UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the Quarterly Period Ended March 31, 2021

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the Transition Period From to

Commission file number 1-8400

American Airlines Group Inc.

(Exact name of registrant as specified in its charter)

Delaware	**75-1825172**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1 Skyview Drive, Fort Worth, Texas 76155	**(682) 278-9000**
(Address of principal executive offices, including zip code)	(Registrant's telephone number, including area code)

Commission file number 1-2691

American Airlines, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**13-1502798**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1 Skyview Drive, Fort Worth, Texas 76155	**(682) 278-9000**
(Address of principal executive offices, including zip code)	(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value per share	**AAL**	**The Nasdaq Global Select Market**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

American Airlines Group Inc.	☒	Yes	☐	No
American Airlines, Inc.	☒	Yes	☐	No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

American Airlines Group Inc.	☒	Yes	☐	No
American Airlines, Inc.	☒	Yes	☐	No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

American Airlines Group Inc.	☒	Large accelerated filer	☐	Accelerated filer	☐	Non-accelerated filer	☐	Smaller reporting company	☐	Emerging growth company
American Airlines, Inc.	☐	Large accelerated filer	☐	Accelerated filer	☒	Non-accelerated filer	☐	Smaller reporting company	☐	Emerging growth company

If an emerging growth company, indicate by checkmark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

American Airlines Group Inc.	☐
American Airlines, Inc.	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

American Airlines Group Inc.	☐	Yes	☒	No
American Airlines, Inc.	☐	Yes	☒	No

As of April 16, 2021, there were 641,383,123 shares of American Airlines Group Inc. common stock outstanding.

As of April 16, 2021, there were 1,000 shares of American Airlines, Inc. common stock outstanding, all of which were held by American Airlines Group Inc.

American Airlines Group Inc.
American Airlines, Inc.
Form 10-Q
Quarterly Period Ended March 31, 2021
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General

This report is filed by American Airlines Group Inc. (AAG) and its wholly-owned subsidiary American Airlines, Inc. (American). References in this report to “we,” “us,” “our,” the “Company” and similar terms refer to AAG and its consolidated subsidiaries. References in this report to “mainline” refer to the operations of American only and exclude regional operations.

Glossary of Terms

For the convenience of the reader, the definitions of certain capitalized industry and other terms used in this report have been consolidated into a Glossary beginning on page 5.

Note Concerning Forward-Looking Statements

Certain of the statements contained in this report should be considered forward-looking statements within the meaning of the Securities Act of 1933, as amended (the Securities Act), the Securities Exchange Act of 1934, as amended (the Exchange Act), and the Private Securities Litigation Reform Act of 1995. These forward-looking statements may be identified by words such as “may,” “will,” “expect,” “intend,” “anticipate,” “believe,” “estimate,” “plan,” “project,” “could,” “should,” “would,” “continue,” “seek,” “target,” “guidance,” “outlook,” “if current trends continue,” “optimistic,” “forecast” and other similar words. Such statements include, but are not limited to, statements about our plans, objectives, expectations, intentions, estimates and strategies for the future, and other statements that are not historical facts. These forward-looking statements are based on our current objectives, beliefs and expectations, and they are subject to significant risks and uncertainties that may cause actual results and financial position and timing of certain events to differ materially from the information in the forward-looking statements. These risks and uncertainties include, but are not limited to, those described below under Part I, Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations, Part II, Item 1A. Risk Factors and other risks and uncertainties listed from time to time in our filings with the Securities and Exchange Commission (the SEC).

All of the forward-looking statements are qualified in their entirety by reference to the factors discussed in Part II, Item 1A. Risk Factors and elsewhere in this report. There may be other factors of which we are not currently aware that may affect matters discussed in the forward-looking statements and may also cause actual results to differ materially from those discussed. In particular, the consequences of the coronavirus outbreak to economic conditions and the travel industry in general and our financial position and operating results in particular have been material, are changing rapidly, and cannot be predicted. We do not assume any obligation to publicly update or supplement any forward-looking statement to reflect actual results, changes in assumptions or changes in other factors affecting such statements other than as required by law. Forward-looking statements speak only as of the date of this report or as of the dates indicated in the statements.

Summary of Risk Factors

Our business is subject to a number of risks and uncertainties that may affect our business, results of operations and financial condition, or the trading price of our common stock or other securities. We caution the reader that these risk factors may not be exhaustive. We operate in a continually changing business environment, and new risks and uncertainties emerge from time to time. Management cannot predict such new risks and uncertainties, nor can it assess the extent to which any of the risk factors below or any such new risks and uncertainties, or any combination thereof, may impact our business. These risks are more fully described in Part II, Item 1A. Risk Factors These risks include, among others, the following:

Risks Related to our Business

- The outbreak and global spread of COVID-19 has resulted in a severe decline in demand for air travel which has and will continue to adversely impact our business, operating results, financial condition and liquidity.
- Downturns in economic conditions and related depressed demand for air travel could adversely affect our business.
- We will need to obtain sufficient financing or other capital to operate successfully.
- Our high level of debt and other obligations may limit our ability to fund general corporate requirements and obtain additional financing, may limit our flexibility in responding to competitive developments and cause our business to be vulnerable to adverse economic and industry conditions.
- We have significant pension and other postretirement benefit funding obligations, which may adversely affect our liquidity, results of operations and financial condition.
- The loss of key personnel upon whom we depend to operate our business or the inability to attract and develop additional qualified personnel could adversely affect our business.
- Our business has been and will continue to be affected by many changing economic and other conditions beyond our control, including global events that affect travel behavior, and our results of operations could be volatile and fluctuate due to seasonality.
- Union disputes, employee strikes and other labor-related disruptions, or our inability to otherwise maintain labor costs at competitive levels may adversely affect our operations and financial performance.
- If we encounter problems with any of our third-party regional operators or third-party service providers, our operations could be adversely affected by a resulting decline in revenue or negative public perception about our services.
- Any negative publicity stemming from any public incident involving our company, our people, our brand or any of our regional, codeshare or joint business operators or any damage to our reputation or brand image could adversely affect our business or financial results.
- Our intellectual property rights, particularly our branding rights, are valuable, and any inability to protect them may adversely affect our business and financial results.
- Our ability to utilize our NOL Carryforwards may be limited.
- We have a significant amount of goodwill, which is assessed for impairment at least annually. In addition, we may never realize the full value of our intangible assets or long-lived assets, causing us to record material impairment charges.

Risks Related to the Airline Industry

- The airline industry is intensely competitive and dynamic.
- The commercial relationships that we have with other airlines, including any related equity investment, may not produce the returns or results we expect.
- Our business is very dependent on the price and availability of aircraft fuel and continued periods of high volatility in fuel costs, increased fuel prices or significant disruptions in the supply of aircraft fuel could have a significant negative impact on consumer demand, our operating results and liquidity.
- Our business is subject to extensive government regulation, which may result in increases in our costs, disruptions to our operations, limits on our operating flexibility, reductions in the demand for air travel, and competitive disadvantages.
- We operate a global business with international operations that are subject to economic and political instability and have been, and in the future may continue to be, adversely affected by numerous events, circumstances or government actions beyond our control.
- We may be adversely affected by conflicts overseas or terrorist attacks; the travel industry continues to face ongoing security concerns.
- We are subject to risks associated with climate change, including increased regulation of our CO_2 emissions, changing consumer preferences and the potential increased impacts of severe weather events on our operations and infrastructure.
- We depend on a limited number of suppliers for aircraft, aircraft engines and parts.
- Delays in scheduled aircraft deliveries or other loss of anticipated fleet capacity, and failure of new aircraft to perform as expected, may adversely impact our business, results of operations and financial condition.

GLOSSARY OF TERMS

“2013 Credit Agreement” means the Amended and Restated Credit and Guaranty Agreement dated as of May 21, 2015, among American, AAG, the lenders from time to time party thereto, Deutsche Bank AG New York Branch, as administrative agent, and certain other parties thereto, as amended.

“2013 Credit Facilities” means the 2013 Revolving Facility and 2013 Term Loan Facility provided for by the 2013 Credit Agreement.

“2013 Revolving Facility” means the $750 million revolving credit facility provided for by the 2013 Credit Agreement.

“2013 Term Loan Facility” means the $1.9 billion term loan facility provided for under the 2013 Credit Agreement.

“2014 Credit Agreement” means the Amended and Restated Credit and Guaranty Agreement, dated as of April 20, 2015, among American, AAG, the lenders from time to time party thereto, Citibank N.A., as administrative agent, and certain other parties thereto, as amended.

“2014 Credit Facilities” means the 2014 Revolving Facility and the 2014 Term Loan Facility provided for by the 2014 Credit Agreement.

“2014 Revolving Facility” means the $1.6 billion revolving credit facility provided for by the 2014 Credit Agreement.

“2014 Term Loan Facility” means the $1.2 billion term loan facility provided for by the 2014 Credit Agreement.

“2020 Form 10-K” means AAG’s and American’s Annual Report on Form 10-K for the year ended December 31, 2020.

“2026 Notes” means the AAdvantage Issuers' 5.50% Senior Secured Notes due 2026.

“2029 Notes” means the AAdvantage Issuers' 5.75% Senior Secured Notes due 2029.

“AAdvantage” means the AAdvantage® frequent flyer program.

“AAdvantage Agreements” means the AAdvantage program agreements provided as collateral under the AAdvantage Financing.

“AAdvantage Collateral” means the AAdvantage Agreements (including all payments thereunder) and rights under an intercompany agreement and certain IP Licenses, certain rights under the AAdvantage program, certain deposit accounts that will receive cash under the AAdvantage Agreements, certain reserve accounts, the equity of each of Loyalty Issuer and the SPV Guarantors and substantially all other assets of Loyalty Issuer and the SPV Guarantors.

“AAdvantage Financing” means the AAdvantage Notes and the AAdvantage Term Loan Facility.

“AAdvantage Financing Closing Date” means March 24, 2021.

“AAdvantage Guarantees” means the AAdvantage Notes Guarantees, together with the full and unconditional guarantee of the AAdvantage Loans by the AAdvantage Guarantors.

“AAdvantage Guarantors” means the SPV Guarantors and AAG.

“AAdvantage Indenture” means the indenture, dated as of March 24, 2021, by and among the AAdvantage Issuers, the AAdvantage Guarantors and Wilmington Trust, National Association, as trustee and as collateral custodian.

“AAdvantage Issuers” means the Loyalty Issuer and American.

“AAdvantage Loans” means the $3.5 billion of term loans provided pursuant to the AAdvantage Term Loan Facility.

“AAdvantage Note Guarantees” means the full and unconditional guarantee of the AAdvantage Notes by AAG, AAdvantage Holdings 1, Ltd. and HoldCo2.

“AAdvantage Notes” means, collectively, the 2026 Notes and the 2029 Notes.

“AAdvantage Payment Date” means, with respect to the payment of interest on the AAdvantage Notes and AAdvantage Loans, the 20th day of each January, April, July and October.

“AAdvantage Term Loan Facility” means the $3.5 billion term loan facility provided pursuant to the term loan credit and guaranty agreement, dated as of March 24, 2021, with Barclays Bank PLC, as administrative agent, Wilmington Trust, National Association, as collateral administrator, and the lenders party thereto.

“AAG”, “we”, “us”, “our” and similar terms means American Airlines Group Inc. and its consolidated subsidiaries.

“American” means American Airlines, Inc., a wholly-owned subsidiary of AAG.

“American Eagle” means our regional carriers, including our wholly-owned regional carriers Envoy, PSA and Piedmont, as well as third-party regional carriers including Mesa, Republic and SkyWest.

“AMR” or “AMR Corporation” means AMR Corporation and is used to reference AAG during the period of time prior to its emergence from Chapter 11 and the Merger.

“AMT” means alternative minimum tax.

“AOCI” means accumulated other comprehensive income (loss).

“April 2016 Credit Agreement” means the Credit and Guaranty Agreement, dated as of April 29, 2016, among American, AAG, the lenders from time to time party thereto, Barclays Bank PLC, as administrative agent, and certain other parties thereto, as amended.

“April 2016 Credit Facilities” means the April 2016 Revolving Facility and April 2016 Term Loan Facility provided for by the 2016 Credit Agreement.

“April 2016 Revolving Facility” means the $450 million revolving credit facility provided for by the April 2016 Credit Agreement.

“April 2016 Term Loan Facility” means the $1,000 million term loan facility provided for by the April 2016 Credit Agreement.

“ARP” means the American Rescue Plan Act of 2021, as amended.

“ASM” means available seat mile and is a basic measure of production. One ASM represents one seat flown one mile.

“ASU” means Accounting Standards Update.

“ATC system” means the U.S. National Airspace System.

“Bankruptcy Court” means the United States Bankruptcy Court for the Southern District of New York.

“Bylaws” means AAG’s Amended and Restated Bylaws, as amended.

“CARES Act” means the Coronavirus Aid, Relief, and Economic Security Act, as amended.

“CASM” means operating cost per available seat mile and is equal to operating expenses divided by ASMs.

“CBAs” means collective bargaining agreements.

“CEO” means Chief Executive Officer.

“CFO” means Chief Financial Officer.

“Chapter 11 Cases” means the voluntary petitions for relief filed on November 29, 2011 by the Debtors.

“China Southern Airlines” means China Southern Airlines Company Limited.

“CMA” means the United Kingdom Competition and Markets Authority.

“CO_2” means carbon dioxide.

“Code” means the Internal Revenue Code of 1986, as amended.

“Company” means AAG and its consolidated subsidiaries.

“Convertible Notes” means AAG’s 6.50% convertible senior notes due 2025.

“Convertible Notes Indenture” means the indenture, dated as of June 25, 2020, between AAG and the Convertible Notes Trustee, as supplemented by the first supplemental indenture, dated as of June 25, 2020, among AAG, American and the Convertible Notes Trustee.

“Convertible Notes Trustee” means Wilmington Trust, National Association, as trustee with respect to the Convertible Notes.

“CORSIA” means the Carbon Offsetting and Reduction Scheme for International Aviation.

“COVID-19” means coronavirus.

“DCA” means Ronald Reagan Washington National Airport.

“DC Court” means the Federal District Court for the District of Columbia.

“Debtors” means AMR, American, and certain of AMR’s other direct and indirect domestic subsidiaries.

“December 2016 Credit Agreement” means the Credit and Guaranty Agreement dated as of December 15, 2016, among American, AAG, the lenders from time to time party thereto, Citibank N.A., as administrative agent, and certain other parties thereto, as amended.

