence of certain triggering events, including Delta's Liquidity falling below certain specified levels, Delta will post cash collateral or cause a letter of credit or similar credit support to be issued in favor of JFK IAT in an amount set forth in the Anchor Tenant Agreement, which amount may be increased pursuant to a formula set forth in the Anchor Tenant Agreement. JFK IAT may draw upon such cash, letter of credit or other credit support at any time in an amount not to exceed the aggregate amount then due and payable by Delta to JFK IAT pursuant to the Anchor Tenant Agreement and not then paid by Delta or due as a credit to Delta. Delta may be permitted to recover such cash collateral or terminate any such letter of credit or other credit support in certain circumstances, including Delta's maintenance of Liquidity over the specified threshold amount for a certain time period, but in any event such obligation shall no longer apply upon and following retirement of the Series 6 Bonds.

Subleasing and Assignment by Delta

Subleasing And Assignment By Delta

Except as otherwise provided in the Anchor Tenant Agreement, Delta shall not assign the Anchor Tenant Agreement, or sublease all of the Delta Premises or any portion thereof, to any other Person, without the prior written consent of IAT and the prior written consent of the Port Authority if and to the extent required under the Port/IAT Lease.

Notwithstanding anything else the Anchor Tenant Agreement, no consent of IAT shall be required in the event of any sale, assignment or other transfer of the Anchor Tenant Agreement to any successor in interest of Delta which is or is to be a Scheduled Aircraft Operator, and with or into which Delta may merge or consolidate, or which may succeed to the assets of Delta or the major portion of its assets related to its air transportation business, but in any such event, such assignment shall not take effect before the assignee is approved and authorized by the Port Authority to operate as a Scheduled Aircraft Operator at the Airport, provided, further that, such successor entity or purchaser provides IAT with all reasonably requested information and executes and delivers to IAT documentation satisfactory to IAT assuming the obligations of Delta as if it were the original tenant hereunder, and provided, further, that, if required pursuant to the terms of the Port/IAT Lease, such transfer has been approved by the Port Authority.

Notwithstanding anything else in the Anchor Tenant Agreement, no consent of IAT shall be required with respect to any ATA Airline Sublease by Delta of any portion of the Delta Premises to a Delta Affiliate Carrier, provided that, IAT and/or the Port Authority may impose reasonable and non-discriminatory conditions on such use, such as requirements to furnish proof of insurance, and to pay fees required by the terms of the Port/IAT Lease, and to the extent IAT and/or the Port Authority are not currently under an indemnification arrangement with the applicable Delta Affiliate Carrier, IAT shall enter into operating agreements with such Delta Affiliate Carrier containing appropriate indemnification and insurance provisions for the benefit of IAT, and the Port Authority together with requirements for complying with the Terminal 4 Rules and Regulations. Delta shall be entitled to charge such fees and (subject to the proviso in the preceding sentence) determine the terms and conditions of such ATA Airline Subleases as Delta deems appropriate, and no portion of revenues derived from such ATA Airline Subleases shall be payable to IAT; provided that, Delta covenants and agrees that in all instances the charges and fees, if any, charged by Delta to its ATA Airline Sublessees shall not exceed amounts that reasonably and fairly pass through the costs and expenses incurred by Delta under the Anchor Tenant Agreement in respect of such occupied space. Except as otherwise provided in the Anchor Tenant Agreement, no terminal fee or other charge shall be imposed by IAT on any Delta Affiliate Carrier for its use or occupancy of portions of the Delta Premises pursuant to this section. In addition, if any Contract Carrier becomes a Delta Affiliate Carrier during the Term of the Anchor Tenant Agreement, Delta may, in its sole and absolute discretion, relocate such new Delta Affiliate Carrier to the Delta Gates; provided, however, notwithstanding any provision in the Anchor Tenant Agreement to the contrary, and in order to protect IAT's revenue stream from Contract Carriers, regardless of whether such new Delta Affiliate Carrier moves to the Delta Gates, the ATA Airline Sublease between IAT and such new Delta Affiliate Carrier shall remain in effect (and such new Delta Affiliate Carrier shall continue to pay IAT the rates and charges specified

thereunder) until the earlier of (x) if the applicable ATA Airline Sublease provides for early termination provisions, the date such Contract Carrier exercises such early termination provision in accordance with the terms of the applicable ATA Airline Sublease, or (y) expiration of the term of the applicable ATA Airline Sublease.

No subleasing, assignment or other transfer of the Anchor Tenant Agreement or sale, assignment or other transfer of any or all of Delta's capital stock shall release Delta from its obligations under the Anchor Tenant Agreement, unless such release is expressly agreed to by IAT in its sole discretion, with the consent of the Port Authority if and to the extent required under the Port/IAT Lease, provided that, IAT shall agree to release Delta in the case of any sale, assignment or other transfer of the Anchor Tenant Agreement contemplated by the second paragraph under the heading "Subleasing And Assignment By Delta – Subleasing And Assignment By Delta" herein if the surviving or transferee corporation or other entity has a net worth equal to or in excess of the net worth of Delta at the time of such transaction.

No Pledges, Assignments, Encumbrances, etc.

Except as otherwise expressly provided in the Anchor Tenant Agreement, Delta shall not pledge, assign, mortgage, hypothecate or otherwise encumber, or suffer to exist any liens in respect of, the Delta Premises or Delta's right, title and interest in, to and under the Anchor Tenant Agreement.

Collateral Assignments by IAT; Non-Distribution by Port Authority and Trustee

Collateral Assignment by IAT; Recognition, Non-Disturbance, Attornment and Consent Agreement

Delta understands and agrees that (i) IAT may pledge and assign to the Port Authority, as security for IAT's performance of its obligations due to (x) the Port Authority under the Port/IAT Lease and (y) the Trustee and the holders of the Terminal 4 Project Bonds under the Terminal 4 Project Bond Documents, and (ii) IAT and the Port Authority may pledge and assign to the Trustee, as security for all obligations due to the Trustee and the holders of the Terminal 4 Project Bonds under the Terminal 4 Project Bond Documents, all of their respective right, title and interest in, to and under the Anchor Tenant Agreement, and Delta consents to such actions by IAT and the Port Authority, and to each of the Port Authority and the Trustee (or any nominee, transferee or assignee in connection with the exercise of remedies by the Trustee pursuant to any of the Terminal 4 Project Bond Documents) exercising IAT's rights and remedies and to perform IAT's obligations under the Anchor Tenant Agreement under the circumstances and to the extent provided in the relevant documents evidencing such pledges and assignments contemplated by this paragraph and in the "Recognition, Non-Disturbance, Attornment and Consent Agreement" contemplated by the immediately succeeding sentence. In addition, IAT acknowledges and agrees to Delta entering into a form of "Recognition, Non-Disturbance, Attornment and Consent Agreement, by and among the Trustee and Delta concerning certain non-disturbance, attornment and other matters more fully set forth therein in respect of the Anchor Tenant Agreement.

Taxes

Delta Responsibility For Taxes

Unless Delta is diligently contesting the same as provided below, Delta shall timely pay and timely file all returns and reports with respect to any and all taxes (present or future), assessments or similar governmental charges, including any and all income, gain, franchise, gross receipts, property, estate, inheritance, transfer or similar taxes, assessments or governmental charges, including any and all penalties, fines, interest or additions with respect thereto levied, imposed or assessed by any Governmental Authority (collectively "**Taxes**") against or upon Delta, its property or its activities in or on the Delta Premises or otherwise, including Taxes arising out of or connected with any and all transfers by Delta of its interest under the Anchor Tenant Agreement and any and all recordings and filings relating thereto (collectively "**Delta Taxes**").

IAT Responsibility For Taxes

IAT shall comply with the applicable provisions of the Port/IAT Lease with respect to Taxes, subject to any waivers or modifications thereof granted by the Port Authority from time to time, subject to the terms of the Anchor Tenant Agreement.

Insurance

IAT

Except as otherwise provided for in the second paragraph under the heading “Insurance - Property Insurance by Delta” with respect to certain construction work, IAT shall at all times during the Term, purchase, provide and maintain in effect, all insurance (including coverages, limits, insureds and endorsements) required pursuant to the Port/IAT Lease (but excluding the construction period insurance that was required of IAT during the original construction of Terminal 4 financed by the Series 6 Bonds) and the Series 8 Bond Documents (including insurance in connection with the construction of the Phase I IAT Project, which shall be purchased, provided and maintained by Delta in accordance with the provisions described in the second paragraph under the heading “Insurance - Property Insurance by Delta”), subject to any waivers or modifications thereof granted by the Port Authority from time to time if permitted as described under the heading “Port/IAT Lease; Basic Lease; Transaction Documents – Port/IAT Lease and Basic Lease.” In addition, IAT shall at all times during the term include coastal windstorm insurance having minimum limits of not less than \$500,000,000, earthquake insurance having minimum limits of not less than \$250,000,000 and flood hazard insurance having minimum limits of not less than \$50,000,000. The cost of such insurance shall be included in the ATA Permitted O&M Expenses to the extent not payable as Project Costs. IAT waives any rights of subrogation IAT has, had, or may have against Delta to the extent such claims are covered by such insurance.

Property Insurance By Delta

Delta shall, at all times during the Term, purchase, provide and maintain in effect, in its own name as insured, insurance against all risks and hazards of physical loss and/or damage to Delta’s trade fixtures, equipment and personal property (except its aircraft) located in or on the Delta Premises in an amount adequate to cover 100% of the replacement cost thereof, subject to commercially reasonable deductibles and exclusions, but in all cases in compliance with the requirements of the Port/IAT Lease and as otherwise required by the Port Authority. Such insurance shall be endorsed: (i) to include the Port Authority, the City, the Trustee and IAT as additional insureds, as their interests may appear; (ii) to provide that losses shall be adjusted with Delta and payable to Delta; (iii) to provide that the insurance coverage may only be canceled or materially altered in a manner adverse to the additional insureds after the insurer first provides at least 30 days’ prior written notice to the additional insureds (10 days notice in the case of non-payment); and (iv) to waive any and all rights of subrogation against the additional insureds. Delta waives any and all claims Delta has, had or may have against the additional insureds to the extent such claims are covered by such insurance.

Delta shall, at all times during the Term when Delta or its Construction Contractors are performing any construction work in or on the Delta Space (including the installation of Delta’s trade fixtures and any other construction or alteration work by Delta), either (x) purchase, provide and maintain in effect, in its own name as insured, builders’ risk (all risk) completed value insurance covering such construction work in an amount adequate to cover 100% of the replacement cost of such construction work, or (y) at its option, cause its Construction Contractors to purchase, provide and maintain in effect such builders’ risk insurance while they are performing such construction work. Such insurance shall comply in all respects, including coverages, limits, insureds and endorsements, with the provisions of Section 38, parts I and IV and the other applicable provisions of the Port/IAT Lease and such other requirements of the Port Authority applicable during periods of construction by Delta or its Construction Contractors and all proceeds of such insurance shall be applied in accordance with the Port/IAT Lease and the Bond Documents. Such insurance shall be endorsed: (i) to include the Port Authority, the City, the Trustee, IAT and the contractors and subcontractors as additional insureds, as their interests may appear; (ii) to provide that losses shall be adjusted with and payable to Delta; (iii) to provide that the insurance coverage may only be canceled or materially altered in a manner adverse to the additional insureds after the insurer first provides at least 30 days’ prior written notice to the additional insureds (10 days for cancellation for non-payment); and (iv) to waive any and

all rights of subrogation against the additional insureds. Delta hereby waives any and all claims Delta has, had or may have against the additional insureds to the extent such claims are covered by such insurance.

Commercial Liability Insurance By Delta

Delta shall, at all times during the Term, purchase, provide and maintain in effect, in its own name as insured, commercial liability insurance covering property damage liability, bodily injury (including death) liability, personal injury liability, liquor liability, contractual liability, premises liability, products and completed operations liability, hangar keepers liability, baggage liability, cargo liability, mail liability, excess automobile liability, and including excess employers liability in respect of the Delta's operations and activities at Terminal 4, and including legal liability arising out of Delta's operations of vehicles (licensed and unlicensed) on the Airport having minimum limits as follows, but in all cases in compliance with the requirements of the Port/IAT Lease and as otherwise required by the Port Authority: (A) for commercial general liability insurance \$100,000,000, combined single limit for any one occurrence and in an annual aggregate; (B) for automobile liability \$25,000,000, combined single limit for any one occurrence and in an annual aggregate; (C) for baggage, cargo and mail liability \$10,000,000, combined single limit for any one occurrence and in an annual aggregate; (D) for excess employers liability \$25,000,000 for any one occurrence; and (E) including an extended coverage endorsement (aviation liabilities) AVN52C or equivalent having minimum limits (1) for aircraft with fewer than 250 passenger seats a combined single limit of \$500,000,000 for any one occurrence and in the annual aggregate, and (2) for aircraft with 250 seats or more a combined single limit of \$750,000,000 for any one occurrence and in the annual aggregate. Such insurance shall comply in all respects, including coverages, limits, insureds, additional insureds and endorsements with the provisions of the Port/IAT Lease, subject to commercially reasonable deductibles and exclusions. Such insurance shall be endorsed: (i) to include the Port Authority, IAT, and the City as additional insureds; (ii) to provide that the insurance shall be primary insurance and without any right of contribution from any other insurance carried by any additional insureds; (iii) to provide that the insurance shall respond as though a separate policy has been issued to each insured, provided that, this requirement shall not act to increase an insurer's limits of liability as set forth in such insurance; (iv) to provide the insurance coverage afforded to any additional insured shall not be invalidated by any act or omission (including misrepresentation and non-disclosure) of any other person or party which results in a breach of any term, condition or warranty of the policy, provided that, such additional insured has not caused, contributed to or knowingly condoned such act or omission; and (v) to provide that the insurance coverage may only be canceled or materially altered in a manner adverse to the additional insureds after the insurer first provides at least 30 days' (seven days' or less as may be customarily available in the event of war and allied perils and 10 days for cancellation for non-payment) prior written notice to the additional insureds.

