

MODIFICATION NO. 1 TO
2011 LEASE AND USE AGREEMENT L10-0276
SAN FRANCISCO INTERNATIONAL AIRPORT
US AIRWAYS, INC.

THIS MODIFICATION OF AGREEMENT (this "Modification"), dated as of _____, 2015, is entered into by and between the City and County of San Francisco, acting by and through its Airport Commission ("City"), and US Airways, Inc. ("US Airways").

Recitals

- A. The City and County of San Francisco owns San Francisco International Airport (the "Airport") located in the County of San Mateo, State of California, which Airport is operated by and through the Airport Commission, the chief executive officer of which is the Airport Director.
- B. Pursuant to Airport Commission Resolution No. 10-0276 dated August 17, 2010, and Board of Supervisors' Resolution No. 505-10 dated November 5, 2010, US Airways became a signatory to the 2011 Lease and Use Agreement under Lease Number L10-0276 whereby, effective July 1, 2011, US Airways commenced a ten year lease agreement with the City for landing rights and the rental of certain Exclusive Use Space and Joint Use Space located in Terminal 1, and Boarding Area B ("BAB"), at the Airport (the "US Airways Agreement").
- C. Pursuant to Airport Commission Resolution No. 10-0078 dated March 16, 2010, and Board of Supervisors' Resolution No. 208-10 dated May 21, 2010, American Airlines, Inc., ("American") became a signatory to the 2011 Lease and Use Agreement under Lease Number L10-0078 whereby, effective July 1, 2011, American also commenced a ten year lease agreement with the City for landing rights and the rental of certain Exclusive Use Space and Joint Use Space located in Terminal 2, and Boarding Area D ("BAD"), at the Airport (the "American Agreement").
- D. On November 29, 2011, American and certain of its affiliates (the "Debtors") filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code, and on April 15, 2013, the Debtors filed a Debtors' Joint Chapter 11 Plan, as subsequently amended, which contemplated a merger by and among AMR Corporation, AMR Merger Sub, Inc. and US Airways Group, Inc. pursuant to an Agreement and Plan of Merger (the "Merger Agreement").
- E. In conjunction with the Chapter 11 proceedings, City and American negotiated a Cure Stipulation Agreement, dated June 5, 2013, as approved by the Board of Supervisors' Resolution No. 86-14, which, among other things, specified that: 1) American's agreements with the Airport would not be modified to reduce the overall square footage of the space leased by American, and 2) American and US Airways would have the option to co-locate and eliminate the Exclusive Use Space under the US Airways Agreement.

- F. On May 19, 2015, on an unrelated matter and to accommodate the Airport's Terminal 1 Project, US Airways relocated certain Exclusive Use Space which supports its airside operation from BAB to Boarding Area C ("BAC"), the net effect of which is as follows:

Boarding Area	Category	Relinquished	Added	Net Change
BAB	III	4,121 sq. ft.		
BAC	III		3,776 sq. ft.	(345) sq. ft.
BAB	V	7,178 sq. ft.		
BAC	V		2,800 sq. ft.	(4,378 sq. ft.)

These space changes were accomplished pursuant to an Exhibit L Space Change Summary Notice to the US Airways Agreement, dated May 19, 2015.

- G. On October 1, 2015, as part of the ongoing merger and integration process, US Airways co-located its passenger check in functions with American in Terminal 2, and on October 17, 2015, it ceased all flights nationwide under the US Airways brand, combining all operations with American in Terminal 2 pursuant to the single operating certificate issued by the FAA on April 8, 2015.
- H. US Airways and City now desire to modify the terms of the US Airways Agreement to provide for early termination in its entirety, whereby US Airways will relinquish its Exclusive Use Space and Joint Use Space comprised of:

Exclusive Use Space	
Category I	755 sq. ft.
Category II	7,288 sq. ft.
Category III	3,776 sq. ft.
Category IV	5,728 sq. ft.
Category V	2,800 sq. ft.
Joint Use Space	
Category II	216 sq. ft.

- I. Upon such termination, approximately 3,776 square feet of Category III space and 2,800 square feet of Cat V space in BAC will be added to the American Agreement pursuant to an Exhibit L Space Change Summary Notice to that agreement.
- J. Upon such termination, approximately 604 square feet of Category I space and 1,406 square feet of Category II space in Terminal 2 will be added to the American Agreement pursuant to a subsequent Exhibit L Space Change Summary Notice to that agreement.
- K. Effective October 1, 2015, US Airways ceased use of the Joint Use Space in Terminal 1 and commenced use of the Joint Use Space in Terminal 2 used by American.

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants set forth herein, and other good and valuable consideration, receipt of which is hereby acknowledged, the parties do mutually agree as follows:

1. Effective Date; Defined Terms.

(a) The effective date (the "Effective Date") of this Modification shall be the first day of the month following full City approval and conditioned upon the following: (1) the Airport Commission and Board of Supervisors shall have approved this Modification; and (2) both parties have executed this Modification; and (3) US Airways has relinquished possession of the Category I, II and IV Exclusive Use Space in Terminal 1 and Boarding Area B, as set forth below; and (4) the Category III and V Exclusive Use Space in Boarding Area C, as set forth below, has been incorporated into the American Agreement; and (5) American has added approximately 604 square feet of Category I Exclusive Use Space and 1,406 square feet of Category II Exclusive Use Space in Terminal 2 to the American Agreement pursuant to an Exhibit L Space Change Summary Notice.

(b) Capitalized terms not defined herein shall have the meanings given them in the US Airways Agreement.

2. Premises. From and after the Effective Date, US Airways' Demised Premises shall be modified as follows:

Category Type	Exclusive Use Space <i>Pre Modification</i>	Exclusive Use Space <i>Post Modification</i>
Category I	755	0
Category II	7,288	0
Category III	3,776	0
Category IV	5,728	0
Category V	2,800	0

Type	Joint Use Space <i>Pre Modification</i>	Joint Use <i>Post Modification</i>
Category II	216	0

3. **Early Termination.** From and after the Effective Date, the US Airways Agreement shall be terminated in its entirety, provided, however, that US Airways' obligations under those terms of the US Airways Agreement that expressly survive expiration or termination will continue in full force and effect.

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MOD NO 1 (FINAL).DOC

IN WITNESS WHEREOF, the parties hereto have executed this Modification in duplicate by their duly authorized officers the day and year first hereinabove written.

AIRLINE: US Airways, Inc.,
a Delaware corporation

By: 
Name: Kirk Hotelling
Title: Managing Director - Corporate Real Estate
Managing Director,
Corporate Real Estate

CITY: CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation,
acting by and through its Airport Commission

By: _____
John L. Martin *lf*
Airport Director


AUTHORIZED BY AIRPORT COMMISSION

Resolution No. _____

Adopted: _____

Attest: _____
Secretary
Airport Commission

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By 
Luke W. Bowman
Deputy City Attorney