“December 2016 Credit Facilities” means the revolving credit facility that may be established under the December 2016 Credit Agreement and the December 2016 Term Loan Facility provided for by the December 2016 Credit Agreement.

“December 2016 Term Loan Facility” means the $1.2 billion term loan facility provided for under the December 2016 Credit Agreement.

“Disputed Claims Reserve” means a reserve established by the Bankruptcy Court, pursuant to the Plan, to hold shares of AAG common stock for issuance to disputed claimholders at the Effective Date.

“DOJ” means the U.S. Department of Justice.

“DOT” means the U.S. Department of Transportation.

“EC” means the European Commission.

“EETC” means enhanced equipment trust certificate.

“Effective Date” means December 9, 2013.

“Envoy” means Envoy Air Inc.

“EPA” means the U.S. Environmental Protection Agency.

“EPS” means earnings (loss) per common share.

“EU” means European Union.

"EWR" means Newark Liberty International Airport.

“Exchange Act” means Securities Exchange Act of 1934, as amended.

“FAA” means Federal Aviation Administration.

“GAAP” means generally accepted accounting principles in the U.S.

“GDSs” means global distribution systems.

“GHG” means greenhouse gas.

“holdback” means an amount of cash held by our credit card processors in certain circumstances (including, with respect to certain agreements, our failure to maintain certain levels of liquidity).

“HoldCo2” means AAdvantage Holdings 2, Ltd., a Cayman Islands exempted company incorporated with limited liability and an indirect wholly owned subsidiary of American and the direct parent of Loyalty Issuer.

“HoldCo2 License” means the exclusive, irrevocable (subject to certain termination rights), perpetual, worldwide, royalty-bearing license to use the Transferred AAdvantage IP granted to HoldCo2 from Loyalty Issuer.

“IAM” means International Association of Machinists & Aerospace Workers.

“IAM Pension Fund” means the IAM National Pension Fund.

“ICAO” means International Civil Aviation Organization.

“IP Licenses” means the HoldCo2 License and the exclusive, irrevocable (subject to certain termination rights), perpetual, worldwide, royalty-bearing sublicense to use the Transferred AAdvantage IP granted by HoldCo2 to American.

“IP Notes” means American’s $1.0 billion in initial principal amount of 10.75% senior secured IP notes.

“Installment” means the financial assistance payment, in installments, by Treasury pursuant to the PSP2 Agreement.

“JetBlue” means JetBlue Airways Corporation.

“JFK” means John F. Kennedy International Airport.

“LAX” means Los Angeles International Airport.

“LEED” means U.S. Green Building Council’s Leadership in Energy and Environmental Design.

“LGA/DCA Notes” means American’s $200 million in initial principal amount of 10.75% senior secured LGA/DCA notes.

“LGA/DCA Notes Indenture” means the indenture, dated as of September 25, 2020, by and among American, AAG and Wilmington Trust, National Association, as trustee and as collateral trustee, pursuant to which the LGA/DCA Notes were issued.

“LGA” means LaGuardia Airport.

“LGW” or “London Gatwick” means London Gatwick Airport.

“LHR” or “London Heathrow” means London Heathrow Airport.

“LIBOR” means the London interbank offered rate for deposits of U.S. dollars.

“Loyalty Issuer” means AAdvantage Loyalty IP Ltd., a Cayman Islands exempted company incorporated with limited liability and an indirect wholly owned subsidiary of American.

“LTV” means loan to value ratio.

“Mainline” means the operations of American and excludes regional operations.

“Merger” means the merger of US Airways Group and AMR Corporation on December 9, 2013.

“Mesa” means Mesa Airlines, Inc.

“NMB” means National Mediation Board.

“NOL Carryforwards” means a deduction in any taxable year for net operating losses carried over from prior taxable years.

“NOLs” means net operating losses.

“ORD” means Chicago O’Hare International Airport.

“OTAs” means online travel agents.

“Passenger load factor” means the percentage of available seats that are filled with revenue passengers.

“PEB” means Presidential Emergency Board.

“Piedmont” means Piedmont Airlines, Inc.

“Plan” means the Debtors’ fourth amended joint plan of reorganization.

“PRASM” means passenger revenue per available seat mile and is equal to passenger revenues divided by ASMs.

“PSA” means PSA Airlines, Inc.

“PSP1” means the payroll support program established under the CARES Act.

“PSP1 Promissory Note” means the promissory note issued to Treasury in connection with PSP1.

“PSP1 Warrant Agreement” means the agreement entered into between AAG and Treasury in connection with the PSP1 Agreement, pursuant to which AAG issued PSP1 Warrants to Treasury to purchase up to an aggregate of approximately 14.1 million shares of AAG common stock.

“PSP1 Warrants” means the warrants issued or to be issued to Treasury pursuant to the PSP1 Warrant Agreement.

“PSP2” means the payroll support program established under the PSP Extension Law.

“PSP2 Agreement” means the Payroll Support Program Extension Agreement entered into by the Subsidiaries with Treasury on the PSP2 Closing Date.

“PSP2 Closing Date” means January 15, 2021.

"PSP2 Financial Assistance" means the portion of financial assistance received from Treasury pursuant to the PSP2 Agreement that is not allocated to the PSP2 Warrants or PSP2 Promissory Note.

“PSP2 Maturity Date” means the tenth anniversary of the PSP2 Closing Date.

“PSP2 Promissory Note” means the promissory note issued to Treasury in connection with PSP2.

“PSP2 Warrant Agreement” means the agreement entered into between AAG and Treasury in connection with the PSP2 Agreement, pursuant to which AAG issued PSP2 Warrants to Treasury to purchase at least 5.7 million shares of AAG common stock.

“PSP2 Warrant Shares” means at least 5.7 million shares of AAG common stock which Treasury will have the right to purchase pursuant to PSP2 Warrants issued or to be issued by AAG in accordance with the PSP2 Warrant Agreement.

“PSP2 Warrants” means the warrants issued or to be issued to Treasury pursuant to the PSP2 Warrant Agreement.

“PSP3” means the payroll support program established under the ARP.

“PSP3 Agreement” means the Payroll Support Program Agreement to be entered into by the Subsidiaries with Treasury in connection with the provision of financial assistance under PSP3.

“PSP3 Promissory Note” means the promissory note to be issued to Treasury in connection with PSP3.

“PSP3 Warrant Agreement” means the agreement to be entered into between AAG and Treasury in connection with the PSP3 Agreement, pursuant to which AAG will issue warrants to Treasury to purchase up to approximately 4.4 million shares of AAG common stock.

“PSP Extension Law” means Subtitle A of Title IV of Division N of the Consolidated Appropriations Act, 2021.

“Republic” means Republic Airways Inc.

“RLA” means Railway Labor Act.

“ROU” means right-of-use.

“RPM” or “RPMs” means revenue passenger mile or miles and is a basic measure of sales volume. One RPM represents one passenger flown one mile.

“SEA” means Seattle-Tacoma International Airport.

“SEC” means Securities and Exchange Commission.

“Section 382” means Section 382 of the Internal Revenue Code.

“Securities Act” means Securities Act of 1933, as amended.

“SkyWest” means SkyWest Airlines, Inc.

“slots” means landing and take-off rights and authorizations, as required by certain airports.

“SOFR” means the Secured Overnight Financing Rate.

“SPV Guarantors” means AAdvantage Holdings 1, Ltd. and HoldCo2.

“Subsidiaries” means American, Envoy, PSA and Piedmont, each a wholly-owned subsidiary of AAG.

“Terminal 8” means the passenger terminal facility used by American at JFK.

“Transferred AAdvantage IP” means, among other things, American’s rights to certain data and other intellectual property used in the AAdvantage program (subject to certain exceptions).

“TRASM” means the total revenue per available seat mile and is equal to the total revenues divided by total mainline and third-party regional carrier ASMs.

“Treasury” means the U.S. Department of the Treasury.

“Treasury Loan Agreement” means the Loan and Guarantee Agreement, dated as of September 25, 2020, between AAG, American and Treasury which provides for the Treasury Term Loan Facility.

“Treasury Loan Warrants” means the warrants issued or to be issued to Treasury pursuant to the Treasury Loan Warrant Agreement.

“Treasury Term Loan Facility” means the term loan facility provided for under the Treasury Loan Agreement.

“US Airways” means US Airways, Inc.

“US Airways Group” means US Airways Group, Inc. and its consolidated subsidiaries.

“USTR” means the Office of the U.S. Trade Representative.

“Withdrawal Agreement” means the agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community.

“WTO” means World Trade Organization.

“Yield” means a measure of airline revenue derived by dividing passenger revenue by RPMs.

PART I: FINANCIAL INFORMATION

This report on Form 10-Q is filed by both AAG and American and includes the Condensed Consolidated Financial Statements of each company in Item 1A and Item 1B, respectively.

ITEM 1A. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

AMERICAN AIRLINES GROUP INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except share and per share amounts)(Unaudited)

	Three Months Ended March 31,	
	2021	2020
Operating revenues:		
Passenger	$ 3,179	$ 7,681
Cargo	315	147
Other	514	687
Total operating revenues	4,008	8,515
Operating expenses:		
Aircraft fuel and related taxes	1,034	1,784
Salaries, wages and benefits	2,730	3,219
Regional expenses	625	1,140
Maintenance, materials and repairs	376	629
Other rent and landing fees	570	611
Aircraft rent	351	334
Selling expenses	151	385
Depreciation and amortization	478	560
Special items, net	(1,708)	1,132
Other	716	1,270
Total operating expenses	5,323	11,064
Operating loss	(1,315)	(2,549)
Nonoperating income (expense):		
Interest income	4	21
Interest expense, net	(371)	(257)
Other income (expense), net	109	(105)
Total nonoperating expense, net	(258)	(341)
Loss before income taxes	(1,573)	(2,890)
Income tax benefit	(323)	(649)
Net loss	$ (1,250)	$ (2,241)
Loss per common share:		
Basic and diluted	$ (1.97)	$ (5.26)
Weighted average shares outstanding (in thousands):		
Basic and diluted	634,609	425,713
Cash dividends declared per common share	$ —	$ 0.10

See accompanying notes to condensed consolidated financial statements.

AMERICAN AIRLINES GROUP INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In millions)(Unaudited)

	Three Months Ended March 31,	
	2021	2020
Net loss	$ (1,250)	$ (2,241)
Other comprehensive income (loss), net of tax:		
Pension, retiree medical and other postretirement benefits	67	(126)
Investments	—	(23)
Total other comprehensive income (loss), net of tax	67	(149)
Total comprehensive loss	$ (1,183)	$ (2,390)

See accompanying notes to condensed consolidated financial statements.

AMERICAN AIRLINES GROUP INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions, except share and par value)

	March 31, 2021 (Unaudited)	December 31, 2020
ASSETS		
Current assets		
Cash	$ 277	$ 245
Short-term investments	13,762	6,619
Restricted cash and short-term investments	806	609
Accounts receivable, net	971	1,342
Aircraft fuel, spare parts and supplies, net	1,658	1,614
Prepaid expenses and other	615	666
Total current assets	18,089	11,095
Operating property and equipment		
Flight equipment	37,480	37,816
Ground property and equipment	9,108	9,194
Equipment purchase deposits	1,136	1,446
Total property and equipment, at cost	47,724	48,456
Less accumulated depreciation and amortization	(16,827)	(16,757)
Total property and equipment, net	30,897	31,699
Operating lease right-of-use assets	8,000	8,039
Other assets		
Goodwill	4,091	4,091
Intangibles, net of accumulated amortization of $755 and $745, respectively	2,019	2,029
Deferred tax asset	3,632	3,239
Other assets	1,921	1,816
Total other assets	11,663	11,175
Total assets	$ 68,649	$ 62,008
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities		
Current maturities of long-term debt and finance leases	$ 2,444	$ 2,797
Accounts payable	1,624	1,196
Accrued salaries and wages	1,576	1,716
Air traffic liability	5,598	4,757
Loyalty program liability	2,323	2,033
Operating lease liabilities	1,595	1,651
Other accrued liabilities	2,173	2,419
Total current liabilities	17,333	16,569
Noncurrent liabilities		
Long-term debt and finance leases, net of current maturities	37,247	29,796
Pension and postretirement benefits	6,765	7,069
Loyalty program liability	7,055	7,162
Operating lease liabilities	6,738	6,777
Other liabilities	1,456	1,502
Total noncurrent liabilities	59,261	52,306
Commitments and contingencies		
Stockholders' equity (deficit)		
Common stock, $0.01 par value; 1,750,000,000 shares authorized, 641,374,475 shares issued and outstanding at March 31, 2021; 621,479,522 shares issued and outstanding at December 31, 2020	6	6
Additional paid-in capital	6,980	6,894
Accumulated other comprehensive loss	(7,036)	(7,103)
Retained deficit	(7,895)	(6,664)
Total stockholders' deficit	(7,945)	(6,867)
Total liabilities and stockholders' equity (deficit)	$ 68,649	$ 62,008

See accompanying notes to condensed consolidated financial statements.

AMERICAN AIRLINES GROUP INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)(Unaudited)

	Three Months Ended March 31,	
	2021	2020
Net cash provided by (used in) operating activities	$ 174	$ (168)
Cash flows from investing activities:		
Capital expenditures, net of aircraft purchase deposit returns	19	(845)
Proceeds from sale of property and equipment	108	35
Proceeds from sale-leaseback transactions	99	280
Purchases of short-term investments	(8,557)	(820)
Sales of short-term investments	1,415	1,237
Increase in restricted short-term investments	(194)	—
Other investing activities	(42)	(49)
Net cash used in investing activities	(7,152)	(162)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	10,861	1,698
Payments on long-term debt and finance leases	(4,054)	(926)
Proceeds from issuance of equity	316	—
Deferred financing costs	(162)	(31)
Treasury stock repurchases and shares withheld for taxes pursuant to employee stock plans	(13)	(171)
Dividend payments	—	(43)
Other financing activities	65	(1)
Net cash provided by financing activities	7,013	526
Net increase in cash and restricted cash	35	196
Cash and restricted cash at beginning of period	399	290
Cash and restricted cash at end of period [1]	$ 434	$ 486
Non-cash transactions:		
Right-of-use (ROU) assets acquired through operating leases	$ 359	$ 328
Property and equipment acquired through finance leases	22	—
Settlement of bankruptcy obligations	—	56
Deferred financing costs paid through issuance of debt	—	17
Supplemental information:		
Interest paid, net	479	239
Income taxes paid	—	2

[1] The following table provides a reconciliation of cash and restricted cash to amounts reported within the condensed consolidated balance sheets:

Cash	$ 277	$ 474
Restricted cash included in restricted cash and short-term investments	157	12
Total cash and restricted cash	$ 434	$ 486

See accompanying notes to condensed consolidated financial statements.