OCIP

If an owner controlled insurance program ("OCIP") is created by Delta for the Phase I IAT Project Construction Period, the coverage requirements specified under this heading "Insurance" for Delta or its respective Construction Contractors, architects and other consultants shall be deemed satisfied if such coverage is provided through such OCIP. During the performance of the Phase I IAT Project, Delta may provide for commercial general liability insurance in connection with the performance of the Phase I IAT Project by requiring each Construction Contractor engaged by Delta for the completion of the Phase I IAT Project to participate in the OCIP, or by requiring each such Construction Contractor to procure and maintain commercial general liability insurance including contractual liability insurance in accordance with the terms hereof, including, without limitation, the provisions under the heading "Insurance –Property Insurance by Delta"; provided that, for subcontractors not covered by the OCIP, the required commercial general liability coverage shall be not less than \$5,000,000 or such greater amount as may be reasonably required by IAT.

Other Insurance By Delta

Delta shall, at all times during the Term, purchase, provide and maintain in effect in its own name as insured, workers' compensation and employers' liability insurance with respect to Delta's activities or as may be required by the Port/IAT Lease or as otherwise required by the Port Authority.

Additional Coverage

If the Port Authority requires IAT and its sublessees to carry additional property insurance, liability insurance or any other insurance of any kind, whether pursuant to the Port/IAT Lease or otherwise, IAT shall promptly (A) comply with any such requirement made by the Port Authority, and (B) if applicable, deliver to Delta notice of any such requirement made by the Port Authority that requires Delta to comply therewith (accompanied by a copy of the Port Authority's notice or other communication making such requirement). Upon Delta's receipt of such notice from IAT of any such requirement made by the Port Authority that requires Delta to comply therewith, Delta shall promptly comply with such requirement made by the Port Authority.

Right To Purchase Insurance

If at any time Delta shall fail to obtain or maintain or cause to be obtained or maintained in effect the insurance required under the provisions described under the heading "Insurance" or to pay the premiums for any such insurance, then IAT in addition to any other right or remedy of IAT under the Anchor Tenant Agreement or applicable Law, shall have the right, but not the obligation, after giving not less than 10 days' prior written notice to Delta, to provide for such insurance and/or pay the premiums therefor. Within 30 days after demand, Delta shall pay to IAT any amount paid by IAT to provide for such insurance and/or pay such premiums (including reasonable attorneys' fees incurred in connection therewith), together with interest thereon (from the time paid by IAT to the time repaid by IAT) at the rate per annum equal to the Prime Rate plus 2% or the highest rate permitted under applicable Law (whichever is lower). Any such payment to be made by Delta to IAT shall be deemed Additional Rent. Nothing in this paragraph shall be deemed to release or relieve Delta from any of its obligations hereunder, or to obligate IAT to provide any insurance or to pay any premium that Delta is required to provide or pay under the provisions described under the heading "Insurance."

Damage or Destruction

Notice And Protection

If any damage or destruction, by fire or other casualty, of any part of Terminal 4 occurs, Delta and IAT, as applicable, shall promptly notify the other upon becoming aware thereof. If the damage or destruction is to the Delta Space, Delta shall take such action as is reasonably necessary to secure the Delta Space pending IAT's arrival in response to Delta's notice. Following any event of damage or destruction to any part of Terminal 4 (including the Delta Space), by fire or other casualty, IAT shall promptly take such action as IAT deems necessary and appropriate to protect Terminal 4 (including the Delta Space) against personal injury therein and further property damage and to allow operations in Terminal 4 (including the Delta Space) to continue with minimal interruption given the damage or destruction.

Insurance Proceeds

In the event of any damage or destruction of any part of Terminal 4 (including any part of the Delta Space) by fire or other casualty, IAT shall promptly make claim and proof of loss under its property insurance. IAT shall use diligent efforts to adjust and settle such loss under such property insurance in accordance with the provisions of the Port/IAT Lease. Delta shall cooperate with IAT's efforts to adjust and settle such loss under such property insurance.

If IAT consents, in IAT's sole discretion, to Delta's performance of any repair or restoration work with respect to any damaged or destroyed portion of Terminal 4 pursuant to the provisions of the Anchor Tenant Agreement governing restoration, and Delta undertakes the performance of such repair or restoration work subject to the following sentence, IAT shall promptly pay and assign directly to Delta (as and when received by IAT from the insurer or the Port Authority) all insurance proceeds with respect to such damage or destruction relating to such repair or restoration, including proceeds received from or disbursed by the Port Authority as provided in Section 38, Part I, subsection (c) of the Port/IAT Lease. If any such damage or destruction affects multiple portions of Terminal 4, IAT shall expend the insurance proceeds with respect to such damage or destruction on repair and

restoration of such portions of Terminal 4 in proportion to the actual costs to repair and restore the damage and destruction of each such portion of Terminal 4.

Restoration

In the event of any damage or destruction, by fire or other casualty, of any part of Terminal 4 from and after Phase I DBO, IAT shall be obligated to use commercially reasonable efforts to commence and diligently pursue to completion the repair and restoration of the applicable portion or portions of Terminal 4 as expeditiously as possible so as to minimize the time that the damaged portions of Terminal 4 are out of service, in accordance with the as-built plans and specifications, as modified in accordance with the provisions of the Anchor Tenant Agreement governing alterations and additions to Terminal 4.

Notwithstanding any provision of the Anchor Tenant Agreement to the contrary, both parties agree that all property insurance proceeds shall be expended for the costs of restoration and building at Terminal 4 and on the Terminal 4 Site and that the obligations contained herein to repair or restore shall be limited to the amount of the insurance proceeds made available for such purposes, provided that, IAT or Delta has carried insurance to the extent required by and in accordance with the provisions of the Anchor Tenant Agreement governing insurance requirements. IAT and Delta agree that any shortfalls in the insurance proceeds available for the cost of such restoration or building of Terminal 4 resulting from either party's failure to obtain and maintain required insurance, unless a party's failure to obtain and maintain such insurance is reasonably attributable to the other party's failure to pay amounts due to such party under the Anchor Tenant Agreement, shall be the responsibility of, and shall be promptly paid by, the party or parties (on a pro-rata basis) who failed to obtain and maintain the required insurance, up to the amount of any insurance proceeds that would have been available if required insurance was obtained and maintained by such party or parties.

Delta's Insurance

In the event of any damage or destruction, by fire or other casualty, of any portion of Terminal 4 for which Delta has maintained property insurance, whether pursuant to the provisions under the heading "Insurance" or otherwise, Delta shall promptly make claim and proof of loss under such property insurance and use diligent efforts to adjust and settle such loss under such property insurance. IAT shall cooperate with Delta's efforts to adjust and settle such loss under such property insurance. Delta shall promptly commence and diligently pursue to completion repair and restoration of Delta's trade fixtures, equipment and other personal property of Delta in accordance with the as-built plans and specifications, as modified in accordance with the provisions of the Anchor Tenant Agreement regarding alterations and additions.

No Liability

Neither IAT nor Delta shall have any liability to the other party arising out of or connected with the damage or destruction of any part of Terminal 4 or the other party's personal property situated on or at Terminal 4 to the extent such damage or destruction is covered by the property insurance maintained by the other party or if the other party fails to maintain such property insurance, could have been covered by such property insurance, unless a party's failure to obtain and maintain required insurance is reasonably attributable to the other party's failure to pay amounts due under the Anchor Tenant Agreement.

Relocation

In the event any damage or destruction of any part of the Delta Premises renders such part of the Delta Premises unusable by Delta for its intended purpose (as determined reasonably by Delta), pending completion of the repair and restoration of the damage or destruction, IAT shall use commercially reasonable efforts to relocate Delta to other space within Terminal 4, if such space is available to and usable by Delta. To the extent other space within Terminal 4 usable by Delta is not available, IAT shall not have the obligation to relocate Delta to other space. The determination of availability of other space shall be made reasonably by IAT and the determination of usability shall be made reasonably by Delta. To the extent relocation is not effected, from the date of the damage or destruction to the date of completion of the repair and restoration, the Delta Rent shall be fairly and equitably reduced and

recalculated as determined in good faith among Delta and IAT, to the extent of the part of the Delta Premises that is temporarily out of service including appropriate adjustments to the extent ATA Permitted O&M Expenses are actually reduced during such period for the Delta Premises.

Condemnation

Damages

Other than as described under the heading “Condemnation – Extinguishment Of Interest In Terminal 4,” if, during the Term, pursuant to an acquisition pursuant to condemnation or the exercise of the power of eminent domain by any Governmental Authority or the Port Authority or in the event of a conveyance in lieu thereof (collectively referred to as a “**Taking**”) the entire Terminal 4 is taken, the Anchor Tenant Agreement shall terminate as of the date possession shall be taken by such authority and all Rent allocable to the Delta Premises shall cease as of that date. All sums received or recovered by either IAT or Delta or any other person (after deduction for reasonable expenses incurred in such Taking) as a result of such Taking shall be applied and paid in the following order of precedence:

- (i) To the retirement of the Terminal 4 Project Bonds, including all accrued interest and premium payments, if any, thereon;
- (ii) To Delta, a pro rata portion of the remaining proceeds of the Taking calculated based on the Delta Space in comparison to the total useable area of the building located on Terminal 4 in respect of the loss of Delta’s leasehold interest; and
- (iii) To IAT, the balance of all sums so recovered.

Proceedings

Without limiting anything set forth under the heading “Condemnation – Damages” above, as between IAT and Delta, and only to the extent of IAT’s rights under the Port/IAT Lease, IAT consents to Delta appearing as an interested or aggrieved party at any condemnation or eminent domain proceeding relating to a proposed Taking, filing a claim in connection therewith, or participating as an interested or aggrieved party in any hearing, proceeding, trial or appeal related to a Taking.

Extinguishment Of Interest In Terminal 4

In the event that pursuant to Section 34(b)(i) or (iv) of the Port/IAT Lease, the Port Authority shall have purchased IAT’s interest thereunder, the Anchor Tenant Agreement shall automatically terminate as of the effective date of the purchase by the Port Authority of IAT’s interest under the Port/IAT Lease and IAT shall pay to Delta a pro rata portion of any amount IAT receives from the Port Authority in excess of amounts applied to the retirement of the Terminal 4 Project Bonds, such pro rata portion calculated based on the Delta Space in comparison to the total useable area of the building located on Terminal 4 in respect of the loss of Delta’s leasehold interest. In the event of such termination, Delta shall be released from liability from and after the date of such termination for any obligations under the Anchor Tenant Agreement, other than those obligations that are specifically stated in the Anchor Tenant Agreement to survive the termination of the Anchor Tenant Agreement. IAT shall not exercise any right it has to terminate the Port/IAT Lease pursuant to Section 34(b)(iv) thereof without the prior approval of Delta. In the event that the Port Authority shall not have purchased IAT’s interests under the Port/IAT Lease as described in Article 34 thereof and IAT shall have a right to negotiate directly with any Governmental Authority regarding the condemnation award, Delta shall have a right to participate in any such proceedings and, in addition, shall have the right to initiate negotiations with such Governmental Authority. In the event that any other Governmental Authority acquires any interest in Terminal 4 by condemnation or the exercise of the power of eminent domain and such acquisition renders space at Terminal 4 unavailable to IAT for Delta’s occupancy and use consistent with the terms and conditions of the Anchor Tenant Agreement, then, to the extent that Delta has an interest in such interest in Terminal 4 under and pursuant to the Anchor Tenant Agreement, whether that interest be a leasehold interest in the Delta Premises, the right to use in common with others Common Space or any other interest or right in Terminal 4,

any and all of Delta's rights or leasehold interests granted with respect to such interest in Terminal 4 actually taken shall terminate at the time title to the property actually taken transfers to the acquiring Governmental Authority. With the exception of those items that survive the expiration or termination of the Anchor Tenant Agreement as specifically provided in the Anchor Tenant Agreement, upon any termination of the Anchor Tenant Agreement as described above, all obligations, duties and privileges of Delta and IAT with respect to only such interest actually taken arising out of and created by the Anchor Tenant Agreement, except Delta's obligation to pay rent, which shall be adjusted only as provided under the headings "Condemnation – Restoration; Relocation; Adjustment To Rent" and "– Payment Of Awards," shall terminate at such time. The remainder of the Anchor Tenant Agreement and the rights, duties, obligations, covenants, agreements, representations, warranties and provisions of IAT and Delta and other provisions of the Anchor Tenant Agreement shall remain in full force and effect. IAT shall pay no fee or other amount in the nature of damages or other compensation whatsoever to Delta in the event of the lawful acquisition by condemnation or the exercise of the power of eminent domain in any interest in Terminal 4. Prior to the time title transfers to the acquiring authority, Delta and IAT shall reasonably determine a schedule for Delta to vacate the affected portion of Terminal 4 to be taken by the acquiring authority.