AMERICAN AIRLINES GROUP INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
(In millions, except share amounts)(Unaudited)

	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Deficit	Total
Balance at December 31, 2020	$ 6	$ 6,894	$ (7,103)	$ (6,664)	$ (6,867)
Net loss	—	—	—	(1,250)	(1,250)
Other comprehensive income, net	—	—	67	—	67
Impact of adoption of Accounting Standards Update (ASU) 2020-06 related to convertible instruments (see Note 1(c))	—	(320)	—	19	(301)
Issuance of 18,194,573 shares of AAG common stock pursuant to an at-the-market offering, net of offering costs	—	316	—	—	316
Issuance of PSP2 Warrants (see Note 1(b))	—	65	—	—	65
Issuance of 1,700,380 shares of AAG common stock pursuant to employee stock plans net of shares withheld for cash taxes	—	(13)	—	—	(13)
Share-based compensation expense	—	38	—	—	38
Balance at March 31, 2021	$ 6	$ 6,980	$ (7,036)	$ (7,895)	$ (7,945)

	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings (Deficit)	Total
Balance at December 31, 2019	$ 4	$ 3,945	$ (6,331)	$ 2,264	$ (118)
Net loss	—	—	—	(2,241)	(2,241)
Other comprehensive loss, net	—	—	(149)	—	(149)
Purchase and retirement of 6,378,025 shares of AAG common stock	—	(145)	—	—	(145)
Dividends declared on AAG common stock ($0.10 per share)	—	—	—	(44)	(44)
Issuance of 1,062,052 shares of AAG common stock pursuant to employee stock plans net of shares withheld for cash taxes	—	(13)	—	—	(13)
Settlement of single-dip unsecured claims held in Disputed Claims Reserve	—	56	—	—	56
Share-based compensation expense	—	18	—	—	18
Balance at March 31, 2020	$ 4	$ 3,861	$ (6,480)	$ (21)	$ (2,636)

See accompanying notes to condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.
(Unaudited)

1. Basis of Presentation and Recent Accounting Pronouncements

(a) Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of American Airlines Group Inc. (we, us, our and similar terms, or AAG) should be read in conjunction with the consolidated financial statements contained in our Annual Report on Form 10-K for the year ended December 31, 2020. The accompanying unaudited condensed consolidated financial statements include the accounts of AAG and its wholly-owned subsidiaries. AAG's principal subsidiary is American Airlines, Inc. (American). All significant intercompany transactions have been eliminated.

Management believes that all adjustments necessary for the fair presentation of results, consisting of normally recurring items, have been included in the unaudited condensed consolidated financial statements for the interim periods presented. The preparation of financial statements in accordance with accounting principles generally accepted in the United States (GAAP) requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates. The most significant areas of judgment relate to passenger revenue recognition, impairment of goodwill, impairment of long-lived and intangible assets, the loyalty program, deferred tax assets, as well as pension and retiree medical and other postretirement benefits. Certain prior period amounts have been reclassified to conform to the current year presentation. See Note 10 for further information.

(b) Impact of Coronavirus (COVID-19)

COVID-19 has been declared a global health pandemic by the World Health Organization. COVID-19 has surfaced in nearly all regions of the world, which has driven the implementation of significant, government-imposed measures to prevent or reduce its spread, including travel restrictions, testing regimes, closing of borders, "stay at home" orders and business closures. As a result, we have experienced an unprecedented decline in the demand for air travel, which has resulted in a material deterioration in our revenues. While global vaccination efforts are underway and demand for air travel has begun to return, the continued impact of COVID-19, including any increases in infection rates and renewed governmental action to slow the spread of COVID-19 such as has occurred throughout Western Europe and Latin America in the first quarter of 2021, cannot be estimated.

We have taken aggressive actions to mitigate the effects of the COVID-19 pandemic on our business, including deep capacity reductions, structural changes to our fleet, cost reductions, and steps to preserve cash and improve our overall liquidity position. We remain extremely focused on taking all self-help measures available to manage our business during this unprecedented time, consistent with the terms of the financial assistance we have received from the U.S. Government under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and Subtitle A of Title IV of Division N of the Consolidated Appropriations Act, 2021 (PSP Extension Law).

Capacity Reductions

We have significantly reduced our capacity (as measured by available seat miles), with first quarter of 2021 flying down 39.2% year-over-year. Domestic capacity in the first quarter of 2021 was down 36.8% while international capacity was down 45.1% year-over-year.

While demand for domestic and short-haul international markets has begun to return, uncertainty continues to exist. We will continue to match our forward capacity with observed booking trends for future travel and make further adjustments to our capacity as needed.

Cost Reductions

We have reduced our 2021 operating expenditures as a result of permanent non-volume cost reductions. These reductions include labor productivity enhancements, management salaries and benefits and other permanent cost reductions. In the first quarter of 2021, an additional 1,600 represented team members opted in to a voluntary early retirement program.

Liquidity

As of March 31, 2021, we had $17.3 billion in total available liquidity, consisting of $14.0 billion in unrestricted cash and short-term investments, $2.8 billion in an undrawn capacity under revolving credit facilities and a total of $454 million in undrawn short-term revolving and other facilities.

During the first quarter of 2021, we completed the following financing transactions (see Note 5 for further information):

- issued $3.5 billion in aggregate principal amount of 5.50% Senior Secured Notes due 2026 and $3.0 billion in aggregate principal amount of 5.75% Senior Secured Notes due 2029 and entered into a $3.5 billion senior secured term loan facility (the AAdvantage Term Loan Facility) of which the full amount of term loans was drawn at closing;
- repaid in full $750 million under the 2013 Revolving Facility, $1.6 billion under the 2014 Revolving Facility and $450 million under the April 2016 Revolving Facility, all of which was borrowed in April 2020 in response to the COVID-19 pandemic;
- repaid the $550 million of outstanding loans under the $7.5 billion secured term loan facility with the U.S. Department of Treasury (Treasury) (the Treasury Loan Agreement) and terminated the Treasury Loan Agreement;
- issued 18.2 million shares of AAG common stock at an average price of $17.59 per share pursuant to an at-the-market offering for net proceeds of $316 million; and
- raised $99 million principally from aircraft sale-leaseback transactions.

In addition to the foregoing financings, we received an aggregate of approximately $3.1 billion in financial assistance through the payroll support program (PSP2) established under the PSP Extension Law, all of which was received by the end of March 2021. In connection with our receipt of this financial assistance, AAG issued a promissory note (the PSP2 Promissory Note) to Treasury for $896 million in aggregate principal amount and warrants to purchase up to an aggregate of approximately 5.7 million shares (the PSP2 Warrant Shares) of AAG common stock. See below for further discussion on PSP2.

A significant portion of our debt financing agreements contain covenants requiring us to maintain an aggregate of at least $2.0 billion of unrestricted cash and cash equivalents and amounts available to be drawn under revolving credit facilities and/or contain loan to value, collateral coverage and/or debt service coverage ratio covenants.

Given the above actions and our current assumptions about the future impact of the COVID-19 pandemic on travel demand, which could be materially different due to the inherent uncertainties of the current operating environment, we expect to meet our cash obligations as well as remain in compliance with the debt covenants in our existing financing agreements for the next 12 months based on our current level of unrestricted cash and short-term investments, our anticipated access to liquidity (including via proceeds from financings and funds from government assistance to be obtained pursuant to the American Rescue Plan Act of 2021, as amended (the ARP)), and projected cash flows from operations.

PSP2

On January 15, 2021 (the PSP2 Closing Date), American, Envoy Air Inc. (Envoy), Piedmont Airlines, Inc. (Piedmont) and PSA Airlines, Inc. (PSA and together with American, Envoy and Piedmont, the Subsidiaries), entered into a Payroll Support Program Extension Agreement (the PSP2 Agreement) with Treasury, with respect to PSP2 provided pursuant to the PSP Extension Law. In connection with our entry into the PSP2 Agreement, on the PSP2 Closing Date, AAG also entered into a warrant agreement (the PSP2 Warrant Agreement) with Treasury and issued the PSP2 Promissory Note to Treasury, with the Subsidiaries as guarantors.

PSP2 Agreement

In connection with PSP2, we are required to comply with the relevant provisions of the PSP Extension Law, which are substantially similar as the restrictions contained in the Payroll Support Program Agreement entered into by the Subsidiaries with Treasury in connection with the payroll support program established under the CARES Act, but are in effect for a longer time period. These provisions include the requirement that funds provided pursuant to the PSP2 Agreement be used exclusively for the continuation of payment of eligible employee wages, salaries and benefits, the requirement against involuntary furloughs and reductions in employee pay rates and benefits through March 31, 2021, the provisions that prohibit the repurchase of AAG common stock, and the payment of common stock dividends through at least March 31, 2022, the provisions that restrict the payment of certain executive compensation until at least October 1, 2022, as well as a requirement to recall employees involuntarily terminated or furloughed after September 30, 2020. As was the case with PSP1, the PSP2 Agreement also imposes substantial reporting obligations on us.

Pursuant to the PSP2 Agreement, Treasury provided us financial assistance in two installments (each prior installment and any future installment disbursement, an Installment) totaling approximately $3.1 billion in the aggregate. As partial compensation to the U.S. Government for the provision of financial assistance under PSP2, AAG issued the PSP2 Promissory Note in the aggregate principal amount of $896 million and issued warrants (each a PSP2 Warrant and, collectively, the PSP2 Warrants) to Treasury to purchase up to an aggregate of approximately 5.7 million shares of AAG common stock.

For accounting purposes, the $3.1 billion of aggregate financial assistance we received pursuant to the PSP2 Agreement is allocated to the PSP2 Promissory Note, the PSP2 Warrants and the other PSP2 financial assistance (the PSP2 Financial Assistance). The aggregate principal amount of $896 million of the PSP2 Promissory Note was recorded as unsecured long-term debt, and the total fair value of the PSP2 Warrants of $65 million, estimated using a Black-Scholes option pricing model, was recorded in stockholders' deficit in the condensed consolidated balance sheet. The remaining amount of approximately $2.1 billion of PSP2 Financial Assistance was recognized as a credit to special items, net in the condensed consolidated statement of operations in the first quarter of 2021, the remaining period over which the continuation of payment of eligible employee wages, salaries and benefits was required.

PSP2 Promissory Note

As partial compensation to the U.S. Government for the provision of financial assistance under the PSP2 Agreement, AAG issued the PSP2 Promissory Note to Treasury, which provides for our unconditional promise to pay to Treasury the principal sum of $896 million, subject to an increase equal to 30% of the amount of any additional Installment disbursed under the PSP2 Agreement, and the guarantee of our obligations under the PSP2 Promissory Note by the Subsidiaries.

The PSP2 Promissory Note bears interest on the outstanding principal amount at a rate equal to 1.00% per annum until the fifth anniversary of the PSP2 Closing Date and 2.00% plus an interest rate based on the secured overnight financing rate per annum or other benchmark replacement rate consistent with customary market conventions (but not to be less than 0.00%) thereafter until the tenth anniversary of the PSP2 Closing Date (the PSP2 Maturity Date), and interest accrued thereon will be payable in arrears on the last business day of March and September of each year, beginning on March 31, 2021. The aggregate principal amount outstanding under the PSP2 Promissory Note, together with all accrued and unpaid interest thereon and all other amounts payable under the PSP2 Promissory Note, will be due and payable on the PSP2 Maturity Date.

We may, at any time and from time to time, voluntarily prepay amounts outstanding under the PSP2 Promissory Note, in whole or in part, without penalty or premium. Within 30 days of the occurrence of certain change of control triggering events, we are required to prepay the aggregate outstanding principal amount of the PSP2 Promissory Note at such time, together with any accrued interest or other amounts owing under the PSP2 Promissory Note at such time.

The PSP2 Promissory Note is our senior unsecured obligation and each guarantee of the PSP2 Promissory Note is the senior unsecured obligation of each of the Subsidiaries, respectively.

The PSP2 Promissory Note contains events of default, including cross-default with respect to acceleration or failure to pay at maturity other material indebtedness. Upon the occurrence of an event of default and subject to certain grace periods, the outstanding obligations under the PSP2 Promissory Note may, and in certain circumstances will automatically, be accelerated and become due and payable immediately.

PSP2 Warrant Agreement and PSP2 Warrants

As partial compensation to the U.S. Government for the provision of financial assistance under the PSP2 Agreement, and pursuant to the PSP2 Warrant Agreement, AAG issued the PSP2 Warrants to Treasury to purchase PSP2 Warrant Shares. The exercise price of the PSP2 Warrant Shares is $15.66 per share, subject to certain anti-dilution provisions provided for in the PSP2 Warrants.

Pursuant to the PSP2 Warrant Agreement, AAG issued to Treasury PSP2 Warrants to purchase up to an aggregate of approximately 5.7 million shares of Common Stock based on the terms described herein and on the date of any increase of the principal amount of the PSP2 Promissory Note in connection with the disbursement of any additional Installment under the PSP2 Agreement, AAG will issue to Treasury an additional PSP2 Warrant for a number of shares of AAG common stock equal to 10% of such increase of the principal amount of the PSP2 Promissory Note, divided by $15.66, the exercise price of such shares.

The PSP2 Warrants do not have any voting rights and are freely transferrable, with registration rights. Each PSP2 Warrant expires on the fifth anniversary of the date of issuance of such PSP2 Warrant. The PSP2 Warrants will be exercisable either through net share settlement or cash, at our option. The PSP2 Warrants were and will be issued solely as compensation to the U.S. Government related to entry into the PSP2 Agreement. No separate proceeds (apart from the financial assistance described above) were received upon issuance of the PSP2 Warrants or will be received upon exercise thereof.

(c) Recent Accounting Pronouncements

ASU 2020-06: Accounting for Convertible Instruments and Contracts In An Entity's Own Equity (the New Convertible Debt Standard)

The New Convertible Debt Standard simplifies the accounting for certain convertible instruments by removing the separation models for convertible debt with a cash conversion feature and for convertible instruments with a beneficial conversion feature. As a result, more convertible debt instruments will be reported as a single liability instrument with no separate accounting for embedded conversion features. Additionally, the New Convertible Debt Standard amends the diluted earnings per share calculation for convertible instruments by requiring the use of the if-converted method. The treasury stock method is no longer available. Entities may adopt the New Convertible Debt Standard using either a full or modified retrospective approach, and it is effective for interim and annual reporting periods beginning after December 15, 2021. Early adoption is permitted for interim and annual reporting periods beginning after December 15, 2020. The New Convertible Debt Standard is applicable to our 6.50% convertible senior notes due 2025 (the Convertible Notes). We early adopted the New Convertible Debt Standard as of January 1, 2021 using the modified retrospective method to recognize our Convertible Notes as a single liability instrument. As of January 1, 2021, we recorded a $415 million ($320 million net of tax) reduction to additional paid-in capital to remove the equity component of the Convertible Notes from our balance sheet and a $19 million cumulative effect adjustment credit, net of tax, to retained deficit related to non-cash debt discount amortization recognized in periods prior to adoption resulting in a corresponding reduction of $389 million to the debt discount associated with the Convertible Notes.

ASU 2019-12: Simplifying the Accounting for Income Taxes (Topic 740)

This standard simplifies the accounting and disclosure requirements for income taxes by clarifying the existing guidance to improve consistency in the application of Accounting Standards Codification 740. This standard also removed the requirement to calculate income tax expense for the stand-alone financial statements of wholly-owned subsidiaries that are not subject to income tax. We adopted this standard effective January 1, 2021, and it did not have a material impact on our condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.
(Unaudited)

2. Special Items, Net

Special items, net in the condensed consolidated statements of operations consisted of the following (in millions):

	Three Months Ended March 31,	
	2021	2020
PSP2 Financial Assistance [1]	$ (1,882)	$ —
Severance expenses [2]	168	205
Mark-to-market adjustments on bankruptcy obligations, net [3]	6	(50)
Fleet impairment [4]	—	744
Labor contract expenses [5]	—	218
Other operating special items, net	—	15
Mainline operating special items, net	(1,708)	1,132
PSP2 Financial Assistance [1]	(244)	—
Fleet impairment [4]	27	93
Severance expenses [2]	2	—
Regional operating special items, net	(215)	93
Operating special items, net	(1,923)	1,225
Mark-to-market adjustments on equity and other investments, net [6]	(49)	180
Debt refinancing, extinguishment and other, net	26	37
Nonoperating special items, net	(23)	217

(1) PSP2 Financial Assistance represents recognition of financial assistance received from Treasury pursuant to the PSP2 Agreement. See Note 1(b) for further information.

(2) Severance expenses include salary and medical costs primarily associated with certain team members who opted in to voluntary early retirement programs offered as a result of reductions to our operation due to the COVID-19 pandemic. Cash payments related to our voluntary early retirement programs were approximately $170 million during the first quarter of 2021.

(3) Bankruptcy obligations that will be settled in shares of our common stock are marked-to-market based on our stock price.

(4) Fleet impairment resulted from our decision to retire certain aircraft earlier than planned driven primarily by the severe decline in air travel due to the COVID-19 pandemic. In the first quarter of 2021, we retired our remaining fleet of Embraer 140 aircraft resulting in a $27 million non-cash write-down of these aircraft. In the first quarter of 2020, we retired our Boeing 757, Boeing 767, Airbus A330-300 and Embraer 190 fleets as well as certain Embraer 140 and Bombardier CRJ200 aircraft resulting in a $764 million non-cash write-down of these aircraft and associated spare parts and $73 million in cash charges primarily for impairment of ROU assets and lease return costs.

(5) Labor contract expenses primarily related to one-time charges resulting from the ratification of a new contract with the Transport Workers Union and International Association of Machinists & Aerospace Workers for our maintenance and fleet service team members, including signing bonuses and adjustments to vacation accruals resulting from pay rate increases.

(6) Mark-to-market adjustments on equity and other investments, net primarily related to net unrealized gains and losses associated with our equity investment in China Southern Airlines Company Limited (China Southern Airlines) and certain treasury rate lock derivative instruments.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.
(Unaudited)

3. Loss Per Common Share

The following table sets forth the computation of basic and diluted loss per common share (EPS) (in millions, except share and per share amounts):

	Three Months Ended March 31,	
	2021	2020
Basic and diluted EPS:		
Net loss	$ (1,250)	$ (2,241)
Weighted average common shares outstanding (in thousands)	634,609	425,713
Basic and diluted EPS	$ (1.97)	$ (5.26)

Securities that could potentially dilute EPS in the future, and which were excluded from the calculation of diluted EPS because inclusion of such shares would be antidilutive, are as follows (in thousands):

	Three Months Ended March 31,	
	2021	2020
6.50% convertible senior notes	61,728	—
PSP1 Warrants	4,957	—
Restricted stock unit awards	3,255	4,934
Treasury Loan Warrants	1,545	—
PSP2 Warrants	520	—

4. Revenue Recognition

Revenue

The following are the significant categories comprising our reported operating revenues (in millions):

	Three Months Ended March 31,	
	2021	2020
Passenger revenue:		
Passenger travel	$ 2,893	$ 7,079
Loyalty revenue - travel [1]	286	602
Total passenger revenue	3,179	7,681
Cargo	315	147
Other:		
Loyalty revenue - marketing services [2]	457	571
Other revenue	57	116
Total other revenue	514	687
Total operating revenues	$ 4,008	$ 8,515

[1] Loyalty revenue included in passenger revenue is principally comprised of mileage credit redemptions, which were earned from travel or co-branded credit card and other partners.

[2] During the three months ended March 31, 2021 and 2020, cash payments from co-branded credit card and other partners was $1.0 billion and $1.3 billion, respectively.

The following is our total passenger revenue by geographic region (in millions):

	Three Months Ended March 31,	
	2021	2020
Domestic	$ 2,655	$ 5,780
Latin America	482	1,180
Atlantic	22	523
Pacific	20	198
Total passenger revenue	$ 3,179	$ 7,681

We attribute passenger revenue by geographic region based upon the origin and destination of each flight segment.

Contract Balances

Our significant contract liabilities are comprised of (1) outstanding loyalty program mileage credits that may be redeemed for future travel and other non-air travel awards, reported as loyalty program liability on the condensed consolidated balance sheets and (2) ticket sales for transportation that has not yet been provided, reported as air traffic liability on the condensed consolidated balance sheets.

	March 31, 2021	December 31, 2020
	(In millions)	
Loyalty program liability	$ 9,378	$ 9,195
Air traffic liability	5,598	4,757
Total	$ 14,976	$ 13,952

The balance of the loyalty program liability fluctuates based on seasonal patterns, which impact the volume of mileage credits issued through travel or sold to co-branded credit card and other partners (deferral of revenue) and mileage credits redeemed (recognition of revenue). Changes in loyalty program liability are as follows (in millions):

Balance at December 31, 2020	$	9,195
Deferral of revenue		490
Recognition of revenue [1]		(307)
Balance at March 31, 2021 [2]	$	9,378

[1] Principally relates to revenue recognized from the redemption of mileage credits for both air and non-air travel awards. Mileage credits are combined in one homogenous pool and are not separately identifiable. As such, the revenue is comprised of miles that were part of the loyalty program deferred revenue balance at the beginning of the period, as well as miles that were issued during the period.

[2] Mileage credits can be redeemed at any time and generally do not expire as long as that AAdvantage member has any type of qualifying activity at least every 18 months. In response to the COVID-19 pandemic, we suspended the expiration of mileage credits through June 30, 2021 and eliminated mileage reinstatement fees for canceled award tickets. As of March 31, 2021, our current loyalty program liability was $2.3 billion and represents our current estimate of revenue expected to be recognized in the next 12 months based on historical as well as projected trends, with the balance reflected in long-term loyalty program liability expected to be recognized as revenue in periods thereafter. Given the inherent uncertainty of the current operating environment due to the COVID-19 pandemic, we will continue to monitor redemption patterns and may adjust our estimates in the future.

The air traffic liability principally represents tickets sold for future travel on American and partner airlines, as well as estimated future refunds and exchanges of tickets sold for past travel. The balance in our air traffic liability also fluctuates with seasonal travel patterns. The contract duration of passenger tickets is generally one year. Accordingly, any revenue associated with tickets sold for future travel will be recognized within 12 months. For the three months ended March 31, 2021, $838 million of revenue was recognized in passenger revenue that was included in our air traffic liability at December 31, 2020. In response to the COVID-19 pandemic, we extended the contract duration for certain tickets to March 31, 2022, principally those tickets which were scheduled to expire from March 1, 2020 through March 31, 2021. Additionally, we have eliminated change fees for most domestic and international tickets. As of March 31, 2021, the air traffic liability included approximately $2.1 billion of travel credits related to these unused tickets. Accordingly, any revenue associated with these tickets will be recognized within the next 12 months. Given this change in contract duration and uncertainty surrounding the future demand for air travel, our estimates of revenue that will be recognized from the air traffic liability for future flown or unused tickets as well as our estimates of refunds may be subject to variability and differ from historical experience.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.
(Unaudited)

5. Debt

Long-term debt included in the condensed consolidated balance sheets consisted of (in millions):

	March 31, 2021	December 31, 2020
Secured		
2013 Term Loan Facility, variable interest rate of 1.86%, installments through 2025	$ 1,788	$ 1,788
2013 Revolving Facility	—	750
2014 Term Loan Facility, variable interest rate of 1.86%, installments through 2027	1,208	1,220
2014 Revolving Facility	—	1,643
April 2016 Term Loan Facility, variable interest rate of 2.11%, installments through 2023	960	960
April 2016 Revolving Facility	—	450
December 2016 Term Loan Facility, variable interest rate of 2.11%, installments through 2023	1,200	1,200
11.75% senior secured notes, interest only payments until due in July 2025	2,500	2,500
10.75% senior secured IP notes, interest only payments until due in February 2026	1,000	1,000
10.75% senior secured LGA/DCA notes, interest only payments until due in February 2026	200	200
Treasury Term Loan Facility	—	550
5.50% senior secured notes, installments beginning in July 2023 until due in April 2026	3,500	—
5.75% senior secured notes, installments beginning in July 2026 until due in April 2029	3,000	—
AAdvantage Term Loan Facility, variable interest rate of 5.5%, installments beginning in July 2023 through April 2028	3,500	—
Enhanced equipment trust certificates (EETCs), fixed interest rates ranging from 3.00% to 8.39%, averaging 3.95%, maturing from 2021 to 2032	10,652	11,013
Equipment loans and other notes payable, fixed and variable interest rates ranging from 1.28% to 5.83%, averaging 1.87%, maturing from 2021 to 2032	4,156	4,417
Special facility revenue bonds, fixed interest rates ranging from 5.00% to 8.00%, maturing from 2021 to 2036	1,064	1,064
	34,728	28,755
Unsecured		
PSP1 Promissory Note	1,765	1,765
PSP2 Promissory Note	896	—
6.50% convertible senior notes, interest only payments until due in July 2025	1,000	1,000
5.000% senior notes, interest only payments until due in June 2022	750	750
3.75% senior notes, interest only payments until due in March 2025	500	500
	4,911	4,015
Total long-term debt	39,639	32,770
Less: Total unamortized debt discount, premium and issuance costs	515	749
Less: Current maturities	2,339	2,697
Long-term debt, net of current maturities	$ 36,785	$ 29,324

As of March 31, 2021, the maximum availability under our revolving credit and other facilities is as follows (in millions):

2013 Revolving Facility	$	750
2014 Revolving Facility		1,643
April 2016 Revolving Facility		450
Short-term Revolving and Other Facilities		454
Total	$	3,297

American has an undrawn $400 million short-term revolving credit facility it entered into in December 2019, which was set to expire at the end of December 2020 but which has been extended through the beginning of July 2021. American has the option to extend further this short-term revolving credit facility to January 2022 and, if extended, the available amount thereunder for the period from July 2021 to January 2022 shall be increased to $500 million. American also currently has approximately $54 million of available borrowing base under a cargo receivables facility that was entered into in December 2020. The December 2016 Credit Facilities provide for a revolving credit facility that may be established thereunder in the future.

Secured financings are collateralized by assets, consisting primarily of aircraft, engines, simulators, aircraft spare parts, airport gate leasehold rights, route authorities, airport slots and certain pre-delivery payments, as well as certain intellectual property and loyalty program assets.

6.50% Convertible Senior Notes

At March 31, 2021, the if-converted value of the Convertible Notes exceeded the principal amount by $475 million. The last reported sale price per share of our common stock (as defined in the indenture governing our Convertible Notes, the Convertible Notes Indenture) exceeded 130% of the conversion price of the Convertible Notes for each of at least 20 trading days during the 30 consecutive trading days ending on March 31, 2021. Accordingly, pursuant to the terms of the Convertible Notes Indenture, the holders of the Convertible Notes may convert at their option at any time during the quarter ending June 30, 2021. Each $1,000 principal amount of Convertible Notes is convertible at a rate of 61.7284 shares of our common stock, subject to adjustment as provided in the Convertible Notes Indenture. We may settle conversions by paying or delivering, as applicable, cash, shares of our common stock or a combination of cash and shares of our common stock, at our election.

2021 Financing Activities

2013, 2014 and April 2016 Revolving Facilities

In March 2021, American repaid in full the $750 million of revolving loans outstanding under the 2013 Revolving Facility, the $1.6 billion of revolving loans outstanding under the 2014 Revolving Facility and the $450 million of revolving loans outstanding under the April 2016 Revolving Facility. Following the March 2021 repayment, American is able to draw upon the commitments under these revolving facilities again as needed upon the terms of the underlying credit agreements or leave them undrawn, in each case, until such commitments expire, which is currently scheduled to occur in 2024 for substantially all of such commitments. As of March 31, 2021, there were no borrowings or letters of credit outstanding under the 2013 Revolving Facility, the 2014 Revolving Facility or the April 2016 Revolving Facility.

PSP2 Promissory Note

As partial compensation to the U.S. Government for the provision of financial assistance under the PSP2 Agreement, AAG issued the PSP2 Promissory Note to Treasury, which provides for our unconditional promise to pay to Treasury the principal sum of $896 million, subject to an increase equal to 30% of the amount of any additional Installment disbursed under the PSP2 Agreement, and the guarantee of our obligations under the PSP2 Promissory Note by the Subsidiaries.