Restoration; Relocation; Adjustment To Rent

In the event of a Taking which takes, in part or in whole, Delta's interest in the Delta Space or the Common Space and does not result in a termination of the Anchor Tenant Agreement, IAT shall repair, rebuild and restore Terminal 4 as nearly as possible to its condition immediately prior to such condemnation or exercise of the power of eminent domain.

The obligations contained in the Anchor Tenant Agreement to repair, rebuild and restore shall be conditioned upon, and limited to, the amount of funds available for such purpose either from the proceeds of such Taking. IAT shall use reasonable efforts to relocate Delta to other space within Terminal 4, if space is available to and usable by Delta. To the extent other space usable by Delta is not available, IAT shall not have the obligation to relocate Delta to other space. The determination of the availability shall be made reasonably by IAT and the determination of usability shall be determined reasonably by Delta. To the extent such relocation is not effected (and pending any such restoration, to the extent such relocation is not yet effected) the Delta Rent shall be fairly and equitably reduced and recalculated as determined in good faith among Delta and IAT, based on the portion of the Delta Premises that was not lost pursuant to the Taking or that has been replaced, including appropriate adjustments to the extent ATA Permitted O&M Expenses are actually reduced during such period for the Delta Premises. If as a result of a Taking Delta cannot continue to operate the Delta Space as contemplated by the Anchor Tenant Agreement and Delta cannot be relocated to other space within Terminal 4 that is substantially consistent (in capacity and use) with the Delta Premises taken, Delta may, at its option, terminate the Anchor Tenant Agreement effective on the date of Taking upon notice to IAT delivered within ten (10) days after the Taking. If the Anchor Tenant Agreement is so terminated by Delta, that portion of the net proceeds (after payment of the Terminal 4 Project Bonds) of the damages awarded in respect of Delta's leasehold interest in the Delta Premises shall be distributed to Delta.

Payment Of Awards

In the event of a Taking, any and all awards or damages or other payments paid or payable to IAT or Delta as a result of condemnation or the exercise of the power of eminent domain shall be applied to the retirement of the Terminal 4 Project Bonds if and to the extent required by the Terminal 4 Project Bond Documents. Upon such retirement of the Terminal 4 Project Bonds, and taking into consideration any reduction in the Delta Space, the Delta Rent shall be fairly and equitably reduced and recalculated as determined in good faith among Delta and IAT, including appropriate adjustments to the extent ATA Permitted O&M Expenses are actually reduced for the Delta Premises.

Sale In Lieu Of Condemnation

IAT shall not sell, assign, or otherwise transfer, (or agree to do so) any interest in Terminal 4 to any Governmental Authority or the Port Authority in lieu of or anticipation of any condemnation or exercise of the power of eminent domain without the consent of Delta. Any such sale, assignment or other transfer (or agreement to do so) in lieu of or anticipation of any condemnation or exercise of the power of eminent domain shall be treated as a

condemnation or exercise of the power of the eminent domain under the provisions described under the heading “Condemnation” herein.

Indemnification

Indemnification By Delta

Delta shall defend, indemnify and hold harmless IAT, its members and their respective shareholders, members, directors, officers, employees, agents, representatives, subsidiaries, parents and affiliates (collectively, the “**IAT Parties**”) against any and all claims, demands, damages, liabilities, obligations, awards, fines, judgments, injuries, suits, causes of action, proceedings, obligations, costs and expenses (including reasonable attorneys’ fees and costs, expenses or disbursements incurred in defending against the foregoing) (collectively, “**Damages**”) incurred, arising out of or connected in any way to (i) the design, construction and completion of the Phase I IAT Project and the Terminal 2-4 Connector and any other construction at Terminal 4 from time to time that may be undertaken by Delta or for which Delta is primarily responsible, (ii) the use or occupancy of Terminal 4 by Delta, Delta’s Sublessees or others with the consent of Delta, including Delta’s and Delta’s Sublessees’ passengers, employees and other invitees except the IAT Users, (iii) the acts, omissions, negligence, gross negligence, recklessness, malice or willful misconduct of Delta or Delta’s Sublessees or their respective directors, officers, employees, agents, representatives, contractors, passengers and invitees, and others using the Delta Space with the consent of Delta, except the IAT Users (collectively, “**Delta Users**”) in, on or at Terminal 4, and (iv) Delta’s breach of, or failure to perform, any term, condition, agreement, promise, provision, covenant, representation or warranty set forth in the Anchor Tenant Agreement. Notwithstanding anything to the contrary in this paragraph, nothing in this paragraph shall require Delta to defend, indemnify and hold harmless any IAT Party with respect to, and this paragraph shall not apply to, (A) Damages or claims for Damages to the extent the same arise out of the gross negligence or willful misconduct of any IAT Party or its contractors, passengers or invitees, or (B) Damages or claims for Damages with respect to any Assumed Environmental Damages, any Release, Hazardous Substance, other environmental condition, or any environmental obligation, which shall be governed exclusively by the environmental obligations provisions of the Anchor Tenant Agreement.

Indemnification By IAT

IAT shall defend, indemnify and hold harmless Delta and its shareholders, directors, officers, employees, agents, representatives, subsidiaries, parents and Affiliates (collectively, the “**Delta Parties**”) against any Damages incurred, arising out of or connected in any way to: (i) the use and occupancy of the Delta Premises by IAT or others with the consent of IAT including the IAT Parties’ employees and other invitees, except the Delta Users and Contract Carriers which have executed a license agreement as described in paragraph (v) under the second paragraph under the heading “Identification and use of Available Gates – Use of Delta Gates and Delta Hardstand Positions” herein, (ii) the acts, omissions, negligence, gross negligence, recklessness, malice or willful misconduct of the IAT Parties, IAT’s Direct or Indirect Owners (other than Delta), or their respective directors, officers, employees, agents, representatives, contractors, passengers and invitees, and others using Terminal 4 with the consent of the IAT Parties, except the Delta Users and Contract Carriers which have executed a license agreement as described in paragraph (v) under the second paragraph under the heading “Identification and use of Available Gates – Use of Delta Gates and Delta Hardstand Positions” herein (collectively, “**IAT Users**”) in, on or at Terminal 4, or (iii) IAT’s breach of, or failure to perform, any term, condition, agreement, promise, provision, covenant, representation or warranty set forth in the Anchor Tenant Agreement. Notwithstanding anything to the contrary in this paragraph, nothing in this paragraph shall require IAT to defend, indemnify and hold harmless any Delta Party with respect to, and this paragraph shall not apply to, (A) Damages or claims for Damages to the extent the same arise out of the gross negligence or willful misconduct of any Delta Party or its contractors, passengers or invitees, or (B) Damages or claims for Damages with respect to any Excluded Environmental Damages, any Release, Hazardous Substance, other environmental condition, or any environmental obligation, which shall be governed exclusively by the environmental obligations provisions of the Anchor Tenant Agreement.

Surrender; Holding Over

Surrender

Delta shall peaceably vacate and deliver to IAT possession of the Delta Premises in reasonable condition, reasonable wear and tear excepted, on or before the Expiration Date or Termination Date, as applicable, or at such time as IAT exercises its right to reenter the Delta Premises as described under the heading “Delta Event of Default; IAT Remedies – Remedies” or otherwise under applicable Law. If Delta fails to peacefully vacate and deliver to IAT possession of the Delta Premises as aforesaid, Delta shall be liable for any and all reasonable costs and expenses, including reasonable attorneys’ fees and disbursements, incurred by IAT to enter and evict Delta from the Delta Premises, which amounts Delta shall pay to IAT within 10 Business Days after receipt of an invoice therefor (itemized in reasonable detail). If Delta shall fail to pay such amounts within such time, Delta shall also pay interest on such amounts (from the date paid by IAT to the date repaid by Delta) at the rate per annum equal to the Prime Rate plus 2% (but not in excess of the highest rate permitted under applicable Law).

Delta Event of Default; IAT Remedies

Delta Event Of Default

It shall be an “**Event of Default**” under the Anchor Tenant Agreement by Delta if any one or more of the events set forth under the headings “Delta Event of Default; IAT Remedies –Monetary Default” or “– Non-monetary Default” shall have occurred and be continuing beyond the applicable cure period provided in the Anchor Tenant Agreement, if any, *provided that*, no such Event of Default shall have occurred if the events set forth under the headings “Delta Event of Default; IAT Remedies –Monetary Default,” “– Non-monetary Default” and the provisions of the Anchor Tenant Agreement regarding opportunity to cure have arisen solely as a result of Delta’s compliance with and performance under the Port Authority Consent to Sublease. Upon the occurrence and during the continuance of an Event of Default under the Anchor Tenant Agreement by Delta, Delta shall continue to have its consultation (but no other) rights on the Concessions Subcommittee, the Operations Advisory Committee, the Management Committee, the Trilateral Committee and related subcommittees.

Monetary Default

It shall be an Event of Default if Delta shall have failed to pay to IAT, when due and after the expiration of the applicable cure period provided under the Anchor Tenant Agreement, any amount required to be paid by Delta to IAT pursuant to the Anchor Tenant Agreement.

Non-monetary Default

It shall be an Event of Default if any one or more of the following events shall have occurred and be continuing beyond the applicable cure period provided in the Anchor Tenant Agreement:

- (a) Delta shall fail to perform or observe any material term, covenant, agreement, condition or provision of the Anchor Tenant Agreement to be performed or observed by Delta, other than those referred to under the heading “Delta Event of Default; IAT Remedies – Monetary Default,” to the extent that IAT is not the cause of such failure; or
- (b) Delta shall have made any material representation or warranty in the Anchor Tenant Agreement that shall prove to have been incorrect in any material respect when made; or
- (c) Delta shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts as they become due, or shall make a general assignment for the benefit of creditors (except for an assignment or grant of liens and security interests on its assets to secure indebtedness incurred or to be incurred); (ii) any proceeding shall be instituted by or against Delta seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection or

relief of it or its debts under any Law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 60 days or entry of an order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or any substantial part of its property shall occur; or (iii) Delta shall take any action to authorize any of the actions set forth above in this subsection (c); or

- (d) Delta shall have made any incorrect statement (including any representation or certification) in the Delta TAA Certificate or in any Standard Draw Documentation relied upon by IAT in making any corresponding statement in the TAA or in a Series 8 Requisition Certificate, which incorrect statement results in-or, if not cured, would result in, a PA Event of Default; *provided that*, any inaccuracy in the Delta TAA Certificate or any Standard Draw Documentation given by Delta shall not be a default hereunder (or under the Delta TAA Certificate or any Standard Draw Documentation) to the extent that any such inaccuracy is a result of Delta's good faith reliance upon written information provided by IAT (including counsel, accountants and other professionals and contractors retained by IAT); and *provided further that*, (i) IAT shall not, solely based on such Event of Default, institute or pursue any remedy specified in any of paragraphs (b), (c), (d) or (f) (to the extent that any such remedy under paragraph (f) would result in termination of the Agreement or Delta's possession of the Premises similar to the remedies provided in paragraphs (c) or (d)) under the heading "Delta Event of Default; IAT Remedies – Remedies" below prior to the date on which Port has delivered a PA Notice of Default and (ii) IAT shall terminate all remedies being pursued pursuant to such enumerated paragraphs under the heading "Delta Event of Default; IAT Remedies – Remedies" if such PA Notice of Default shall be rescinded or otherwise withdrawn; or
- (e) A Delta 18A Default Notice (as such term is defined in the Port/IAT Lease) has been delivered by the Port Authority in accordance with the terms of the Port/IAT Lease; or
- (f) Delta shall fail to cause a letter of credit, cash collateral or other credit support facility to be provided, if required pursuant to the Anchor Tenant Agreement.

Notice and Opportunity to Cure

Except in the case of an Event of Default as set forth in paragraph (c) under the heading "Delta Event of Default; IAT Remedies – Non-monetary Default" above, IAT shall provide Delta notice of and an opportunity to cure any default, before the same becomes an Event of Default as follows:

- (a) Delta shall have 10 Business Days after receipt of notice from IAT of a default set forth under the heading "Delta Event of Default; IAT Remedies – Monetary Default" above, to cure such default
- (b) Delta shall have 30 days after receipt of notice from IAT of a default set forth in paragraphs (a)-(b) and (d) under the heading "Delta Event of Default; IAT Remedies – Non-monetary Default" above, to cure such default, *provided that*, if a default is, by its nature, incapable of being cured within 30 days and Delta is at all times diligently attempting to cure such default (except to the extent prevented by any Force Majeure Event), Delta shall have such additional time as is reasonably necessary to effect the cure, *provided, further, however*, if a default by Delta under the Anchor Tenant Agreement (i) could reasonably be expected to constitute an "Event of Default" by IAT under the Port/IAT Lease, and the Port/IAT Lease provides a cure period that expires prior to the expiration of the applicable cure period available to Delta under the Anchor Tenant Agreement, or (ii) is in respect of Delta's failure to perform its obligations under any Phase I IAT Project Construction Contract and such Phase I IAT Project Construction Contract provides a cure period that expires prior to the expiration of the applicable cure period available to Delta

under the Anchor Tenant (and Delta shall notify IAT of the applicable cure period under any such Phase I IAT Project Construction Contract), then in each case (x) Delta's cure period shall expire three Business Days prior to the expiration of the cure period provided in the Port/IAT Lease or the Phase I IAT Project Construction Contract, as applicable, and (y) during such cure period Delta shall provide consultation rights to IAT with respect to the steps being taken to cure such default, provided, however, if the default is with respect to the breach of a material representation or warranty, a cure by Delta shall require that Delta cause the applicable representation or warranty to be correct as made and when cured.