The PSP2 Promissory Note bears interest on the outstanding principal amount at a rate equal to 1.00% per annum until the fifth anniversary of the PSP2 Closing Date and 2.00% plus an interest rate based on the secured overnight financing rate per annum or other benchmark replacement rate consistent with customary market conventions (but not to be less than 0.00%) thereafter until the tenth anniversary of the PSP2 Closing Date (the PSP2 Maturity Date), and interest accrued thereon will be payable in arrears on the last business day of March and September of each year, beginning on March 31, 2021. The aggregate principal amount outstanding under the PSP2 Promissory Note, together with all accrued and unpaid interest thereon and all other amounts payable under the PSP2 Promissory Note, will be due and payable on the PSP2 Maturity Date.

We may, at any time and from time to time, voluntarily prepay amounts outstanding under the PSP2 Promissory Note, in whole or in part, without penalty or premium. Within 30 days of the occurrence of certain change of control triggering events, we are required to prepay the aggregate outstanding principal amount of the PSP2 Promissory Note at such time, together with any accrued interest or other amounts owing under the PSP2 Promissory Note at such time.

The PSP2 Promissory Note is our senior unsecured obligation and each guarantee of the PSP2 Promissory Note is the senior unsecured obligation of each of the Subsidiaries, respectively.

The PSP2 Promissory Note contains events of default, including cross-default with respect to acceleration or failure to pay at maturity other material indebtedness. Upon the occurrence of an event of default and subject to certain grace periods, the outstanding obligations under the PSP2 Promissory Note may, and in certain circumstances will automatically, be accelerated and become due and payable immediately.

AAdvantage Financing

On March 24, 2021 (the AAdvantage Financing Closing Date), American and AAdvantage Loyalty IP Ltd., a newly formed Cayman Islands exempted company incorporated with limited liability and an indirect wholly owned subsidiary of American (Loyalty Issuer and, together with American, the AAdvantage Issuers), completed the offering of $3.5 billion aggregate principal amount of 5.50% Senior Secured Notes due 2026 (the 2026 Notes) and $3.0 billion aggregate principal amount of 5.75% Senior Secured Notes due 2029 (the 2029 Notes, and together with the 2026 Notes, the AAdvantage Notes). The AAdvantage Notes are fully and unconditionally guaranteed (the AAdvantage Note Guarantees) on a senior unsecured basis by AAG and fully and unconditionally guaranteed on a senior secured basis, jointly and severally, by AAdvantage Holdings 1, Ltd., a newly formed Cayman Islands exempted company incorporated with limited liability and a direct wholly owned subsidiary of American, and AAdvantage Holdings 2, Ltd., a newly formed Cayman Islands exempted company incorporated with limited liability and an indirect wholly owned subsidiary of American and the direct parent of Loyalty Issuer (HoldCo2 and, together with AAdvantage Holdings 1, Ltd., the SPV Guarantors, and the SPV Guarantors together with AAG, the AAdvantage Guarantors). The AAdvantage Notes were issued pursuant to an indenture, dated as of March 24, 2021 (the AAdvantage Indenture), by and among the AAdvantage Issuers, the AAdvantage Guarantors and Wilmington Trust, National Association, as trustee and as collateral custodian.

Concurrent with the issuance of the AAdvantage Notes, the AAdvantage Issuers, as co-borrowers, entered into a term loan credit and guaranty agreement, dated March 24, 2021, with Barclays Bank PLC, as administrative agent, Wilmington Trust, National Association, as collateral administrator, and the lenders party thereto, providing for a $3.5 billion term loan facility (the AAdvantage Term Loan Facility and collectively with the AAdvantage Notes, the AAdvantage Financing) and pursuant to which the full $3.5 billion of term loans (the AAdvantage Loans) were drawn on the AAdvantage Financing Closing Date. The AAdvantage Loans are fully and unconditionally guaranteed (together with the AAdvantage Note Guarantees, the AAdvantage Guarantees) by the AAdvantage Guarantors.

Subject to certain permitted liens and other exceptions, the AAdvantage Notes, AAdvantage Loans and AAdvantage Guarantees provided by the SPV Guarantors will be secured by a first-priority security interest in, and pledge of, various agreements with respect to the AAdvantage program (the AAdvantage Agreements) (including all payments thereunder) and rights under an intercompany agreement and certain IP Licenses (as defined below), certain rights under the AAdvantage program, certain deposit accounts that will receive cash under the AAdvantage Agreements, certain reserve accounts, the equity of each of Loyalty Issuer and the SPV Guarantors and substantially all other assets of Loyalty Issuer and the SPV Guarantors (collectively, the AAdvantage Collateral).

Payment Terms of the AAdvantage Notes and AAdvantage Loans under the AAdvantage Term Loan Facility

Interest on the AAdvantage Notes is payable in cash, quarterly in arrears on the 20th day of each January, April, July and October (each, an AAdvantage Payment Date), beginning July 20, 2021. The 2026 Notes will mature on April 20, 2026, and the 2029 Notes will mature on April 20, 2029. The outstanding principal on the 2026 Notes will be repaid in quarterly installments of approximately $292 million on each AAdvantage Payment Date, beginning on July 20, 2023. The outstanding principal on the 2029 Notes will be repaid in quarterly installments of $250 million on each AAdvantage Payment Date, beginning on July 20, 2026.

The AAdvantage Issuers may redeem the AAdvantage Notes, at their option, in whole at any time or in part from time to time, at a redemption price equal to 100% of the principal amount of the AAdvantage Notes redeemed plus a “make-whole” premium, together with accrued and unpaid interest to the date of redemption.

The scheduled maturity date of the AAdvantage Loans under the AAdvantage Term Loan Facility is April 20, 2028. The AAdvantage Loans bear interest at a variable rate equal to LIBOR (but not less than 0.75% per annum), plus a margin of 4.75% per annum, payable on each AAdvantage Payment Date. The outstanding principal on the AAdvantage Loans will be repaid in quarterly installments of $175 million, on each AAdvantage Payment Date beginning with the AAdvantage Payment Date in July 2023. These amortization payments (as well as those for the AAdvantage Notes) will be subject to the occurrence of certain early amortization events, including the failure to satisfy a minimum debt service coverage ratio at specified determination dates.

Prepayment of some or all of the AAdvantage Loans outstanding under the AAdvantage Term Loan Facility is permitted, although payment of an applicable premium is required as specified in the AAdvantage Term Loan Facility.

The AAdvantage Indenture and the AAdvantage Term Loan Facility contain mandatory prepayment provisions triggered upon (i) the issuance or incurrence by Loyalty Issuer or the SPV Guarantors of certain indebtedness or (ii) the receipt by American or its subsidiaries of net proceeds from pre-paid frequent flyer (i.e., AAdvantage) mile purchases exceeding $500 million, with prepayment required only in respect of net proceeds from such purchases exceeding $505 million in the aggregate. Each of these prepayments would also require payment of an applicable premium. Certain other events, including the occurrence of a change of control with respect to AAG and certain AAdvantage Collateral sales exceeding a specified threshold, will also trigger mandatory repurchase or mandatory prepayment provisions under the AAdvantage Indenture and the AAdvantage Term Loan Facility, respectively.

Other Terms of the AAdvantage Indenture and the AAdvantage Term Loan Facility

The AAdvantage Indenture and the AAdvantage Term Loan Facility contain certain covenants that limit the ability of Loyalty Issuer, the SPV Guarantors and, in certain circumstances, American and AAG, to among other things, (i) incur additional indebtedness and make restricted payments, (ii) incur certain liens on the AAdvantage Collateral, (iii) merge, consolidate or sell substantially all of their assets, (iv) dispose of the AAdvantage Collateral, (v) sell pre-paid frequent flyer (i.e. AAdvantage) miles in excess of $550 million in the aggregate, and (vi) terminate, amend, waive, supplement or modify the IP Licenses, or exercise rights and remedies thereunder, except under certain circumstances. American and Loyalty Issuer are also prohibited from substantially reducing the AAdvantage program business or modifying the terms of the AAdvantage program in a manner that would reasonably be expected to materially impair repayment of the AAdvantage Financing obligations (described as a Payment Material Adverse Effect in the AAdvantage Indenture and the AAdvantage Term Loan Facility), and AAG and its subsidiaries are prohibited from changing the policies and procedures of the AAdvantage program in a manner that would reasonably be expected to have a Payment Material Adverse Effect or operating a competing loyalty program. Notwithstanding these restrictions, the AAdvantage program is expected to operate as it has in the past, and the entry into the AAdvantage Financing is not expected to have any impact on the benefits offered to AAdvantage members.

In addition, subject to certain exceptions, the AAdvantage Indenture and the AAdvantage Term Loan Facility restrict the ability of American, Loyalty Issuer or any Guarantor to terminate, or modify certain terms within, the intercompany agreement governing the relationship between American and Loyalty Issuer with respect to the AAdvantage program.

The AAdvantage Indenture and the AAdvantage Term Loan Facility also require the AAdvantage Issuers to comply with certain affirmative covenants, including (i) certain reporting requirements and (ii) the use of commercially reasonable efforts to cause sufficient counterparties to AAdvantage Agreements to direct payments with respect to the AAdvantage program into a collections account, such that at least 90% of such cash receipts in a quarterly reporting period are deposited directly into this collection account, with amounts to be distributed from this collection account for the payment of fees, principal and interest on the AAdvantage Notes and the AAdvantage Loans pursuant to a payment waterfall described in the AAdvantage Indenture and the AAdvantage Term Loan Facility, respectively. In addition, the AAdvantage Indenture and the AAdvantage Term Loan Facility require AAG to maintain minimum liquidity, defined as the sum of (a) unrestricted cash and cash equivalents and (b) the aggregate principal amount committed and available to be drawn under all of AAG's revolving credit and other facilities, at the close of any business day of at least $2.0 billion.

Subject to certain materiality thresholds, qualifications, exceptions, “baskets” and grace and cure periods, the AAdvantage Indenture and the AAdvantage Term Loan Facility contain various events of default, including payment defaults, covenant defaults, cross-defaults to certain indebtedness, termination of certain agreements related to the AAdvantage program, bankruptcy events of Loyalty Issuer or any SPV Guarantor, and a change of control of Loyalty Issuer or any SPV Guarantor. A bankruptcy event of American is not itself an event of default; following an American bankruptcy, an event of default would only occur if American failed to satisfy certain enumerated bankruptcy case milestones, including an assumption of the AAdvantage Financing by a certain date. Upon the occurrence of an event of

default, the outstanding obligations under the AAdvantage Indenture and the AAdvantage Term Loan Facility may (or, with respect to the bankruptcy events noted above, shall) be accelerated and become due and payable immediately.

Terms of Certain Intercompany Agreements Related to the AAdvantage Financing

In connection with the issuance of the AAdvantage Notes and entry into the AAdvantage Term Loan Facility, American, Loyalty Issuer and the SPV Guarantors entered into a series of transactions that resulted in the transfer to Loyalty Issuer of, among other things, American's rights to certain data and other intellectual property used in the AAdvantage program (subject to certain exceptions) (such assets, the Transferred AAdvantage IP) and certain rights of American under specified AAdvantage Agreements. Loyalty Issuer has entered into a license agreement with HoldCo2 pursuant to which Loyalty Issuer has granted to HoldCo2 an exclusive, irrevocable (subject to certain termination rights), perpetual, worldwide, royalty-bearing license to use the Transferred AAdvantage IP (the HoldCo2 License), and HoldCo2 has in turn granted to American an exclusive, irrevocable (subject to certain termination rights), perpetual, worldwide, royalty-bearing sublicense to use the Transferred AAdvantage IP (together with the HoldCo2 License, the IP Licenses). The IP Licenses would be terminated, and American's right to use the Transferred AAdvantage IP would cease, upon specified termination events, including, but not limited to, the occurrence of an event of default under the AAdvantage Indenture or the AAdvantage Term Loan Facility. In certain circumstances, such a termination would trigger a liquidated damages payment in an amount that is greater than the initial principal amount of the AAdvantage Notes and the AAdvantage Loans.

In addition, proceeds from the AAdvantage Financing were loaned by Loyalty Issuer to American pursuant to an intercompany note that was guaranteed by AAG. The borrowings under this intercompany note are payable on demand by Loyalty Issuer or, after the occurrence and during the continuance of an event of default under the AAdvantage Financing, by the master collateral agent under the AAdvantage Financing.

Treasury Loan Agreement

On September 25, 2020, American and AAG entered into a Loan and Guarantee Agreement (the Treasury Loan Agreement) with Treasury, which provided for a secured term loan facility (the Treasury Term Loan Facility) that permitted American to borrow up to $5.5 billion. Subsequently, on October 21, 2020, American and AAG entered into an amendment to the Treasury Loan Agreement, which increased the borrowing amount to up to $7.5 billion. American had borrowed $550 million under the Treasury Term Loan Facility in September 2020.

On March 24, 2021, American used proceeds from the AAdvantage Financing to prepay in full the $550 million outstanding under the Treasury Term Loan Facility and terminated the Treasury Loan Agreement.

6. Income Taxes

At December 31, 2020, we had approximately $16.5 billion of federal net operating losses (NOLs) available to reduce future federal taxable income, of which $8.5 billion will expire beginning in 2023 if unused and $8.0 billion can be carried forward indefinitely (NOL Carryforwards). We also had approximately $5.0 billion of NOL Carryforwards to reduce future state taxable income at December 31, 2020, which will expire in taxable years 2020 through 2040 if unused.

Our ability to use our NOL Carryforwards depends on the amount of taxable income generated in future periods. We provide a valuation allowance for our deferred tax assets, which include our NOLs, when it is more likely than not that some portion, or all of our deferred tax assets, will not be realized. We consider all available positive and negative evidence and make certain assumptions in evaluating the realizability of our deferred tax assets. Many factors are considered that impact our assessment of future profitability, including conditions which are beyond our control, such as the health of the economy, the availability and price volatility of aircraft fuel and travel demand. We presently have a $34 million valuation allowance on certain net deferred tax assets related to state NOL Carryforwards. There can be no assurance that an additional valuation allowance on our net deferred tax assets will not be required. Such valuation allowance could be material.

During the three months ended March 31, 2021 and 2020, we recorded an income tax benefit of $323 million and $649 million, respectively.

7. Fair Value Measurements and Other Investments

Assets Measured at Fair Value on a Recurring Basis

We utilize the market approach to measure the fair value of our financial assets. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets. Our short-term investments classified as Level 2 primarily utilize broker quotes in a non-active market for valuation of these securities. No changes in valuation techniques or inputs occurred during the three months ended March 31, 2021.

Assets measured at fair value on a recurring basis are summarized below (in millions):

	Fair Value Measurements as of March 31, 2021			
	Total	Level 1	Level 2	Level 3
Short-term investments [1], [2]:				
Money market funds	$ 6,662	$ 6,662	$ —	$ —
Corporate obligations	4,123	—	4,123	—
Bank notes/certificates of deposit/time deposits	2,257	—	2,257	—
Repurchase agreements	720	—	720	—
	13,762	6,662	7,100	—
Restricted cash and short-term investments [1], [3]	806	606	200	—
Long-term investments [4]	201	201	—	—
Total	$ 14,769	$ 7,469	$ 7,300	$ —

[1] All short-term investments are classified as available-for-sale and stated at fair value. Unrealized gains and losses are recorded in accumulated other comprehensive loss at each reporting period. There were no credit losses.

[2] Our short-term investments mature in one year or less.

[3] Restricted cash and short-term investments primarily include money market funds to be used to finance a substantial portion of the cost of the renovation and expansion of Terminal 8 at JFK as well as collateral associated with the payment of certain fees and interest in respect of the AAdvantage Financing and collateral held to support workers' compensation obligations.

[4] Long-term investments primarily include our equity investment in China Southern Airlines, in which we presently own a 1.8% equity interest, and are classified in other assets on the condensed consolidated balance sheet.

Fair Value of Debt

The fair value of our long-term debt was estimated using quoted market prices or discounted cash flow analyses, based on our current estimated incremental borrowing rates for similar types of borrowing arrangements. If our long-term debt was measured at fair value, it would have been classified as Level 2 except for $2.7 billion and $2.3 billion as of March 31, 2021 and December 31, 2020, respectively, which would have been classified as Level 3 in the fair value hierarchy. The fair value of our Convertible Notes was $1.7 billion and $1.2 billion as of March 31, 2021 and December 31, 2020, respectively.

The carrying value and estimated fair value of our long-term debt, including current maturities, were as follows (in millions):

	March 31, 2021		December 31, 2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt, including current maturities	$ 39,124	$ 40,325	$ 32,021	$ 30,454

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.
(Unaudited)

8. Employee Benefit Plans

The following table provides the components of net periodic benefit cost (income) (in millions):

	Pension Benefits		Retiree Medical and Other Postretirement Benefits	
Three Months Ended March 31,	2021	2020	2021	2020
Service cost	$ 1	$ 1	$ 2	$ 1
Interest cost	131	153	6	7
Expected return on assets	(272)	(252)	(3)	(4)
Special termination benefits	—	—	139	—
Amortization of:				
Prior service cost (benefit)	7	7	(3)	(54)
Unrecognized net loss (gain)	53	41	(6)	(6)
Net periodic benefit cost (income)	$ (80)	$ (50)	$ 135	$ (56)

Effective November 1, 2012, substantially all of our defined benefit pension plans were frozen.

The service cost component of net periodic benefit cost (income) is included in operating expenses, the cost for the special termination benefits is included in special items, net and the other components of net periodic benefit cost (income) are included in nonoperating other income (expense), net in the condensed consolidated statements of operations.

During the first quarter of 2021, we remeasured our retiree medical and other postretirement benefits to account for enhanced healthcare benefits provided to eligible team members who opted in to voluntary early retirement programs offered as a result of reductions to our operation due to the COVID-19 pandemic. For the three months ended March 31, 2021, we recognized a $139 million special charge for these enhanced healthcare benefits and increased our postretirement benefits obligation by $139 million as of March 31, 2021.

In January 2021, we made $241 million in contributions to our pension plans, including a contribution of $130 million for the 2020 calendar year that was permitted to be deferred to January 4, 2021 as provided under the CARES Act. On March 11, 2021, the ARP was enacted, which included certain funding relief provisions for single employer qualified retirement benefit pension plans such as those sponsored by us. Based on our current understanding of the ARP provisions applicable to our pension plans, we will have no additional funding requirements for 2021.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.
(Unaudited)

9. Accumulated Other Comprehensive Loss

The components of accumulated other comprehensive loss (AOCI) are as follows (in millions):

	Pension, Retiree Medical and Other Postretirement Benefits	Unrealized Gain (Loss) on Investments	Income Tax Benefit (Provision) [1]	Total
Balance at December 31, 2020	$ (6,236)	$ (2)	$ (865)	$ (7,103)
Other comprehensive income (loss) before reclassifications	35	—	(8)	27
Amounts reclassified from AOCI	51	—	(11) [2]	40
Net current-period other comprehensive income (loss)	86	—	(19)	67
Balance at March 31, 2021	$ (6,150)	$ (2)	$ (884)	$ (7,036)

[1] Relates principally to pension, retiree medical and other postretirement benefits obligations that will not be recognized in net loss until the obligations are fully extinguished.

[2] Relates to pension, retiree medical and other postretirement benefits obligations and is recognized within the income tax benefit on the condensed consolidated statement of operations.

Reclassifications out of AOCI are as follows (in millions):

	Amounts reclassified from AOCI Three Months Ended March 31,		
AOCI Components	2021	2020	Affected line items on the condensed consolidated statements of operations
Amortization of pension, retiree medical and other postretirement benefits:			
Prior service cost (benefit)	$ 3	$ (36)	Nonoperating other income (expense), net
Actuarial loss	37	27	Nonoperating other income (expense), net
Total reclassifications for the period, net of tax	$ 40	$ (9)	

10. Regional Expenses

Our regional carriers provide scheduled air transportation under the brand name “American Eagle.” The American Eagle carriers include our wholly-owned regional carriers, as well as third-party regional carriers. Substantially all of our regional carrier arrangements are in the form of capacity purchase agreements. Expenses associated with American Eagle operations are classified as regional expenses on the condensed consolidated statements of operations.

Beginning in the first quarter of 2021, aircraft fuel and related taxes as well as certain salaries, wages and benefits, other rent and landing fees, selling and other expenses are no longer allocated to regional expenses on our condensed consolidated statements of operations. The first quarter of 2020 condensed consolidated statement of operations has been recast to conform to the 2021 presentation. This statement of operations presentation change has no impact on total operating expenses or net loss.

Regional expenses for the three months ended March 31, 2021 and 2020 include $81 million and $83 million of depreciation and amortization, respectively, and $2 million and $6 million of aircraft rent, respectively.

During the three months ended March 31, 2021 and 2020, we recognized $127 million and $150 million, respectively, of expense under our capacity purchase agreement with Republic Airways Inc. (Republic). We hold a 25% equity interest in Republic Airways Holdings Inc., the parent company of Republic.

11. Legal Proceedings

Chapter 11 Cases. On November 29, 2011, AMR Corporation (AMR), American, and certain of AMR's other direct and indirect domestic subsidiaries (the Debtors) filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York (the Bankruptcy Court). On October 21, 2013, the Bankruptcy Court entered an order approving and confirming the Debtors' fourth amended joint plan of reorganization (as amended, the Plan). On the Effective Date, December 9, 2013, the Debtors consummated their reorganization pursuant to the Plan and completed the acquisition of US Airways Group, Inc. by AMR (the Merger).

Pursuant to rulings of the Bankruptcy Court, the Plan established a disputed claims reserve (the Disputed Claims Reserve) to hold shares of AAG common stock reserved for issuance to disputed claimholders at the Effective Date that ultimately become holders of allowed claims. The shares of AAG common stock issued to the Disputed Claims Reserve were originally issued on December 13, 2013 and have at all times since been included in the number of shares issued and outstanding as reported from time to time in our quarterly and annual reports, including for calculating earnings per common share. As disputed claims are resolved, the claimants receive distributions of shares from the Disputed Claims Reserve. We are not required to distribute additional shares above the limits contemplated by the Plan, even if the shares remaining for distribution in the Disputed Claims Reserve are not sufficient to fully pay any additional allowed unsecured claims. If any of the reserved shares remain undistributed upon resolution of all remaining disputed claims, such shares will not be returned to us but rather will be distributed to former AMR stockholders and former convertible noteholders treated as stockholders under the Plan. As of March 31, 2021, the Disputed Claims Reserve held approximately 4.8 million shares of AAG common stock.

Private Party Antitrust Action Related to Passenger Capacity. We, along with Delta Air Lines, Inc., Southwest Airlines Co., United Airlines, Inc. and, in the case of litigation filed in Canada, Air Canada, were named as defendants in approximately 100 putative class action lawsuits alleging unlawful agreements with respect to air passenger capacity. The U.S. lawsuits were consolidated in the Federal District Court for the District of Columbia (the DC Court). On June 15, 2018, we reached a settlement agreement with the plaintiffs in the amount of $45 million to resolve all class claims in the U.S. lawsuits. That settlement was approved by the DC Court on May 13, 2019, however three parties who objected to the settlement have appealed that decision to the United States Court of Appeals for the District of Columbia. We believe these appeals are without merit and intend to vigorously defend against them.

Private Party Antitrust Action Related to the Merger. On August 6, 2013, a lawsuit captioned Carolyn Fjord, et al., v. AMR Corporation, et al., was filed in the Bankruptcy Court. The complaint named as defendants US Airways Group, Inc., US Airways, Inc., AMR and American, alleged that the effect of the Merger may be to create a monopoly in violation of Section 7 of the Clayton Antitrust Act, and sought injunctive relief and/or divestiture. On November 27, 2013, the Bankruptcy Court denied plaintiffs' motion to preliminarily enjoin the Merger. On August 29, 2018, the Bankruptcy Court denied in part defendants' motion for summary judgment, and fully denied plaintiffs' cross-motion for summary judgment. The parties' evidentiary cases were presented before the Bankruptcy Court in a bench trial in March 2019 and the parties submitted proposed findings of fact and conclusions of law and made closing arguments in April 2019. On January 29, 2021, the Bankruptcy Court published its decision finding in our favor. The plaintiffs have appealed this ruling. We believe this lawsuit is without merit and intend to continue to vigorously defend against the allegations, including plaintiffs' appeal of the Bankruptcy Court's January 29, 2021 ruling.

General. In addition to the specifically identified legal proceedings, we and our subsidiaries are also engaged in other legal proceedings from time to time. Legal proceedings can be complex and take many months, or even years, to reach resolution, with the final outcome depending on a number of variables, some of which are not within our control. Therefore, although we will vigorously defend ourselves in each of the actions described above and such other legal proceedings, their ultimate resolution and potential financial and other impacts on us are uncertain but could be material.

ITEM 1B. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

AMERICAN AIRLINES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions)(Unaudited)

	Three Months Ended March 31,	
	2021	2020
Operating revenues:		
Passenger	$ 3,179	$ 7,681
Cargo	315	147
Other	514	686
Total operating revenues	4,008	8,514
Operating expenses:		
Aircraft fuel and related taxes	1,034	1,784
Salaries, wages and benefits	2,729	3,217
Regional expenses	624	1,107
Maintenance, materials and repairs	376	629
Other rent and landing fees	570	611
Aircraft rent	351	334
Selling expenses	151	385
Depreciation and amortization	478	560
Special items, net	(1,708)	1,132
Other	717	1,291
Total operating expenses	5,322	11,050
Operating loss	(1,314)	(2,536)
Nonoperating income (expense):		
Interest income	9	104
Interest expense, net	(333)	(260)
Other income (expense), net	109	(105)
Total nonoperating expense, net	(215)	(261)
Loss before income taxes	(1,529)	(2,797)
Income tax benefit	(314)	(628)
Net loss	$ (1,215)	$ (2,169)

See accompanying notes to condensed consolidated financial statements.

AMERICAN AIRLINES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In millions)(Unaudited)

	Three Months Ended March 31,	
	2021	2020
Net loss	$ (1,215)	$ (2,169)
Other comprehensive income (loss), net of tax:		
Pension, retiree medical and other postretirement benefits	66	(126)
Investments	—	(23)
Total other comprehensive income (loss), net of tax	66	(149)
Total comprehensive loss	$ (1,149)	$ (2,318)

See accompanying notes to condensed consolidated financial statements.

AMERICAN AIRLINES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions, except share and par value)

	March 31, 2021 (Unaudited)	December 31, 2020
ASSETS		
Current assets		
Cash	$ 270	$ 231
Short-term investments	13,748	6,617
Restricted cash and short-term investments	806	609
Accounts receivable, net	965	1,334
Receivables from related parties, net	6,647	7,877
Aircraft fuel, spare parts and supplies, net	1,564	1,520
Prepaid expenses and other	584	633
Total current assets	24,584	18,821
Operating property and equipment		
Flight equipment	37,147	37,485
Ground property and equipment	8,748	8,836
Equipment purchase deposits	1,136	1,446
Total property and equipment, at cost	47,031	47,767
Less accumulated depreciation and amortization	(16,449)	(16,393)
Total property and equipment, net	30,582	31,374
Operating lease right-of-use assets	7,958	7,994
Other assets		
Goodwill	4,091	4,091
Intangibles, net of accumulated amortization of $755 and $745, respectively	2,019	2,029
Deferred tax asset	3,530	3,235
Other assets	1,773	1,671
Total other assets	11,413	11,026
Total assets	$ 74,537	$ 69,215
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities		
Current maturities of long-term debt and finance leases	$ 2,447	$ 2,800
Accounts payable	1,536	1,116
Accrued salaries and wages	1,515	1,661
Air traffic liability	5,598	4,757
Loyalty program liability	2,323	2,033
Operating lease liabilities	1,586	1,641
Other accrued liabilities	2,065	2,300
Total current liabilities	17,070	16,308
Noncurrent liabilities		
Long-term debt and finance leases, net of current maturities	32,346	26,182
Pension and postretirement benefits	6,723	7,027
Loyalty program liability	7,055	7,162
Operating lease liabilities	6,701	6,739
Other liabilities	1,405	1,449
Total noncurrent liabilities	54,230	48,559
Commitments and contingencies		
Stockholder's equity		
Common stock, $1.00 par value; 1,000 shares authorized, issued and outstanding	—	—
Additional paid-in capital	17,088	17,050
Accumulated other comprehensive loss	(7,128)	(7,194)
Retained deficit	(6,723)	(5,508)
Total stockholder's equity	3,237	4,348
Total liabilities and stockholder's equity	$ 74,537	$ 69,215

See accompanying notes to condensed consolidated financial statements.