- (c) Delta shall have 35 days after receipt of notice from IAT of a default set forth in paragraph (e) under the heading "Delta Event of Default; IAT Remedies – Non-monetary Default" above, to cure the applicable Delta 18A Default (as such term is defined in the Port/IAT Lease); provided that, pursuant to Section 25 of the Port/IAT Lease, IAT shall, if such Delta 18A Default has not been cured, request a meeting with the Port Authority to discuss the status of such Delta 18A Default and request a 60 day extension of the required period prior to which the Port Authority may deliver a Notice of Default pursuant to Section 25 of the Port/IAT Lease, which may be granted or withheld in the Port Authority's sole discretion. If such extension is not granted by the Port, an Event of Default shall be deemed to occur.

Remedies

Upon the occurrence of and during the continuance of an Event of Default, IAT may, to the extent permitted under applicable Law, in its discretion and at its option, pursue any one or more of the following remedies, upon not less than 10 Business Days notice to Delta:

- (a) bring a suit, action or proceeding (summary or otherwise) to distrain for or collect, file a proof of claim in any Delta bankruptcy or other insolvency proceeding for, or institute any other suit, action or proceeding (whether similar to any of the foregoing or not) before any court of competent jurisdiction for, any amounts required to be paid by Delta to IAT pursuant to the Anchor Tenant Agreement, then due and owing to IAT and for actual compensatory damages, and for all costs and expenses incurred by IAT related thereto, including reasonable attorneys' fees; and/or

- (b) accelerate, declare due and payable, bring a suit, action or proceeding (summary or otherwise) to collect or recover, without duplication of amounts recovered pursuant to paragraphs (c) or (d) immediately below any and all payments of Delta Rent that would be due over the remainder of the Term as if all such amounts were payable to IAT at such time, discounted to the present value thereof at the rate equal to the weighted average coupon applicable to the Series 8 Bonds; and/or

- (c) without terminating the Anchor Agreement and without the necessity of seeking or obtaining any warrant of eviction or other similar writ or court order, to the extent permitted under applicable Law, (i) enter upon and take possession of the Delta Premises by any lawful means; (ii) expel or remove Delta or any other Person occupying the same by, through or under Delta by any lawful means without liability for trespass or any claim for damages of any kind; (iii) perform or do any of Delta's obligations under the Anchor Tenant Agreement on behalf of Delta; (iv) relet or otherwise permit the occupancy or use of all or a portion of the Delta Premises to any other Persons on such terms and conditions as IAT shall deem advisable; (v) make any repairs to the Delta Space to the extent necessary to return such premises to reasonable condition, reasonable wear and tear excepted; (vi) collect rent and other payments from such Persons, if any; and/or (vii) sue or bring an action or proceeding (summary or otherwise) for, collect or recover (A) all costs and expenses incurred by IAT related to the foregoing, including reasonable attorneys' fees, and (B) without duplication of any amounts recovered under paragraph (b) immediate above or paragraph (d) immediately below, any difference or deficiency between the amounts IAT receives from such Persons and the amounts Delta is obligated to pay pursuant to the Anchor Tenant Agreement (and Delta and IAT acknowledge and agree that (x) IAT shall use reasonable efforts to mitigate its damages, and (y) if IAT relets or reuses the Delta Premises or any portion thereof, the damages owed by Delta under the Anchor Tenant Agreement shall be the net amount after giving effect to the amounts IAT receives from such reletting or reuse); and/or

(d) terminate the Anchor Tenant Agreement, in which event Delta shall promptly vacate the Delta Premises and surrender the same to IAT, and, if Delta fails to so surrender and vacate the Delta Premises, to the extent permitted under applicable Law, IAT may enter upon and take possession of the Delta Premises by any lawful means and expel or remove Delta or any other Person occupying the same by, through or under Delta by any lawful means without liability for trespass or any claim for damages therefor; and Delta shall pay to IAT on demand the amount of all loss and damage which IAT may suffer by reason of such termination, whether through inability to relet the Delta Premises on terms equal to or better than the terms of the Anchor Tenant Agreement or otherwise, including (i) without duplication of any amounts under paragraphs (b) or (c) immediately above, the loss of any and all Rent that would be due over the remainder of the Term, discounted to the present value thereof at the rate equal to the lesser of the weighted average coupon payable on the Terminal 4 Project Bonds (“**Discount Rate**”) and (ii) all costs and expenses incurred by IAT related to the foregoing, including reasonable attorneys’ fees; and/or

(e) cure the default or Event of Default, in which case Delta shall reimburse IAT for the costs and expenses incurred by IAT to cure such Event of Default, including reasonable attorneys’ fees, upon demand, including an itemization in reasonable detail of such costs and expenses and accompanied by reasonable evidence of the payment of such costs and expenses, together with interest on such costs and expenses paid by IAT at the rate per annum equal to the Prime Rate plus 2% or the highest rate permitted under applicable Law (whichever is less) from the date the same were paid by IAT to the date the same are repaid by Delta; and/or

(f) without duplication of any remedy described in paragraphs (a)-(e) immediately above, exercise any other rights or remedies available to IAT under the Anchor Tenant Agreement, under any other applicable agreement, under applicable Law or otherwise, subject to the provisions of the Anchor Tenant Agreement limiting or restricting liability or remedies.

IAT Event of Default; Delta Remedies

IAT Event Of Default

It shall be an “**IAT Event of Default**” under the Anchor Tenant Agreement if any one or more of the events set forth under the headings “IAT Event of Default; Delta Remedies – Monetary Default” and “– Non-Monetary Default” shall have occurred and be continuing beyond the applicable cure period provided in the Anchor Tenant Agreement, if any, provided that, no such IAT Event of Default shall have occurred to the extent that the events set forth under the heading “IAT Event of Default; Delta Remedies – Non-Monetary Default” have arisen as a result of IAT’s obligation to comply with and performance pursuant to the Port/IAT Lease, the Bond Documents or any other Transaction Documents.

Monetary Default

It shall be an IAT Event of Default if IAT shall have failed to pay, or credit, to Delta, when due and after the expiration of the applicable cure period provided in the Anchor Tenant Agreement, any payment of any amount required to be paid by IAT to Delta pursuant to the Anchor Tenant Agreement.

Non-monetary Default

It shall be an IAT Event of Default if any one or more of the following events shall have occurred and be continuing beyond the applicable cure period provided in the Anchor Tenant Agreement:

(a) if IAT shall fail to perform or observe any material term, covenant, agreement, condition or provision of the Anchor Tenant Agreement to be performed or observed by IAT, other than those referred to under the heading “IAT Event of Default; Delta Remedies,” sub-heading “*Monetary Default*,” to the extent that Delta is not the cause either direct or indirect, of such failure; or

(b) if IAT shall have made any material representation or warranty in the Anchor Tenant Agreement that shall prove to have been incorrect in any material respect when made.

Termination of Port/IAT Lease by Port Authority

If the Port Authority delivers to IAT any notice of termination of the Port/IAT Lease and such notice shall remain in effect under the Port/IAT Lease, upon IAT ceasing to have a possessory interest thereunder, IAT shall not have any right to exercise any rights or perform any obligations under the Anchor Tenant Agreement.

Notice and Opportunity to Cure

Delta shall provide IAT notice of and an opportunity to cure any default, before the same becomes an Event of Default. IAT shall have 30 days after receipt of notice from Delta of a default to cure such default, provided that, if a default is, by its nature, incapable of being cured within 30 days and IAT is at all times diligently attempting to cure such default (except to the extent prevented by any Force Majeure Event), IAT shall have such additional time as is reasonably necessary to effect the cure, provided, further, however, if the default is with respect to the breach of a material representation or warranty, a cure by IAT shall require that IAT cause the applicable representation or warranty to be correct as made and when cured.

Remedies

Upon the occurrence of and during the continuance of an IAT Event of Default, Delta may, to the extent permitted under applicable Law, in its discretion and at its option, pursue any one or more of the following remedies, upon not less than 10 Business Days notice to IAT:

(a) bring a suit, action or proceeding (summary or otherwise) before any court of competent jurisdiction for any charges, payments or credits required to be paid or credited by IAT to Delta pursuant to the Anchor Tenant Agreement that are due and owing to Delta, and for all costs and expenses incurred by Delta related thereto, including reasonable attorneys' fees; and/or

(b) bring a suit, action or proceeding (summary or otherwise) before any court of competent jurisdiction for actual compensatory damages, and for all costs and expenses incurred by Delta related thereto, including reasonable attorneys' fees; and/or

(c) exercise any and all of its rights and remedies available to Delta under Section 365(h) and the other applicable provisions of the United States Bankruptcy Code; and/or

(d) cure the IAT Event of Default (other than any IAT Event of Default in respect of IAT's provision of O&M Services), in which case IAT shall reimburse Delta for the costs and expenses incurred by Delta to cure such IAT Event of Default, including reasonable attorneys' fees, upon demand, including an itemization in reasonable detail of such costs and expenses and accompanied by reasonable evidence of the payment of such costs and expenses, together with interest on such costs and expenses paid by Delta at the rate per annum equal to the Prime Rate plus 2% or the highest rate permitted under applicable Law (whichever is less) from the date the same were paid by Delta to the date the same are repaid by IAT; and/or

(e) upon the occurrence of a monetary default constituting an IAT Event of Default hereunder or, if as a result of any other IAT Event of Default Delta has been deprived of its right to use and occupy the Delta Premises or a material portion thereof for a period of at least 30 days, terminate the Anchor Tenant Agreement, in which event Delta shall vacate the Delta Premises and surrender the same to IAT on the termination date specified in Delta's notice of termination; and, upon such termination, Delta shall have no further obligations or liabilities hereunder, except for such obligations and liabilities outstanding at the time of such termination or as expressly provided herein to survive the expiration or termination hereof; and/or

(f) without duplication of any remedy described in paragraphs (a) – (e) hereof, exercise any other rights or remedies available to Delta under the Anchor Tenant Agreement, under any other applicable agreement, under applicable Law or otherwise, subject to the provisions of the Anchor Tenant Agreement limiting or restricting liability or remedies.

Offset

Whenever Delta exercises its remedy of self-help under the Anchor Tenant Agreement with respect to Emergency Repairs, Delta may offset its costs and expenses in exercising such remedy without duplication for any amounts in respect thereof that Delta would have otherwise had to pay in accordance with the Anchor Tenant Agreement, against the Delta Rent payable by Delta under the Anchor Tenant Agreement in an amount not to exceed the remaining amount of line items in the then-current Budget for the ATA Permitted O&M Expenses with respect to the unperformed scope of the ATA Permitted O&M Expense items which are the subject of the proposed offset (plus any amounts that IAT would be permitted to transfer from other Budget categories and plus any amounts in addition to the relevant Budget categories that IAT would be permitted to spend pursuant to the third paragraph under the heading “Operations Advisory Committee; Management Committee; Trilateral Committee and Budget – Budgets; Calculation of Delta Rent and Adjusted Terminal Management Fees”).

Without limiting any rights or protections Delta may have under the United States Bankruptcy Code, except as provided the Anchor Tenant Agreement, the exercise by Delta of any remedy available to it under the Anchor Tenant Agreement or under applicable Law shall not entitle Delta to offset, reduce, abate or otherwise not pay in full any amount due to IAT under the Anchor Tenant Agreement when and as the same shall become due under the terms of the Anchor Tenant Agreement.

Dispute Resolution

Dispute Resolution

In the event of any claim, controversy or dispute, IAT and Delta shall first attempt to settle such claim, controversy or dispute as promptly as possible after the same arises by negotiation, by submitting the same to the Management Committee for resolution (if not previously submitted to the Management Committee), by submitting the same to the Trilateral Committee for resolution and/or, if specifically agreed to by the parties, by mediation. Should such efforts fail (after submission to the Trilateral Committee), either IAT or Delta may, within 180 days after the claim, controversy or dispute first occurred (or within the period of the applicable statute of limitations if shorter) commence arbitration pursuant to the dispute resolutions provisions of the Anchor Tenant Agreement with respect to any claims, controversies, or disputes (i) arising under the provisions of the Anchor Tenant Agreement governing the construction of the Phase I Project, (ii) determining the ATA Permitted O&M Expenses used in calculating the Delta Rent, or (iii) regarding any other matter to which IAT and Delta agree in writing to arbitrate. Failure to serve notice of arbitration with respect to any claim, controversy or dispute within the time prescribed in the preceding sentence shall be deemed a waiver of only the right to arbitrate the claim controversy or dispute in question, not a waiver of any other right or remedy with respect to such claim, controversy or dispute. Notwithstanding the foregoing or any other provision of the Anchor Tenant Agreement, no claim, controversy or dispute that relates to an obligation or responsibility of either Delta or IAT to the Port Authority under the Anchor Tenant Agreement or the Port/IAT Lease, shall be referred to arbitration except if and to the extent the same relates to an obligation or responsibility of either Delta or IAT to the other under the Anchor Tenant Agreement.

Other Requirements

Federal Airport Aid Assurances

The Port Authority has applied for and received a grant or grants of money from the Administrator of the Federal Aviation Administration pursuant to the Airport and Airways Development Act of 1970, as the same has been amended and supplemented or superseded by similar federal legislation, and under prior federal statutes which said Act superseded and the Port Authority may in the future apply for and receive further such grants. In connection therewith, the Port Authority has undertaken and may in the future undertake certain obligations respecting its operation of the Airport and the activities of its contractors, lessees and permittees thereon. The performance by Delta of the covenants, promises and obligations contained in the Anchor Tenant Agreement is therefore a special consideration and inducement to the Port Authority’s consent to the Anchor Tenant Agreement, and if the Administrator of the Federal Aviation Administration or any other governmental officer or body having jurisdiction over the enforcement of the obligations of the Port Authority in connection with the Federal Airport Aid, shall make any orders, recommendations or suggestions respecting the performance by Delta of such covenants,

promises and obligations, Delta will promptly comply therewith, at the time or times when and to the extent that the Port Authority may direct.

Discrimination Against Individuals

The Anchor Tenant Agreement requires that Delta comply with certain federal and state statutes and regulations, including laws prohibiting discrimination.

Environmental Obligations

Liability For Environmental Damages

Liability for environmental damages and costs of Remediation is shared between Delta and IAT. Each of Delta and IAT is responsible for certain environmental damages and Remediation costs, as provided in the Anchor Tenant Agreement.

Prohibited Releases

Delta shall not permit the Release of any Hazardous Substance within Delta's control either in, on, or under Terminal 4.

IAT shall not permit the Release of any Hazardous Substance within the control of IAT either in, on, or under Terminal 4.

Phase II/III Options

Phase II/III Option

Delta shall have the option (the "**Phase II/III Option**"), to be exercised as provided below, to lease from IAT (at any time and from time to time) that portion of the Terminal 4 Site adjacent to Concourse B as shown on Exhibit B of the Anchor Tenant Agreement for purposes of completing Phase II (the "**Phase II Space**"), and/or those portions of Terminal 4 and the Terminal 4 Site adjacent to Concourse A and the Headhouse as shown on Exhibit B of the Anchor Tenant Agreement for purposes of completing Phase III (the "**Phase III Space**," collectively with the Phase II Space, the "**Option Spaces**," and each, individually, an "**Option Space**"). Delta may exercise the Phase II/III Option as to the Phase II Space or the Phase III Space, and if Delta exercises said option as to only one (1) Option Space, it may exercise said option later as to the other Option Space. In order to exercise the Phase II/III Option, Delta shall give written notice of its desire to exercise the Phase II/III Option to IAT, specifying whether Delta wishes to exercise the Phase II/III Option as to one or both Option Spaces. However, if the design and construction activities for the applicable Option Space have not commenced, in each case, prior to December 31, 2020, Delta shall not have the option to proceed with the Phase II and/or Phase III, as applicable.

If Delta exercises the Phase II/III Option with respect to either or both of the Option Spaces, IAT shall be deemed to have leased to Delta, effective as of the "**Option Effective Date**" specified for such Option Space, the applicable Option Space together with all rights and benefits appurtenant thereto, on terms generally consistent with the terms applicable to Phase I and the Delta Premises as contemplated to exist during Phase I. If Delta exercises the Phase II/III Option, IAT shall deliver the applicable Option Space in its "as is" condition at the time, subject to reasonable wear and tear but in compliance with IAT's maintenance obligations under the Port/IAT Lease with respect thereto.

Delta's exercise of any component of the Phase II/III Option shall be subject to the following:

(a) no Delta Event of Default shall have occurred and is then continuing under the Anchor Tenant Agreement;

(b) any Contract Carriers that would be displaced from the applicable Option Space shall be relocated to terminal space at the Airport as contemplated by a Phasing Strategy implemented by IAT in consultation with Delta and taking into account any requirements under the Port/IAT Lease, including any requirements that Terminal 4 remain the “terminal of last resort” for 24/7 international arrivals at the Airport;

(c) assurance to IAT that the quality and efficacy of the operations and construction of Terminal 4 shall be maintained with any decision to proceed with, complete and operate under Phases II and/or Phase III;

(d) the risk profile to IAT will not be materially adversely affected by Phase II and/or Phase III as reasonably determined by IAT and Delta;

(e) Delta and IAT will cooperate in good faith with each other (1) to achieve Phase II and/or Phase III (to the extent Delta elects to pursue such Option Space) and shall work jointly and diligently to pursue completion of the same on terms generally consistent with the completion of Phase I, and (2) in amending this Agreement as may reasonably be necessary to reflect the final terms of the Anchor Tenant Agreement with respect to the applicable Option Space and as required by the Port Authority, the Port/IAT Lease, the Terminal 4 Project Bond Documents and any other applicable financing requirements;

(f) Delta shall have obtained the necessary Port Authority approval and required approvals under the Terminal 4 Project Bond Documents;

(g) In addition to Post-DBO Rent, Delta shall pay rent in respect of the applicable Option Space for each Annual Period calculated in a manner consistent with the calculation of Post-DBO Rent, which shall be deemed to be included as “Delta Rent” for all intents and purposes hereunder following completion of the construction and opening of the Option Space and the final terms of the Rent applicable to the subject Option Space shall be reflected in an amendment of the type referred to in subsection (e) above;

(h) Delta shall have the right to determine the means and terms by which Phase II and/or Phase III shall be financed or refinanced (including the selection of any lenders, underwriters or other parties it deems appropriate), subject to consent of the Port Authority and the consent of IAT. Delta will keep IAT regularly informed of Delta’s determination of the means and terms of such financing or refinancing of Phase II and/or Phase III;

(i) Any Port Authority financing with respect to Phase II and/or Phase III shall be non-recourse to, and shall not require credit support from, JFK IAT Member as the sole member of IAT (or any affiliates of the members of JFK IAT Member other than IAT), Delta or the Port Authority. Nothing in the Anchor Tenant Agreement shall require any Bonds or any future financing to become a Delta obligation. In addition, there shall be no equity funding obligations for JFK IAT Member, or any upstream entities thereto; and

(j) Any financing for Phase II and/or Phase III must not violate the Port/IAT Lease or create a default with respect to the then outstanding Terminal 4 Project Bonds (including coverage covenants) or under any Terminal 4 Project Bond Documents, provided, that IAT shall use reasonable efforts to cooperate with Delta in obtaining any and all amendments, consents, waivers and variances necessary or desirable to obtain the desired financing and prevent any such violation or default.

Miscellaneous

Force Majeure

Notwithstanding any other provision of the Anchor Tenant Agreement, each of Delta and IAT shall not be deemed to be in violation of the Anchor Tenant Agreement nor to have breached the Anchor Tenant Agreement, nor shall it be deemed to be an Event of Default nor an IAT Event of Default, as the case may be, to the extent that such party is prevented from performing specific obligations under the Anchor Tenant Agreement by reason of any strikes, lock-outs, boycotts, other labor disputes, embargoes, shortages of materials or supplies, fire, casualty, acts of God including severe weather conditions, earthquakes, flood, acts of war, acts of an enemy of the United States,

riots, rebellion, sabotage or any other unusual circumstance for which such party is not responsible and which is not within such party's control (collectively, "**Force Majeure Events**"), in all cases only to the extent that a Force Majeure Event directly affects such specific obligations under the Anchor Tenant Agreement, provided that, the foregoing shall not limit Delta's obligations in respect of cost overruns pursuant to provisions under the heading "Construction of the Phase I IAT Project – Cost Overruns" or relieve Delta from paying the Rent under the Anchor Tenant Agreement through the date of termination of the Anchor Tenant Agreement as a result of such Force Majeure Event.

2026 Condition Survey

The Anchor Tenant Agreement includes provisions governing IAT and Delta's obligations with respect to the 2026 Condition Survey required to be conducted pursuant to the Lease, as described in Appendix D-3 – "SUMMARY OF CERTAIN PROVISIONS OF LEASE SUPPLEMENT NO. 5 – Joint Periodic Condition Survey."

Pursuant to Lease Supplement No. 5, subject to sufficient funds being available to IAT, IAT shall be obligated to undertake identified capital repairs in connection with the 2026 Condition Survey. Delta shall reimburse JFK IAT, through additional sublease rentals from Delta's subleased space, for the portion of the costs of financing such maintenance and other capital repairs in connection with the 2026 Condition Survey that are generally allocated to Delta's subleased space within Terminal 4.

Amendment

The Anchor Tenant Agreement may be amended, changed or modified only by a writing signed by IAT and Delta and, to the extent required by the Port/IAT Lease, subject to the approval of the Port Authority and to the extent required by the Bond Documents, subject to the approval of the Trustee and Bond Insurer.

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APPENDIX F

BOOK-ENTRY ONLY SYSTEM

Introduction. The information set forth in this Appendix E under the subheading “General” has been provided by The Depository Trust Company (“DTC”). Neither the Port Authority of New York and New Jersey (the “Port Authority”) nor JFK International Air Terminal LLC (“JFK IAT”) makes any representation as to its accuracy or completeness. Capitalized terms used in this Appendix which are not otherwise defined herein shall have the meaning set forth in the front portion of the Preliminary Official Statement or in Appendix C – “SUMMARY OF CERTAIN PROVISIONS OF CERTAIN FINANCING DOCUMENTS.”

So long as Cede & Co. is the registered holder of the Series 8 Bonds, as nominee of DTC, references in the Preliminary Official Statement, including the Appendices thereto, to the holders of the Series 8 Bonds (other than as set forth under “TAX EXEMPTION”) shall mean Cede & Co. and shall not mean the Beneficial Owners of the Series 8 Bonds.

JFK IAT AND THE TRUSTEE SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR ANY BENEFICIAL OWNER, WITH RESPECT TO: (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT; (II) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL AND INTEREST DUE ON THE SERIES 8 BONDS; (III) THE DELIVERY OF ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE HOLDERS OF THE SERIES 8 BONDS UNDER THE FINANCING DOCUMENTS; (IV) THE SELECTION BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 8 BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS REGISTERED OWNER OF THE SERIES 8 BONDS; OR (VI) ANY OTHER MATTER.

THE TRUSTEE, AS LONG AS THE BOOK-ENTRY ONLY SYSTEM IS USED FOR THE SERIES 8 BONDS, WILL SEND ANY NOTICE OF REDEMPTION AND ANY OTHER NOTICES ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OR ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OR SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF SERIES 8 BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

General. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the The Port Authority of New York and New Jersey Special Project Bonds, Series 8 (JFK International Air Terminal LLC) (the “Series 8 Bonds”). The Series 8 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each issue of the Series 8 Bonds, in the aggregate principal amount of such Series 8 Bonds, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered

clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants" and, together with Direct Participants, "Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Series 8 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 8 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 8 Bonds ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 8 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 8 Bonds, except in the event that use of the book-entry system for the Series 8 Bonds is discontinued.

To facilitate subsequent transfers, all Series 8 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 8 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 8 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 8 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 8 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 8 Bonds documents. For example, Beneficial Owners of Series 8 Bonds may wish to ascertain that the nominee holding the Series 8 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 8 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 8 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 8 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 8 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, the Port Authority or JFK IAT, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Port Authority,

JFK IAT or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 8 Bonds at any time by giving reasonable notice to the Port Authority, JFK IAT or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The Port Authority or JFK IAT may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Port Authority, JFK IAT and the Underwriters believe to be reliable, but the Port Authority, JFK IAT and the Underwriters take no responsibility for the accuracy thereof.

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APPENDIX G

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Agreement”), dated as of _____, 2010, by and between JFK International Air Terminal LLC (the “Lessee”) and The Bank of New York Mellon, as trustee (the “Trustee”) under the Trust Administration Agreement, dated as of May 13, 1997, (as previously amended and supplemented by the First Supplemental Trust Administration Agreement, dated as of August 10, 2001, the Second Supplemental Trust Administration Agreement, dated as of December 20, 2002, the Third Supplemental Trust Administration Agreement, dated as of January 1, 2004, the Fourth Supplemental Trust Administration Agreement, dated December 1, 2004 and the Fifth Supplemental Trust Administration Agreement, dated December 1, 2007) and as further amended and supplemented by the Sixth Supplemental Trust Administration Agreement, dated as of _____, 2010 (collectively, the “Trust Administration Agreement”) between the Lessee and the Trustee, is executed and delivered in connection with the issuance by The Port Authority of New York and New Jersey (the “Issuer”) of \$796,280,000 in aggregate principal amount of its Special Project Bonds, Series 8, JFK International Air Terminal LLC Project (the “Series 8 Bonds”). The proceeds of the Series 8 Bonds will be used to finance development and construction costs relating to the “2010 Expansion Project” of the passenger terminal known as “Terminal 4” at John F. Kennedy International Airport, referenced in the Agreement of Lease dated as of May 13, 1997, (as previously amended and supplemented by the Supplemental Lease Agreement No. 1, dated as of August 10, 2001, the Supplemental Lease Agreement No. 2, dated as of December 20, 2002, the Supplemental Lease Agreement No. 3, dated as of January 1, 2004, and the Supplemental Lease Agreement No. 4, dated as of December 1, 2004), and as further amended and supplemented by the Supplemental Lease Agreement No. 5, dated as of _____, 2010, between the Issuer and the Lessee (collectively, the “Lease Agreement”) and in the Anchor Tenant Agreement, dated _____, 2010 between Delta Air Lines, Inc. (“Delta”) and the Lessee (the “Anchor Tenant Agreement”). Pursuant to the Lease Agreement, the Lessee is obligated to pay Facility Rental in an amount sufficient, together with other monies available therefor in the Bond Fund, to pay principal, interest and redemption premium, if any, when due on the Series 8 Bonds. Capitalized terms used in this Agreement that are not otherwise defined herein shall have the meaning ascribed to such terms in or pursuant to the Official Statement of the Issuer, dated December 1, 2010, relating to the Series 8 Bonds. In consideration of the purchase of the Series 8 Bonds by Citigroup Global Markets Inc. and the other underwriters named on the cover page of the Official Statement (collectively, the “Underwriters”) and the subsequent holders and beneficial owners of the Series 8 Bonds and the undertakings set forth in this Agreement, the parties hereto agree as follows:

ARTICLE I

Definitions

Section 1.1 Definitions. The following terms used in this Agreement shall have the following respective meanings:

(1) “Affiliate” means any Person who directly or indirectly controls, or is under common control with, or is controlled by, the Lessee and, if such Person is an individual, any member of the immediate family (including parents, spouse, children and siblings) of such individual and any trust whose principal beneficiary is such individual or one or more members of such immediate family and any Person who is controlled by any such member or trust. As used in this definition, “control of” (including, with its correlative meanings, “controlled by” and “under common control with”) any Person shall mean possession, directly or indirectly, of power to direct or cause the direction of management or policies of such Person (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise), provided that, in any event, any Person who owns directly or indirectly 10% or more of the securities having ordinary voting power for the election of directors or other governing body of a corporation or 10% or more of the partnership or other ownership interest of any other Person will be deemed to control such corporation or other Person. Notwithstanding the foregoing, each director, officer, Authorized Representative of members, Executive Committee Members, Adjunct Committee Members, Project Directors, General Managers, Finance Managers, other Managers, or employees of the Lessee or Parent or other Affiliate, and Parent and its Affiliates shall be deemed to be included in the term “Affiliate” of the Lessee.