AMERICAN AIRLINES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)(Unaudited)

	Three Months Ended March 31,	
	2021	2020
Net cash provided by (used in) operating activities	$ 1,428	$ (401)
Cash flows from investing activities:		
Capital expenditures, net of aircraft purchase deposit returns	24	(829)
Proceeds from sale of property and equipment	108	34
Proceeds from sale-leaseback transactions	99	280
Purchases of short-term investments	(8,545)	(820)
Sales of short-term investments	1,415	1,237
Increase in restricted short-term investments	(194)	—
Other investing activities	(42)	(49)
Net cash used in investing activities	(7,135)	(147)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	9,965	1,198
Payments on long-term debt and finance leases	(4,054)	(426)
Deferred financing costs	(162)	(25)
Net cash provided by financing activities	5,749	747
Net increase in cash and restricted cash	42	199
Cash and restricted cash at beginning of period	385	277
Cash and restricted cash at end of period [1]	$ 427	$ 476
Non-cash transactions:		
Right-of-use (ROU) assets acquired through operating leases	$ 358	$ 320
Property and equipment acquired through finance leases	22	—
Settlement of bankruptcy obligations	—	56
Deferred financing costs paid through issuance of debt	—	17
Supplemental information:		
Interest paid, net	426	228
Income taxes paid	—	2

[1] The following table provides a reconciliation of cash and restricted cash to amounts reported within the condensed consolidated balance sheets:

Cash	$ 270	$ 464
Restricted cash included in restricted cash and short-term investments	157	12
Total cash and restricted cash	$ 427	$ 476

See accompanying notes to condensed consolidated financial statements.

AMERICAN AIRLINES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDER'S EQUITY
(In millions)(Unaudited)

	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Deficit	Total
Balance at December 31, 2020	$ —	$ 17,050	$ (7,194)	$ (5,508)	$ 4,348
Net loss	—	—	—	(1,215)	(1,215)
Other comprehensive income, net	—	—	66	—	66
Share-based compensation expense	—	38	—	—	38
Balance at March 31, 2021	$ —	$ 17,088	$ (7,128)	$ (6,723)	$ 3,237

	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total
Balance at December 31, 2019	$ —	$ 16,903	$ (6,423)	$ 2,942	$ 13,422
Net loss	—	—	—	(2,169)	(2,169)
Other comprehensive loss, net	—	—	(149)	—	(149)
Share-based compensation expense	—	18	—	—	18
Intercompany equity transfer	—	56	—	—	56
Balance at March 31, 2020	$ —	$ 16,977	$ (6,572)	$ 773	$ 11,178

See accompanying notes to condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.
(Unaudited)

1. Basis of Presentation and Recent Accounting Pronouncements

(a) Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of American Airlines, Inc. (American) should be read in conjunction with the consolidated financial statements contained in American's Annual Report on Form 10-K for the year ended December 31, 2020. American is the principal wholly-owned subsidiary of American Airlines Group Inc. (AAG). All significant intercompany transactions have been eliminated.

Management believes that all adjustments necessary for the fair presentation of results, consisting of normally recurring items, have been included in the unaudited condensed consolidated financial statements for the interim periods presented. The preparation of financial statements in accordance with accounting principles generally accepted in the United States (GAAP) requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates. The most significant areas of judgment relate to passenger revenue recognition, impairment of goodwill, impairment of long-lived and intangible assets, the loyalty program, deferred tax assets, as well as pension and retiree medical and other postretirement benefits. Certain prior period amounts have been reclassified to conform to the current year presentation. See Note 9 for further information.

(b) Impact of Coronavirus (COVID-19)

COVID-19 has been declared a global health pandemic by the World Health Organization. COVID-19 has surfaced in nearly all regions of the world, which has driven the implementation of significant, government-imposed measures to prevent or reduce its spread, including travel restrictions, testing regimes, closing of borders, "stay at home" orders and business closures. As a result, American has experienced an unprecedented decline in the demand for air travel, which has resulted in a material deterioration in its revenues. While global vaccination efforts are underway and demand for air travel has begun to return, the continued impact of COVID-19, including any increases in infection rates and renewed governmental action to slow the spread of COVID-19 such as has occurred throughout Western Europe and Latin America in the first quarter of 2021, cannot be estimated.

American has taken aggressive actions to mitigate the effects of the COVID-19 pandemic on its business, including deep capacity reductions, structural changes to its fleet, cost reductions, and steps to preserve cash and improve its overall liquidity position. American remains extremely focused on taking all self-help measures available to manage its business during this unprecedented time, consistent with the terms of the financial assistance it has received from the U.S. Government under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and Subtitle A of Title IV of Division N of the Consolidated Appropriations Act, 2021 (PSP Extension Law).

Capacity Reductions

American has significantly reduced its capacity (as measured by available seat miles), with first quarter of 2021 flying down 39.2% year-over-year. Domestic capacity in the first quarter of 2021 was down 36.8% while international capacity was down 45.1% year-over-year.

While demand for domestic and short-haul international markets has begun to return, uncertainty continues to exist. American will continue to match its forward capacity with observed booking trends for future travel and make further adjustments to American's capacity as needed.

Cost Reductions

American has reduced its 2021 operating expenditures as a result of permanent non-volume cost reductions. These reductions include labor productivity enhancements, management salaries and benefits and other permanent cost reductions. In the first quarter of 2021, an additional 1,600 represented team members opted in to a voluntary early retirement program.

Liquidity

As of March 31, 2021, American had $17.3 billion in total available liquidity, consisting of $14.0 billion in unrestricted cash and short-term investments, $2.8 billion in an undrawn capacity under revolving credit facilities and a total of $454 million in undrawn short-term revolving and other facilities.

During the first quarter of 2021, American completed the following financing transactions (see Note 4 for further information):

- issued $3.5 billion in aggregate principal amount of 5.50% Senior Secured Notes due 2026 and $3.0 billion in aggregate principal amount of 5.75% Senior Secured Notes due 2029 and entered into a $3.5 billion senior secured term loan facility (the AAdvantage Term Loan Facility) of which the full amount of term loans was drawn at closing;
- repaid in full $750 million under the 2013 Revolving Facility, $1.6 billion under the 2014 Revolving Facility and $450 million under the April 2016 Revolving Facility, all of which was borrowed in April 2020 in response to the COVID-19 pandemic;
- repaid the $550 million of outstanding loans under the $7.5 billion secured term loan facility with the U.S. Department of Treasury (Treasury) (the Treasury Loan Agreement) and terminated the Treasury Loan Agreement; and
- raised $99 million principally from aircraft sale-leaseback transactions.

In addition to the foregoing financings, AAG and the Subsidiaries (as defined below) received an aggregate of approximately $3.1 billion in financial assistance through the payroll support program (PSP2) established under the PSP Extension Law, all of which was received by the end of March 2021. In connection with the receipt by AAG and the Subsidiaries of this financial assistance, AAG issued a promissory note (the PSP2 Promissory Note) to Treasury for $896 million in aggregate principal amount and warrants to purchase up to an aggregate of approximately 5.7 million shares (the PSP2 Warrant Shares) of AAG common stock. See below for further discussion on PSP2.

A significant portion of American's debt financing agreements contain covenants requiring it to maintain an aggregate of at least $2.0 billion of unrestricted cash and cash equivalents and amounts available to be drawn under revolving credit facilities and/or contain loan to value, collateral coverage and/or debt service coverage ratio covenants.

Given the above actions and American's current assumptions about the future impact of the COVID-19 pandemic on travel demand, which could be materially different due to the inherent uncertainties of the current operating environment, American expects to meet its cash obligations as well as remain in compliance with the debt covenants in its existing financing agreements for the next 12 months based on its current level of unrestricted cash and short-term investments, its anticipated access to liquidity (including via proceeds from financings and funds from government assistance to be obtained pursuant to the American Rescue Plan Act of 2021, as amended (the ARP)), and projected cash flows from operations.

PSP2

On January 15, 2021 (the PSP2 Closing Date), American, Envoy Air Inc. (Envoy), Piedmont Airlines, Inc. (Piedmont) and PSA Airlines, Inc. (PSA and together with American, Envoy and Piedmont, the Subsidiaries), entered into a Payroll Support Program Extension Agreement (the PSP2 Agreement) with Treasury, with respect to PSP2 provided pursuant to the PSP Extension Law. In connection with the Subsidiaries' entry into the PSP2 Agreement, on the PSP2 Closing Date, AAG also entered into a warrant agreement (the PSP2 Warrant Agreement) with Treasury and issued the PSP2 Promissory Note to Treasury, with the Subsidiaries as guarantors.

PSP2 Agreement

In connection with PSP2, AAG and the Subsidiaries are required to comply with the relevant provisions of the PSP Extension Law, which are substantially similar as the restrictions contained in the Payroll Support Program Agreement entered into by the Subsidiaries with Treasury in connection with the payroll support program established under the CARES Act, but are in effect for a longer time period. These provisions include the requirement that funds provided pursuant to the PSP2 Agreement be used exclusively for the continuation of payment of eligible employee wages, salaries and benefits, the requirement against involuntary furloughs and reductions in employee pay rates and benefits through March 31, 2021, the provisions that prohibit the repurchase of AAG common stock, and the payment of common stock dividends through at least March 31, 2022, the provisions that restrict the payment of certain executive compensation until at least October 1, 2022, as well as a requirement to recall employees involuntarily terminated or furloughed after September 30, 2020. As was the case with PSP1, the PSP2 Agreement also imposes substantial reporting obligations on AAG and its Subsidiaries.

Pursuant to the PSP2 Agreement, Treasury provided AAG and its Subsidiaries financial assistance in two installments (each prior installment and any future installment disbursement, an Installment) totaling approximately $3.1 billion in the aggregate. As partial compensation to the U.S. Government for the provision of financial assistance under PSP2, AAG issued the PSP2 Promissory Note in the aggregate principal amount of $896 million and issued warrants (each a PSP2 Warrant and, collectively, the PSP2 Warrants) to Treasury to purchase up to an aggregate of approximately 5.7 million shares of AAG common stock.

For accounting purposes, the $3.1 billion of aggregate financial assistance AAG and the Subsidiaries received pursuant to the PSP2 Agreement is allocated to the PSP2 Promissory Note, the PSP2 Warrants and the other PSP2 financial assistance (the PSP2 Financial Assistance). The aggregate principal amount of $896 million of the PSP2 Promissory Note was recorded as unsecured long-term debt, and the total fair value of the PSP2 Warrants of $65 million, estimated using a Black-Scholes option pricing model, was recorded in stockholders' deficit in AAG's condensed consolidated balance sheet. The remaining amount of approximately $2.1 billion of PSP2 Financial Assistance was recognized as a credit to special items, net in the condensed consolidated statement of operations in the first quarter of 2021, the remaining period over which the continuation of payment of eligible employee wages, salaries and benefits was required.

PSP2 Promissory Note

As partial compensation to the U.S. Government for the provision of financial assistance under the PSP2 Agreement, AAG issued the PSP2 Promissory Note to Treasury, which provides for AAG’s unconditional promise to pay to Treasury the principal sum of $896 million, subject to an increase equal to 30% of the amount of any additional Installment disbursed under the PSP2 Agreement, and the guarantee of AAG’s obligations under the PSP2 Promissory Note by the Subsidiaries.

The PSP2 Promissory Note bears interest on the outstanding principal amount at a rate equal to 1.00% per annum until the fifth anniversary of the PSP2 Closing Date and 2.00% plus an interest rate based on the secured overnight financing rate per annum or other benchmark replacement rate consistent with customary market conventions (but not to be less than 0.00%) thereafter until the tenth anniversary of the PSP2 Closing Date (the PSP2 Maturity Date), and interest accrued thereon will be payable in arrears on the last business day of March and September of each year, beginning on March 31, 2021. The aggregate principal amount outstanding under the PSP2 Promissory Note, together with all accrued and unpaid interest thereon and all other amounts payable under the PSP2 Promissory Note, will be due and payable on the PSP2 Maturity Date.

AAG may, at any time and from time to time, voluntarily prepay amounts outstanding under the PSP2 Promissory Note, in whole or in part, without penalty or premium. Within 30 days of the occurrence of certain change of control triggering events, AAG is required to prepay the aggregate outstanding principal amount of the PSP2 Promissory Note at such time, together with any accrued interest or other amounts owing under the PSP2 Promissory Note at such time.

The PSP2 Promissory Note is AAG’s senior unsecured obligation and each guarantee of the PSP2 Promissory Note is the senior unsecured obligation of each of the Subsidiaries, respectively.

The PSP2 Promissory Note contains events of default, including cross-default with respect to acceleration or failure to pay at maturity other material indebtedness. Upon the occurrence of an event of default and subject to certain grace periods, the outstanding obligations under the PSP2 Promissory Note may, and in certain circumstances will automatically, be accelerated and become due and payable immediately.

PSP2 Warrant Agreement and PSP2 Warrants

As partial compensation to the U.S. Government for the provision of financial assistance under the PSP2 Agreement, and pursuant to the PSP2 Warrant Agreement, AAG issued the PSP2 Warrants to Treasury to purchase PSP2 Warrant Shares. The exercise price of the PSP2 Warrant Shares is $15.66 per share, subject to certain anti-dilution provisions provided for in the PSP2 Warrants.

Pursuant to the PSP2 Warrant Agreement, AAG issued to Treasury PSP2 Warrants to purchase up to an aggregate of approximately 5.7 million shares of Common Stock based on the terms described herein and on the date of any increase of the principal amount of the PSP2 Promissory Note in connection with the disbursement of any additional Installment under the PSP2 Agreement, AAG will issue to Treasury an additional PSP2 Warrant for a number of shares of AAG common stock equal to 10% of such increase of the principal amount of the PSP2 Promissory Note, divided by $15.66, the exercise price of such shares.

The PSP2 Warrants do not have any voting rights and are freely transferrable, with registration rights. Each PSP2 Warrant expires on the fifth anniversary of the date of issuance of such PSP2 Warrant. The PSP2 Warrants will be exercisable either through net share settlement or cash, at AAG's option. The PSP2 Warrants were and will be issued solely as compensation to the U.S. Government related to entry into the PSP2 Agreement. No separate proceeds (apart from the financial assistance described above) were received upon issuance of the PSP2 Warrants or will be received upon exercise thereof.