(2) “Annual Financial Information” means, collectively, (A) financial information and operating data with respect to the Lessee, as follows:

- (a) Audited Financial Statements of the Lessee for the Fiscal Year most recently ended;
- (b) the Annual Operating Budget for the then-current Fiscal Year of the Lessee;
- (c) a list of airlines operating at Terminal 4 as of December 31 of the Fiscal Year most recently ended, and each such airline's affiliation with a major global airline alliance, if any, as of such date, similar to the information with respect to Terminal 4 set forth in the map on page __ of the Official Statement;
- (d) a statement setting forth the number of contact gates at Terminal 4 used for active loading of passengers as of December 31 of the Fiscal Year most recently ended, and the number of such gates subleased by Delta as of such date;
- (e) the outstanding principal amount of the Series 6 Bonds and the outstanding balance of the Subordinated Port Authority Investment, each as of December 31 of the Fiscal Year most recently ended;
- (f) a statement identifying whether any additional Terminal 4 Bonds, as defined in the Official Statement, were issued during the Fiscal Year most recently ended, and, if so, the outstanding principal amount of such additional Terminal 4 Bonds;
- (g) a chart setting forth the total enplaned and deplaned passenger traffic of each of the top 30 airline users of Terminal 4, and the percentage that each airline's traffic represents of the total number of passengers enplaned and deplaned, substantially in the form of the chart set forth on page __ of the Official Statement;
- (h) a statement identifying the balances of each of the Operations and Maintenance Reserve Fund, the Major Maintenance and Renewal Fund, and the Capital Improvements Reserve Fund as of December 31 of the Fiscal Year most recently ended, and a statement of the difference between each such balance and the required minimum balance for the applicable fund, if any;
- (i) a statement identifying the number of employees engaged by the Lessee to oversee the operation and maintenance of Terminal 4 as of December 31 of the Fiscal Year most recently ended;
- (j) a statement of the amount of all-risk property insurance coverage maintained by the Lessee on Terminal 4, including a statement of the amount of coverage for terrorism-related events, and a statement of the amount of pollution legal liability insurance maintained by Lessee, each as of December 31 of the Fiscal Year most recently ended;
- (k) a statement of the percentages of the design and construction of the 2010 Expansion Project that had been completed as of December 31 of the Fiscal Year most recently ended;
- (l) a statement of the percentage of the total estimated value of the 2010 Expansion Project for which construction contract bids had been awarded or were under consideration as of December 31 of the Fiscal Year most recently ended;
- (m) a statement identifying the balance of the Series 8 Account of the Construction Fund, including the amount in such fund reserved for the payment of capitalized interest on the Series 8 Bonds, if any, and the balance of the Series 8 Account of the Debt Service Reserve Fund, each as of December 31 of the Fiscal Year most recently ended;

- (n) a chart setting forth the debt service schedule for the outstanding Series 6 Bonds and the Series 8 Bonds, substantially in the form of the chart set forth on page ___ of the Official Statement;
- (o) a chart setting forth the Lessee's cash flow and debt service coverage calculations for the Fiscal Year most recently ended, substantially in the form of and including each of the categories included in the chart set forth on page ___ of the Official Statement;
- (p) such narrative explanation as may be necessary to avoid misunderstanding and to assist the reader in understanding the presentation of financial and operating data concerning the Lessee; and

(B) the information regarding amendments to this Agreement required pursuant to Section 4.2(c) and Section 4.2(d) of this Agreement.

The Lessee and the Trustee hereby agree and acknowledge that the descriptions contained in clause (A) above of financial information and operating data constituting Annual Financial Information are of general categories of financial information and operating data and that when such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information.

(3) "Audited Financial Statements" means the annual financial statements, if any, of the Lessee, audited by a firm of nationally recognized independent accountants. Audited Financial Statements shall be prepared in accordance with GAAP; provided, however, that the Lessee may, from time to time, if required by GAAP, modify the accounting principles to be followed in preparing its financial statements. The written notice of any such modification required by Section 4.2(d) hereof shall include a reference to the specific governing pronouncement describing such accounting principles.

(4) "Counsel" means nationally recognized bond counsel or counsel expert in federal securities laws.

(5) "Dissemination Agent" shall mean any dissemination agent designated in writing by the Lessee and that has filed with the Trustee a written acceptance of such designation. Initially, the Trustee shall be the Dissemination Agent.

(6) "Fiscal Year" means the fiscal year (currently January 1 to December 31) of the Lessee.

(7) "GAAP" means generally accepted accounting principles in the United States of America in effect from time to time.

(8) "Disclosure Event" means any of the following events with respect to the Series 8 Bonds, whether relating to the Lessee or otherwise:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related default, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-

TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

- (vii) modifications to rights of security holders, if material;
- (viii) bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the securities, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Lessee or the Issuer;
- (xiii) the consummation of a merger, consolidation, or acquisition involving the Lessee or the Issuer or the sale of all or substantially all of the assets of the Lessee or the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(9) “Disclosure Event Notice” means notice of a Disclosure Event.

(10) “MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

(11) “Official Statement” means the “final official statement” as defined in paragraph (f)(3) of the Rule.

(12) “Person” means any firm, association, partnership (including a limited partnership or limited liability partnership), trust, corporation or other legal entity, including a public body, as well as a natural person.

(13) “Resolutions” means the Special Project Bond Resolution adopted by the Issuer’s Board of Commissioners on June 9, 1983, as amended by the resolution establishing and authorizing the issuance of Special Project Bonds, Series 8, JFK International Air Terminal LLC Project adopted by the Issuer’s Board of Commissioners on August 5, 2010.

(14) “Rule” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240., §240. 15c2-12), as in effect on the date of this Agreement, including any official interpretations thereof issued either before or after the effective date of this Agreement that are applicable to this Agreement.

(15) “SEC” means the United States Securities and Exchange Commission.

(16) “State” means the State of New York.

(17) “Subordinated Port Authority Investment” means the \$173,300,000 investment of the Issuer made during the initial construction of Terminal 4 to finance its completion.

ARTICLE II The Undertaking

Section 2.1 Purpose; No Issuer Responsibility or Liability. This Agreement shall constitute a written undertaking for the benefit of the holders and beneficial owners of the Series 8 Bonds, and is being executed and delivered solely to assist the Underwriters in complying with subsection (b)(5) of the Rule. The Lessee and the Trustee acknowledge that the Issuer has undertaken no responsibility, and shall not be required to undertake any responsibility, with respect to any reports, notices or disclosures required by or provided pursuant to this Agreement, and shall have no liability to any person, including any holder of the Series 8 Bonds, with respect to any such reports, notices or disclosures. Because only the Lessee is directly responsible for making payments to support the payment of debt service on the Series 8 Bonds, the Lessee is the sole “obligated person” under the Rule for whom financial information or operating data is presented in the Official Statement.

Section 2.2 Annual Financial Information. (a) The Lessee shall, or shall cause the Dissemination Agent (if other than the Lessee) to, not later than 120 days after the end of each Fiscal Year of the Lessee, commencing with the Fiscal Year ending December 31, 2010, file with the MSRB the Annual Financial Information. Not later than such date, the Lessee shall file such Annual Financial Information with the Dissemination Agent (if other than the Lessee) and the Trustee (if the Trustee is not the Dissemination Agent). In each case, (i) the Annual Financial Information may be submitted as a single document or as separate documents comprising a package and (ii) the audited financial statements of the Lessee may be submitted separately from the balance of the Annual Financial Information. The Trustee shall have no duty to review or analyze such Annual Financial Information or any financial statements delivered to it pursuant to this Agreement and the Trustee shall not be deemed to have notice of any information contained therein or event of default that may be disclosed therein in any manner. Notwithstanding anything in this Section 2.2 to the contrary, the information described in subsection (A)(k) of the definition of “Annual Financial Information” shall only be provided for the Fiscal Years through and including the first year in which the 2010 Expansion Project is completed, and the information described in subsection (A)(l) of the definition of “Annual Financial Information” shall only be provided for the Fiscal Years through and including the first year in which construction contract bids had been awarded or are under consideration for 100% of the total estimated value of the 2010 Expansion Project as of December 31 of the Fiscal Year most recently ended.

(b) If (i) by 15 business days prior to the date specified in the first sentence of subsection (a) of this Section 2.2 for providing the Annual Financial Information to the MSRB, the Trustee has not received a copy of the Annual Financial Information or (ii) by the date specified in the first sentence of subsection (a) of this Section 2.2, the Trustee has not received written notification that the Annual Financial Information has been filed with the MSRB as required by subsection (d)(ii) of this Section 2.2, the Trustee shall contact the Lessee and the Dissemination Agent (if other than the Lessee or the Trustee) to determine if the Lessee is in compliance with subsection (a) of this Section 2.2.

(c) If, after contacting the Lessee and the Dissemination Agent as required by subsection (b) of this Section 2, the Trustee is unable to verify (based on information provided by the Lessee and/or the Dissemination Agent) that the Annual Financial Information has been provided to the MSRB by the date required in subsection (a) of this Section 2.2, the Trustee shall send a notice promptly to the MSRB, which notice shall be in substantially the form attached hereto as Exhibit A.

(d) The Lessee agrees that it shall:

(i) file or cause to be filed each year the Annual Financial Information with the MSRB; and

(ii) file or cause to be filed a report with the Trustee (if the Dissemination Agent is not the Trustee) certifying that the Annual Financial Information has been provided to the MSRB as required by subsection (a) of this Section 2.2, stating the date it was filed.

Section 2.3 Audited Financial Statements. If not provided as part of Annual Financial Information by the date required by Section 2.2 hereof, the Lessee shall provide its Audited Financial Statements, when and if

available, to the Dissemination Agent. The Dissemination Agent shall provide any such Audited Financial Statements to (i) the MSRB, (ii) the Trustee, and (iii) the Issuer, in each case within 10 business days after receipt by the Dissemination Agent.

Section 2.4 Disclosure Event Notices. (a) If a Disclosure Event occurs, the Lessee shall provide or cause the Dissemination Agent to provide, in a timely manner not in excess of seven business days after the occurrence of the event, a Disclosure Event Notice to the Trustee. The Trustee shall provide each such Disclosure Event Notice to (i) the MSRB, (ii) the Issuer and (iii) each holder or beneficial owner of a Series 8 Bond requesting the same in writing from the Trustee, in each case within three business days after receipt by the Trustee and cumulatively within ten business days after the occurrence of the event.

(b) Upon any legal defeasance of Series 8 Bonds, the Lessee shall provide notice of such defeasance to the MSRB, which notice shall state whether the Series 8 Bonds have been defeased to maturity or to a redemption date and the timing of such maturity or redemption.

(c) The Trustee shall promptly advise the Lessee and the Issuer whenever, in the course of performing its duties as Trustee under the Trust Indenture, dated as of May 13, 1997, as amended and supplemented by the First Supplemental Trust Indenture, dated _____, 2010 between the Issuer and the Trustee (collectively, the "Trust Indenture") or the Trust Administration Agreement, the Trustee has actual notice of an occurrence that would require the Lessee to provide a Disclosure Event Notice hereunder; provided, however, that the failure of the Trustee so to advise the Lessee or the Issuer shall not constitute a breach by the Trustee of any of its duties and responsibilities under this Agreement, the Trust Indenture or the Trust Administration Agreement.

Section 2.5 Additional Disclosure. The Lessee shall provide or cause the Dissemination Agent to provide to the Trustee: (a) as soon as reasonably practicable after the end of each month, monthly updates on the status of construction of the 2010 Expansion Project until construction of the 2010 Expansion Project has been completed; and (b) as soon as reasonably practicable after the end of each calendar quarter, quarterly updates on revenue, expenses and traffic relating to Terminal 4 until no Series 8 Bonds remain outstanding, beginning with the first calendar quarter of 2011. The Trustee shall provide each update received by the Trustee under this Section 2.5 to (i) the MSRB, (ii) the Issuer, and (iii) each holder or beneficial owner of a Series 8 Bond requesting the same in writing from the Trustee, in each case within three business days after receipt by the Trustee.

Section 2.6 Additional Disclosure Obligations. The Lessee acknowledges and understands that other state and Federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Lessee, and that under some circumstances compliance with this Agreement, without additional disclosures or other action, may not fully discharge all duties and obligations, if any, of the Lessee under such laws.

Section 2.7 Additional Information. Nothing in this Agreement shall be deemed to prevent the Lessee from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information or Disclosure Event Notice, in addition to that which is required by this Agreement. If the Lessee chooses to include any information in any Annual Financial Information or Disclosure Event Notice in addition to that which is specifically required by this Agreement, the Lessee shall have no obligation under this Agreement to update such information or include it in any future Annual Financial Information or Disclosure Event Notice.

Section 2.8 No Previous Non-Compliance. The Lessee represents that, except as disclosed in the Official Statement, it has not failed to comply in any material respect with any previous undertaking in a written contract or agreement specified in paragraph (b)(5)(i) of the Rule.

ARTICLE III Operating Rules

Section 3.1 Reference to Other Documents. It shall be sufficient for purposes of Section 2.2 hereof if the Lessee provides Annual Financial Information by specific reference to any documents either (i) filed with the SEC, or (ii) any document available from the MSRB if such document is an Official Statement.

Section 3.2 Submission of Information. Annual Financial Information may be provided in one document or multiple documents, and at one time or in part from time to time.

Section 3.3 Disclosure Event Notices. Each Disclosure Event Notice provided by the Trustee shall be so captioned and shall prominently state the title, date and CUSIP numbers of the Series 8 Bonds.

Section 3.4 Transmission of Information and Notices. Unless otherwise required by law and, in the Trustee's sole determination, subject to technical and economic feasibility, the Trustee shall employ such methods of information and notice transmission as shall be requested or recommended by the herein-designated recipients of the Lessee's information and notices.

Section 3.5 Fiscal Year. Annual Financial Information shall be provided at least annually notwithstanding any Fiscal Year longer than 12 calendar months. The Lessee's current Fiscal Year is January 1 – December 31, and the Lessee shall promptly notify the Trustee in writing of each change in its Fiscal Year. The Trustee shall provide such notice to the MSRB and the Issuer, in each case within 10 business days after receipt by the Trustee.

ARTICLE IV Termination, Amendment and Enforcement

Section 4.1 Termination. (a) If the Lessee's obligations under the Lease Agreement are assumed in full by some other entity so that the Lessee is no longer an "obligated person" under the Rule, such other entity shall be responsible for compliance with this Agreement in the same manner as if it were the Lessee, and thereupon the original Lessee shall have no further responsibility hereunder.

(b) The Lessee's (including any successor or assignee of the Lessee) and the Trustee's obligations under this Agreement shall terminate upon a legal defeasance pursuant to the Resolutions, prior redemption or payment in full of all of the Series 8 Bonds.

(c) This Agreement, or any provision hereof, shall be null and void in the event that (1) the Lessee delivers to the Trustee an opinion of Counsel, addressed to the Lessee, the Issuer and the Trustee, to the effect that those portions of the Rule that require this Agreement, or any of the provisions hereof, do not or no longer apply to the Series 8 Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) the Trustee delivers copies of such opinion to the MSRB and the Issuer. The Trustee shall so deliver such opinion within one business day after receipt by the Trustee.

Section 4.2 Amendment; Waiver. (a) This Agreement may be amended or any provision hereof may be waived, by written agreement of the parties, without the consent of the holders of the Series 8 Bonds (except to the extent required under clause (4)(ii) below), if all of the following conditions are satisfied; (1) if such amendment or waiver relates to the provisions of Sections 2.2, 2.3, 2.4 or 4.2 or to any definition related thereto, such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Lessee or the type of business conducted thereby, (2) this Agreement as so amended or taking into account such waiver would have complied with the requirements of the Rule as of the date of this Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the Lessee shall have delivered to the Trustee an opinion of Counsel, addressed to the Lessee, the Issuer and the Trustee, to the same effect as set forth in clause (2) above, (4) either (i) the Lessee shall have delivered to the Trustee an opinion of Counsel or a determination by a person, in each case unaffiliated with

the Issuer or the Lessee (such as counsel to the Trustee) and acceptable to the Lessee, addressed to the Lessee, the Issuer and the Trustee, to the effect that the amendment or waiver does not materially impair the interests of the holders of the Series 8 Bonds or (ii) the holders of the Series 8 Bonds consent to the amendment to or waiver of this Agreement pursuant to the same procedures as are required for amendments to the Resolutions with consent of holders of Series 8 Bonds pursuant to the Resolutions as in effect on the date of this Agreement, and (5) the Trustee shall have delivered copies of such opinion(s) and amendment or waiver to the MSRB and the Issuer. The Trustee shall so deliver such opinion(s) and amendment or waiver within one business day after receipt by the Trustee.

(b) In addition to subsection (a) above, this Agreement may be amended and any provision of this Agreement may be waived, by written agreement of the parties, without the consent of the holders of the Series 8 Bonds, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Agreement that is applicable to this Agreement, (2) the Lessee shall have delivered to the Trustee an opinion of Counsel, addressed to the Lessee, the Issuer and the Trustee, to the effect that performance by the Lessee and the Trustee under this Agreement as so amended or giving effect to such waiver, as the case may be, will not result in a violation of the Rule and (3) the Trustee shall have delivered copies of such opinion and amendment or waiver to the MSRB and the Issuer. The Trustee shall so deliver such opinion and amendment or waiver within one business day after receipt by the Trustee.

(c) To the extent any amendment to or waiver of a provision of this Agreement results in a change in the type of financial information or operating data provided pursuant to this Agreement, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment or waiver and the impact of the change.

(d) If an amendment is made to the accounting principles to be followed in preparing financial statements, the Annual Financial Information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information. Notice of such amendment shall be provided by the Lessee to the Trustee; the Trustee shall provide such notice to the MSRB and the Issuer, in each case within one business day after receipt by the Trustee.

Section 4.3 Benefit; Third-Party Beneficiaries; Enforcement. (a) The provisions of this Agreement shall inure solely to the benefit of the parties and the holders and beneficial owners from time to time of the Series 8 Bonds.

(b) Except as provided in this subsection (b), the provisions of this Agreement shall create no rights in any other person or entity. The obligations of the Lessee to comply with the provisions of this Agreement shall be enforceable (i) in the case of enforcement of obligations to provide financial statements, financial information, operating data and notices, by any holder of Outstanding Series 8 Bonds, or by the Trustee on behalf of the holders of Outstanding Series 8 Bonds, or (ii) in the case of challenges to the adequacy of the financial statements, financial information and operating data so provided, by the Trustee on behalf of the holders of Outstanding Series 8 Bonds: provided, however, that the Trustee shall not be required to take any enforcement action except at the direction of the Issuer (but the Issuer shall have no obligation to take any such action), or the holders of not less than a majority in aggregate principal amount of the Series 8 Bonds at the time Outstanding, who shall have provided the Trustee with adequate security and indemnity. The holders' and Trustee's rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the Lessee's obligations under this Agreement. In consideration of the rights of beneficial owners of the Series 8 Bonds pursuant to subsection (a) of this Section, beneficial owners shall be deemed to be holders of the Series 8 Bonds for purposes of this subsection (b).

(c) Any failure by the Lessee or the Trustee to perform in accordance with this Agreement shall not constitute a default or an event of default under the Trust Indenture, Resolutions, the Lease Agreement, the Anchor Tenant Agreement, dated _____, 2010, between the Lessee and Delta (the "Anchor Tenant Agreement"), the Amended and Restated Guaranty, dated _____, 2010, by Lessee in favor of the Issuer and the Trustee (the "Guaranty"), the Leasehold Mortgage, dated as of May 13, 1997, as amended and supplemented by the First

Supplemental Agreement to Leasehold Mortgage, dated _____, 2010, granted by the Lessee in favor of the Trustee (collectively, the "Leasehold Mortgage"), the Personal Property Security Interest, dated May 13, 1997, as amended and supplemented by the First Supplemental Personal Property Security Interest, dated _____, 2010, between the Lessee and the Issuer (collectively, the "Personal Property Security Interest"), the Amended and Restated Port Authority Financing Consent and Agreement, , dated _____, 2010, by and among the Issuer, the Lessee, the Trustee and National Public Finance Guarantee Corporation, or the other Financing Documents, and the rights and remedies provided by the Trust Indenture, the Special Project Bond Resolution, the Series Resolution, the Lease Agreement, the Anchor Tenant Agreement, the Guaranty, the Leasehold Mortgage, the Personal Property Security Interest or the other Financing Documents, upon the occurrence of a default or an event of default shall not apply to any such failure.

(d) THIS AGREEMENT SHALL BE CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES THEREOF AND ANY SUITS AND ACTIONS ARISING OUT OF THIS AGREEMENT SHALL BE INSTITUTED IN A COURT OF COMPETENT JURISDICTION IN THE STATE OF NEW YORK; PROVIDED, HOWEVER, THAT TO THE EXTENT THIS AGREEMENT ADDRESSES MATTERS OF FEDERAL SECURITIES LAWS, INCLUDING THE RULE, THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH SUCH FEDERAL SECURITIES LAWS AND OFFICIAL INTERPRETATIONS THEREOF.

ARTICLE V Miscellaneous

Section 5.1 Duties, Immunities and Liabilities of Trustee. The Trustee shall have only such duties under this Agreement as are specifically set forth in this Agreement, and the Lessee agrees to indemnify and save the Trustee, its officers, directors, employees and agents, harmless against any loss, expense and liabilities that it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees and expenses) of defending against any claim of liability, but excluding liabilities due to the Trustee's gross negligence or willful misconduct. Such indemnity shall be separate from and in addition to that provided to the Trustee under the Trust Indenture. The obligations of the Lessee under this Section shall survive resignation or removal of the Trustee and payment of the Series 8 Bonds.

Section 5.2 Non-liability of Individuals, Members, etc.

Without derogating from the limitation of the holders' and the Trustee's rights set forth in Section 4.3(b) hereof, the recourse of the Trustee with respect to the indemnity set forth in Section 5.1 hereof shall be limited in accordance with the following provisions of this Section 5.2:

Notwithstanding any other provision of this Agreement to the contrary, no (x) Commissioner, director, employee, committee member, manager, managing director, officer, agent, representative, nor any (y) owner, shareholder, member, partner, controlling Person, principal, or ultimate beneficial owner, in each case, whether direct or indirect, of the Trustee or of the Lessee or any affiliate of the Trustee or the Lessee or of any of the foregoing, shall be charged personally or held contractually liable by or to the other party, or any third-party beneficiary hereof, under, or in connection with, any term or provision of this Agreement or of any supplement, modification or amendment to this Agreement or because of any breach thereof, or because of its or their execution or attempted execution.

Notwithstanding any other provision of this Agreement to the contrary, and as a material consideration for the Lessee's entry into this Agreement, it is acknowledged and agreed that: (x) neither the Trustee (or any of its successors or assigns), nor any third-party beneficiary hereof, shall have any recourse or shall make any claim under or in connection with this Agreement, against (i) any member of the Lessee, or (ii) (A) any of the Affiliates or affiliates of the Lessee or of any such member, or (iii) any (A) officer, committee member, director, manager, managing director, employee, agent, representative or (B) owner, shareholder, member, partner, principal, controlling Person or ultimate beneficial owner, in each case, whether direct or indirect, of any of the Persons mentioned in clauses (i) and (ii) above, under, or in connection with, this Agreement and the sole recourse of the Trustee (or its successors or assigns) and any third-party beneficiary hereof shall be against the Lessee's assets

irrespective of any failure of the Lessee to comply with applicable Law or any provision of this Agreement, and (y) neither the Trustee (or its successors or assigns) nor any third-party beneficiary hereof shall be subrogated, or have any right of subrogation, to any claim of the Lessee for any capital contributions to the Lessee from any member of the Lessee. The acknowledgements and agreements set forth in this Section are made expressly for the benefit of the Persons referred to in clauses (i), (ii) and (iii) above, individually or collectively.

Section 5.3 Dissemination Agent. The Lessee may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Lessee shall be the Dissemination Agent. The Lessee shall provide prompt written notice to the Trustee of the appointment of any Dissemination Agent other than the Lessee, which such written notice shall include current contact information for the Dissemination Agent.

Section 5.4 Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have each caused this agreement to be executed by their duly authorized representatives, and the Issuer has caused its corporate seal to be hereunto affixed and attested by an authorized representative, all as of the date first above written.

JFK INTERNATIONAL AIR TERMINAL LLC

By: _____
Name:
Title: Executive Committee Member

THE BANK OF NEW YORK MELLON, as Trustee for the
Series 8 Bonds

By: _____
Name:
Title:

EXHIBIT A
to Continuing Disclosure Agreement

NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD OF FAILURE TO FILE ANNUAL
FINANCIAL INFORMATION

Name of Bond Issue: _____

Name of Company: _____

Date of Issuance: _____

CUSIP: _____

NOTICE IS HEREBY GIVEN that the Company named above has not provided the required annual financial information as required under that certain Continuing Disclosure Agreement, dated as of _____, 2010, between the Company listed above and the undersigned, as trustee, relating to the Bonds described above, on or before the date such information was required to be provided pursuant to such Continuing Disclosure Agreement.

Dated:

The Bank of New York Mellon,
as trustee

By: _____
Name: _____
Title: _____

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APPENDIX H

FORM OF LEGAL OPINION OF GENERAL COUNSEL OF THE PORT AUTHORITY

In connection with the delivery upon original issuance of the Series 8 Bonds by the Port Authority, General Counsel of the Port Authority will render a legal opinion on such date relating to the Series 8 Bonds, substantially in the following form.

[Letterhead of the General Counsel of the Port Authority]

[Date of delivery
upon original issuance]

The Board of Commissioners
The Port Authority of New York and New Jersey
225 Park Avenue South
New York, New York 10003

**The Port Authority of New York and New Jersey
Special Project Bonds, Series 8,
JFK International Air Terminal LLC Project**

Dear Commissioners:

I have examined into the validity of the \$..... Special Project Bonds, Series 8, JFK International Air Terminal LLC Project, dated as of, 2010 (the “Bonds”), of The Port Authority of New York and New Jersey, a body corporate and politic and a municipal corporate instrumentality of the States of New York and New Jersey created and existing by virtue of the Compact of April 30, 1921, made by and between said States and thereafter consented to by the Congress of the United States (the “Authority”).

The Bonds are issued pursuant to and in conformity with the Compact of April 30, 1921 and the various statutes of the States of New York and New Jersey amendatory thereof and supplemental thereto and under and pursuant to and in conformity with (a) the resolution of the Authority adopted June 9, 1983, entitled “*Special Project Bonds – Establishment of Issue*” (the “Special Project Bond Resolution”); (b) the resolution of the Authority adopted August 5, 2010, entitled “*Special Project Bonds, Series 8 and 9, JFK International Air Terminal LLC Project – Establishment and Authorization of Issuance*” (the “Series Resolution”); and (c) the resolution of the Authority adopted August 5, 2010, entitled “*Special Project Bonds, Series 8 and 9, JFK International Air Terminal LLC Project – Authorization of Sale.*”

The Bonds are being issued in connection with an expansion of Terminal 4 at John F. Kennedy International Airport (the “2010 Expansion Project”), pursuant to Lease No. AYC-685 dated as of May 13, 1997, as amended and supplemented by that certain Supplemental Lease Agreement No. 1, dated as of August 10, 2001, that certain Supplemental Lease Agreement No. 2, dated as of December 20, 2002, that certain Supplemental Lease Agreement No. 3, dated as of January 1, 2004, that certain Supplemental Lease Agreement No. 4, dated as of December 1, 2004, and that certain Supplemental Lease Agreement No. 5, dated as of, 2010 (collectively, the “Lease”), entered into by the Authority, as lessor, and JFK International Air Terminal LLC, as lessee (the “Lessee”), to finance certain 2010 Expansion Project Costs (as defined in the Lease).

Pursuant to a leasehold mortgage dated as of May 13, 1997, as amended and supplemented in connection with the Bonds by the First Supplemental Agreement to Leasehold Mortgage dated as of2010, from the Lessee, as mortgagor, to The Bank of New York Mellon, as trustee for the Bonds (the “Trustee”), as mortgagee, the Lessee has granted a mortgage of all its right, title and interest in and to its leasehold interest under the Lease to the Trustee. The Lessee has further granted a security interest in all of its right, title and interest in and to certain agreements and in certain items of its personalty located or to be located at Terminal 4, to the Authority pursuant to a Personal Property Security Interest by the Lessee dated as of May 13, 1997, as amended and supplemented in connection with

the Bonds by the First Supplemental Personal Property Security Interest dated as of 2010. Pursuant to a trust indenture dated as of May 13, 1997, as amended and supplemented in connection with the Bonds by the First Supplemental Trust Indenture dated as of 2010 ("First Supplemental Trust Indenture"), between the Authority and the Trustee (collectively, the "Trust Indenture"), the Authority has pledged, mortgaged and assigned to the Trustee, certain revenues, assets and rights specifically pledged, mortgaged and assigned by the Special Project Bond Resolution and the Series Resolution, including all of its right, title and interest in and to such Personal Property Security Interest by the Lessee. Further, the Lessee has guaranteed the payment of debt service on the Bonds pursuant to an Amended and Restated Guaranty by JFK International Air Terminal LLC dated as of, 2010, by the Lessee in favor of the Trustee.

I have examined the Constitutions of the United States and of the States of New York and New Jersey; legislation affecting the Authority; pertinent resolutions of the Authority, including the Consolidated Bond Resolution, adopted by the Authority on October 9, 1952 (the "Consolidated Bond Resolution"), the Special Project Bond Resolution and the Series Resolution; a certified determination of the Treasurer of the Authority with respect to action taken by the Treasurer on, 2010, in connection with the sale of the Bonds to the underwriters for the Bonds, which, among other matters, fixed and determined certain of the terms of the Bonds; the Lease; the Trust Indenture; a certificate with respect to the Bonds; a certificate with respect to the use, investment and disposition of the proceeds of, and other actions to be taken in connection with, the Bonds (the "Tax Certificate"); an agreement dated as of May 13, 1997, as amended and supplemented by that certain First Supplemental Trust Administration Agreement, dated as of August 10, 2001, that certain Second Supplemental Trust Administration Agreement, dated as of December 20, 2002, that certain Third Supplemental Trust Administration Agreement, dated as of January 1, 2004, that certain Fourth Supplemental Trust Administration Agreement, dated as of December 1, 2004, that certain Fifth Supplemental Trust Administration Agreement, dated as of December 1, 2007, and that certain Sixth Supplemental Trust Administration Agreement dated as of2010, between the Trustee and the Lessee with respect to the use, investment and disposition of the proceeds of, and other actions to be taken in connection with, the Bonds (collectively, the "Trust Administration Agreement"); a certificate from Delta Air Lines, Inc. ("Delta") with respect to certain actions to be taken in connection with, the use, investment and disposition of the proceeds of the Bonds (the "Delta Tax Certificate"); a certificate with respect to the delivery of the Bonds and the receipt of full payment for the Bonds; an agreement dated as of, 2010, among the Lessee, the Authority, the Trustee, and National Public Finance Guarantee Corporation pertaining to certain consents, confirmations and agreements with respect to the Bonds (the "Amended and Restated Port Authority Financing Consent and Agreement"), and such other materials as I deemed necessary or appropriate for the purposes hereof.

I am of the opinion, on the basis of such examination and in the light of the actions of the Authority contemplated by and described in the referenced materials examined, that all necessary proceedings have been taken by the Authority for the issuance of the Bonds; that the Bonds have been duly executed, delivered and paid for in accordance with the actions authorizing their sale, and, accordingly, that the Bonds, which are underlying mortgage bonds (as defined by the Consolidated Bond Resolution), now constitute valid and legally binding special limited obligations of the Authority in accordance with their terms, to which the full faith and credit of the Authority are not pledged, secured by the Authority solely in the manner provided in the Special Project Bond Resolution, the Series Resolution and the Trust Indenture by those revenues, assets and rights specifically pledged, mortgaged and assigned by the Special Project Bond Resolution, the Series Resolution and the Trust Indenture, on a parity basis with Special Project Bonds, Series 6, JFK International Air Terminal LLC Project (the "Series 6 Bonds"); that the Supplemental Lease Agreement No. 5 and the First Supplemental Trust Indenture have been properly authorized, duly executed and delivered by the Authority; and that the Lease and the Trust Indenture are now in full force and effect, and, accordingly, now constitute valid and legally binding agreements of the Authority in accordance with their respective terms.

I am also of the opinion, on the basis of such examination and in the light of the actions of the Authority contemplated by and described in the referenced materials examined, that under the existing Acts of Congress, the regulations thereunder, and judicial decisions, and assuming compliance with the Tax Certificate, with certain representations and covenants in the Trust Administration Agreement by the Trustee and the Lessee and with certain representations and covenants in the Delta Tax Certificate by Delta, interest (including that portion of any original issue discount accruing in any year) on the Bonds is not includible, for Federal income tax purposes, in the gross income of the recipients thereof under Section 103(a) of the Internal Revenue Code of 1986 (the "Code"); *provided*,

however, that no opinion is expressed with respect to the includibility of interest on any bond or bonds of this series, for Federal income tax purposes, in the gross income of the recipients thereof under Section 103(a) of the Code for any period during which such bond or bonds of this series are held by a substantial user (or related person) of facilities provided from the proceeds of the Bonds within the meaning of Section 147(a) of the Code and the regulations thereunder. Non-compliance with the Tax Certificate and/or with certain representations and covenants in the Trust Administration Agreement by the Trustee and the Lessee and/or in the Delta Tax Certificate by Delta may cause interest (including that portion of any original issue discount accruing in any year) on the Bonds to be includible, for Federal income tax purposes, retroactively in the gross income of the recipients thereof, irrespective of when such non-compliance may occur or be ascertained. In addition, I am of the opinion, on the basis of the foregoing, that interest (including that portion of any original issue discount accruing in any year) on the Bonds is neither treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations nor included in the adjustment to the corporate alternative minimum tax with respect to adjusted current earnings; *provided, however*, that no opinion is expressed concerning such treatment in the event of non-compliance with the Tax Certificate, and/or with certain representations and covenants in the Trust Administration Agreement by the Trustee and the Lessee and/or in the Delta Tax Certificate by Delta.

I am also of the opinion, on the basis of such examination and in the light of the actions of the Authority contemplated by and described in the referenced materials examined, that the Bonds and interest (including that portion of any original issue discount accruing in any year) thereon are exempt, under the Compact of April 30, 1921 and supplementary legislation, from any and all taxation (except estate, inheritance and gift taxes) now or hereafter imposed directly thereon by or under authority of the States of New York and New Jersey or by any political subdivision thereof.

I am further of the opinion, on the basis of such examination and in the light of the actions of the Authority contemplated by and described in the referenced materials examined, that the Bonds are legal under existing legislation for investment for state and municipal officers, banks and savings banks, insurance companies, trustees and other fiduciaries in the States of New York and New Jersey, and that the Bonds are eligible under existing legislation for deposit with state or municipal officers or agencies of the States of New York and New Jersey for any purpose for which the bonds or other obligations of such States may be deposited.

On behalf of the Authority, my office has reviewed the information contained in the Official Statement dated 2010 (the "Official Statement"), pertaining to the Bonds, and has participated in discussions in which the contents of the Official Statement and related matters were considered. On the basis of the foregoing, and without offering any comment on, or assuming responsibility for, the accuracy, completeness or adequacy of the contents of the Official Statement, we have no reason to believe that the statements in the Official Statement under the headings "INTRODUCTORY STATEMENT – Authorization for the Series 8 Bonds," "- Details of the Series 8 Bonds," "- Security and Sources of Payment," and "- Parity Obligations and Additional Terminal 4 Bonds; Rights of Parity Bondholders," "THE PORT AUTHORITY," "THE AIRPORT -General," "- The City Lease," and "-Terminal Development at the Airport" (excluding the last sentence thereof), "DESCRIPTION OF THE SERIES 8 BONDS," "SECURITY AND SOURCES OF PAYMENT," "LEGALITY FOR INVESTMENT AND ELIGIBILITY FOR DEPOSIT," and "TAX EXEMPTION" and in Appendices C-1 "SUMMARY OF CERTAIN PROVISIONS OF THE SPECIAL PROJECT BOND RESOLUTION," C-2 "SUMMARY OF CERTAIN PROVISIONS OF THE SERIES 8 AND 9 RESOLUTION," C-3 "SUMMARY OF CERTAIN PROVISIONS OF THE TRUST INDENTURE," and D-1 "SUMMARY OF CERTAIN PROVISIONS OF THE LEASE," D-2 "SUMMARY OF KEY CHANGES TO THE LEASE EFFECTED BY LEASE SUPPLEMENTS NOS 1-4," and D-3 SUMMARY OF CERTAIN PROVISIONS OF LEASE SUPPLEMENT NO. 5," as of the date of the Official Statement and as of the date of this opinion, contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided, however*, we offer no comment on, or assume any responsibility for, the accuracy, completeness or adequacy of any financial, statistical or engineering information appearing under such headings in the Official Statement; *provided further, however*, that statements or summaries in the Official Statement which do not purport to be comprehensive or definitive, are qualified, as appropriate, by reference to, and are subject to the complete provisions of, the documents or other materials to which they pertain.

The Code provides for interest (including that portion of any original issue discount accruing in any year) on state and local government obligations, such as the Bonds, to be taken into account in computing certain elements of individual and corporate taxes, including without limitation the foreign corporations branch profits tax and income taxes on a portion of social security or railroad retirement benefits for individuals. The nature and extent of the Federal income tax consequences of these provisions, as well as the original issue discount provisions of the Code, depend on the particular Federal income tax status of the individual or corporate taxpayer and the taxpayer's other items of income or deduction. No opinion is expressed regarding any such Federal income tax consequences.

Respectfully submitted,

Darrell Buchbinder
General Counsel