(c) Recent Accounting Pronouncement

Accounting Standards Update 2019-12: Simplifying the Accounting for Income Taxes (Topic 740)

This standard simplifies the accounting and disclosure requirements for income taxes by clarifying the existing guidance to improve consistency in the application of Accounting Standards Codification 740. This standard also removed the requirement to calculate income tax expense for the stand-alone financial statements of wholly-owned subsidiaries that are not subject to income tax. American adopted this standard effective January 1, 2021, and it did not have a material impact on its condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.
(Unaudited)

2. Special Items, Net

Special items, net in the condensed consolidated statements of operations consisted of the following (in millions):

	Three Months Ended March 31,	
	2021	2020
PSP2 Financial Assistance [1]	$ (1,882)	$ —
Severance expenses [2]	168	205
Mark-to-market adjustments on bankruptcy obligations, net [3]	6	(50)
Fleet impairment [4]	—	744
Labor contract expenses [5]	—	218
Other operating special items, net	—	15
Mainline operating special items, net	(1,708)	1,132
PSP2 Financial Assistance [1]	(244)	—
Fleet impairment [4]	27	93
Regional operating special items, net	(217)	93
Operating special items, net	(1,925)	1,225
Mark-to-market adjustments on equity and other investments, net [6]	(49)	180
Debt refinancing, extinguishment and other, net	26	37
Nonoperating special items, net	(23)	217

[1] PSP2 Financial Assistance represents recognition of financial assistance received from Treasury pursuant to the PSP2 Agreement. See Note 1(b) for further information.

[2] Severance expenses include salary and medical costs primarily associated with certain team members who opted in to voluntary early retirement programs offered as a result of reductions to American's operation due to the COVID-19 pandemic. Cash payments related to American's voluntary early retirement programs were approximately $170 million during the first quarter of 2021.

[3] Bankruptcy obligations that will be settled in shares of AAG common stock are marked-to-market based on AAG's stock price.

[4] Fleet impairment resulted from American's decision to retire certain aircraft earlier than planned driven primarily by the severe decline in air travel due to the COVID-19 pandemic. In the first quarter of 2021, American retired its remaining fleet of Embraer 140 aircraft resulting in a $27 million non-cash write-down of these aircraft. In the first quarter of 2020, American retired its Boeing 757, Boeing 767, Airbus A330-300 and Embraer 190 fleets as well as certain Embraer 140 and Bombardier CRJ200 aircraft resulting in a $764 million non-cash write-down of these aircraft and associated spare parts and $73 million in cash charges primarily for impairment of ROU assets and lease return costs.

[5] Labor contract expenses primarily related to one-time charges resulting from the ratification of a new contract with the Transport Workers Union and International Association of Machinists & Aerospace Workers for American's maintenance and fleet service team members, including signing bonuses and adjustments to vacation accruals resulting from pay rate increases.

[6] Mark-to-market adjustments on equity and other investments, net primarily related to net unrealized gains and losses associated with American's equity investment in China Southern Airlines Company Limited (China Southern Airlines) and certain treasury rate lock derivative instruments.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.
(Unaudited)

3. Revenue Recognition

Revenue

The following are the significant categories comprising American's reported operating revenues (in millions):

	Three Months Ended March 31,	
	2021	2020
Passenger revenue:		
Passenger travel	$ 2,893	$ 7,079
Loyalty revenue - travel [1]	286	602
Total passenger revenue	3,179	7,681
Cargo	315	147
Other:		
Loyalty revenue - marketing services [2]	457	571
Other revenue	57	115
Total other revenue	514	686
Total operating revenues	$ 4,008	$ 8,514

[1] Loyalty revenue included in passenger revenue is principally comprised of mileage credit redemptions, which were earned from travel or co-branded credit card and other partners.

[2] During the three months ended March 31, 2021 and 2020, cash payments from co-branded credit card and other partners was $1.0 billion and $1.3 billion, respectively.

The following is American's total passenger revenue by geographic region (in millions):

	Three Months Ended March 31,	
	2021	2020
Domestic	$ 2,655	$ 5,780
Latin America	482	1,180
Atlantic	22	523
Pacific	20	198
Total passenger revenue	$ 3,179	$ 7,681

American attributes passenger revenue by geographic region based upon the origin and destination of each flight segment.

Contract Balances

American's significant contract liabilities are comprised of (1) outstanding loyalty program mileage credits that may be redeemed for future travel and other non-air travel awards, reported as loyalty program liability on the condensed consolidated balance sheets and (2) ticket sales for transportation that has not yet been provided, reported as air traffic liability on the condensed consolidated balance sheets.

	March 31, 2021	December 31, 2020
	(In millions)	
Loyalty program liability	$ 9,378	$ 9,195
Air traffic liability	5,598	4,757
Total	$ 14,976	$ 13,952

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.
(Unaudited)

The balance of the loyalty program liability fluctuates based on seasonal patterns, which impact the volume of mileage credits issued through travel or sold to co-branded credit card and other partners (deferral of revenue) and mileage credits redeemed (recognition of revenue). Changes in loyalty program liability are as follows (in millions):

Balance at December 31, 2020	$	9,195
Deferral of revenue		490
Recognition of revenue [1]		(307)
Balance at March 31, 2021 [2]	$	9,378

[1] Principally relates to revenue recognized from the redemption of mileage credits for both air and non-air travel awards. Mileage credits are combined in one homogenous pool and are not separately identifiable. As such, the revenue is comprised of miles that were part of the loyalty program deferred revenue balance at the beginning of the period, as well as miles that were issued during the period.

[2] Mileage credits can be redeemed at any time and generally do not expire as long as that AAdvantage member has any type of qualifying activity at least every 18 months. In response to the COVID-19 pandemic, American suspended the expiration of mileage credits through June 30, 2021 and eliminated mileage reinstatement fees for canceled award tickets. As of March 31, 2021, American's current loyalty program liability was $2.3 billion and represents American's current estimate of revenue expected to be recognized in the next 12 months based on historical as well as projected trends, with the balance reflected in long-term loyalty program liability expected to be recognized as revenue in periods thereafter. Given the inherent uncertainty of the current operating environment due to the COVID-19 pandemic, American will continue to monitor redemption patterns and may adjust its estimates in the future.

The air traffic liability principally represents tickets sold for future travel on American and partner airlines, as well as estimated future refunds and exchanges of tickets sold for past travel. The balance in American's air traffic liability also fluctuates with seasonal travel patterns. The contract duration of passenger tickets is generally one year. Accordingly, any revenue associated with tickets sold for future travel will be recognized within 12 months. For the three months ended March 31, 2021, $838 million of revenue was recognized in passenger revenue that was included in American's air traffic liability at December 31, 2020. In response to the COVID-19 pandemic, American extended the contract duration for certain tickets to March 31, 2022, principally those tickets which were scheduled to expire from March 1, 2020 through March 31, 2021. Additionally, American has eliminated change fees for most domestic and international tickets. As of March 31, 2021, the air traffic liability included approximately $2.1 billion of travel credits related to these unused tickets. Accordingly, any revenue associated with these tickets will be recognized within the next 12 months. Given this change in contract duration and uncertainty surrounding the future demand for air travel, American's estimates of revenue that will be recognized from the air traffic liability for future flown or unused tickets as well as American's estimates of refunds may be subject to variability and differ from historical experience.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.
(Unaudited)

4. Debt

Long-term debt included in the condensed consolidated balance sheets consisted of (in millions):

	March 31, 2021	December 31, 2020
Secured		
2013 Term Loan Facility, variable interest rate of 1.86%, installments through 2025	$ 1,788	$ 1,788
2013 Revolving Facility	—	750
2014 Term Loan Facility, variable interest rate of 1.86%, installments through 2027	1,208	1,220
2014 Revolving Facility	—	1,643
April 2016 Term Loan Facility, variable interest rate of 2.11%, installments through 2023	960	960
April 2016 Revolving Facility	—	450
December 2016 Term Loan Facility, variable interest rate of 2.11%, installments through 2023	1,200	1,200
11.75% senior secured notes, interest only payments until due in July 2025	2,500	2,500
10.75% senior secured IP notes, interest only payments until due in February 2026	1,000	1,000
10.75% senior secured LGA/DCA notes, interest only payments until due in February 2026	200	200
Treasury Term Loan Facility	—	550
5.50% senior secured notes, installments beginning in July 2023 until due in April 2026	3,500	—
5.75% senior secured notes, installments beginning in July 2026 until due in April 2029	3,000	—
AAdvantage Term Loan Facility, variable interest rate of 5.5%, installments beginning in July 2023 through April 2028	3,500	—
Enhanced equipment trust certificates (EETCs), fixed interest rates ranging from 3.00% to 8.39%, averaging 3.95%, maturing from 2021 to 2032	10,652	11,013
Equipment loans and other notes payable, fixed and variable interest rates ranging from 1.28% to 5.83%, averaging 1.87%, maturing from 2021 to 2032	4,156	4,417
Special facility revenue bonds, fixed interest rates ranging from 5.00% to 5.38%, maturing from 2021 to 2036	1,040	1,040
Total long-term debt	34,704	28,731
Less: Total unamortized debt discount, premium and issuance costs	479	321
Less: Current maturities	2,342	2,700
Long-term debt, net of current maturities	$ 31,883	$ 25,710

As of March 31, 2021, the maximum availability under American's revolving credit and other facilities is as follows (in millions):

2013 Revolving Facility	$ 750
2014 Revolving Facility	1,643
April 2016 Revolving Facility	450
Short-term Revolving and Other Facilities	454
Total	$ 3,297

American has an undrawn $400 million short-term revolving credit facility it entered into in December 2019, which was set to expire at the end of December 2020 but which has been extended through the beginning of July 2021. American has the option to extend further this short-term revolving credit facility to January 2022 and, if extended, the available amount thereunder for the period from July 2021 to January 2022 shall be increased to $500 million. American also currently has approximately $54 million of available borrowing base under a cargo receivables facility that was entered into in December 2020. The December 2016 Credit Facilities provide for a revolving credit facility that may be established thereunder in the future.

Secured financings are collateralized by assets, consisting primarily of aircraft, engines, simulators, aircraft spare parts, airport gate leasehold rights, route authorities, airport slots and certain pre-delivery payments, as well as certain intellectual property and loyalty program assets.

2021 Financing Activities

2013, 2014 and April 2016 Revolving Facilities

In March 2021, American repaid in full the $750 million of revolving loans outstanding under the 2013 Revolving Facility, the $1.6 billion of revolving loans outstanding under the 2014 Revolving Facility and the $450 million of revolving loans outstanding under the April 2016 Revolving Facility. Following the March 2021 repayment, American is able to draw upon the commitments under these revolving facilities again as needed upon the terms of the underlying credit agreements or leave them undrawn, in each case, until such commitments expire, which is currently scheduled to occur in 2024 for substantially all of such commitments. As of March 31, 2021, there were no borrowings or letters of credit outstanding under the 2013 Revolving Facility, the 2014 Revolving Facility or the April 2016 Revolving Facility.

AAdvantage Financing

On March 24, 2021 (the AAdvantage Financing Closing Date), American and AAdvantage Loyalty IP Ltd., a newly formed Cayman Islands exempted company incorporated with limited liability and an indirect wholly owned subsidiary of American (Loyalty Issuer and, together with American, the AAdvantage Issuers), completed the offering of $3.5 billion aggregate principal amount of 5.50% Senior Secured Notes due 2026 (the 2026 Notes) and $3.0 billion aggregate principal amount of 5.75% Senior Secured Notes due 2029 (the 2029 Notes, and together with the 2026 Notes, the AAdvantage Notes). The AAdvantage Notes are fully and unconditionally guaranteed (the AAdvantage Note Guarantees) on a senior unsecured basis by AAG and fully and unconditionally guaranteed on a senior secured basis, jointly and severally, by AAdvantage Holdings 1, Ltd., a newly formed Cayman Islands exempted company incorporated with limited liability and a direct wholly owned subsidiary of American, and AAdvantage Holdings 2, Ltd., a newly formed Cayman Islands exempted company incorporated with limited liability and an indirect wholly owned subsidiary of American and the direct parent of Loyalty Issuer (HoldCo2 and, together with AAdvantage Holdings 1, Ltd., the SPV Guarantors, and the SPV Guarantors together with AAG, the AAdvantage Guarantors). The AAdvantage Notes were issued pursuant to an indenture, dated as of March 24, 2021 (the AAdvantage Indenture), by and among the AAdvantage Issuers, the AAdvantage Guarantors and Wilmington Trust, National Association, as trustee and as collateral custodian.

Concurrent with the issuance of the AAdvantage Notes, the AAdvantage Issuers, as co-borrowers, entered into a term loan credit and guaranty agreement, dated March 24, 2021, with Barclays Bank PLC, as administrative agent, Wilmington Trust, National Association, as collateral administrator, and the lenders party thereto, providing for a $3.5 billion term loan facility (the AAdvantage Term Loan Facility and collectively with the AAdvantage Notes, the AAdvantage Financing) and pursuant to which the full $3.5 billion of term loans (the AAdvantage Loans) were drawn on the AAdvantage Financing Closing Date. The AAdvantage Loans are fully and unconditionally guaranteed (together with the AAdvantage Note Guarantees, the AAdvantage Guarantees) by the AAdvantage Guarantors.

Subject to certain permitted liens and other exceptions, the AAdvantage Notes, AAdvantage Loans and AAdvantage Guarantees provided by the SPV Guarantors will be secured by a first-priority security interest in, and pledge of, various agreements with respect to the AAdvantage program (the AAdvantage Agreements) (including all payments thereunder) and rights under an intercompany agreement and certain IP Licenses (as defined below), certain rights under the AAdvantage program, certain deposit accounts that will receive cash under the AAdvantage Agreements, certain reserve accounts, the equity of each of Loyalty Issuer and the SPV Guarantors and substantially all other assets of Loyalty Issuer and the SPV Guarantors (collectively, the AAdvantage Collateral).

Payment Terms of the AAdvantage Notes and AAdvantage Loans under the AAdvantage Term Loan Facility

Interest on the AAdvantage Notes is payable in cash, quarterly in arrears on the 20th day of each January, April, July and October (each, an AAdvantage Payment Date), beginning July 20, 2021. The 2026 Notes will mature on April 20, 2026, and the 2029 Notes will mature on April 20, 2029. The outstanding principal on the 2026 Notes will be repaid in quarterly installments of approximately $292 million on each AAdvantage Payment Date, beginning on July 20, 2023. The outstanding principal on the 2029 Notes will be repaid in quarterly installments of $250 million on each AAdvantage Payment Date, beginning on July 20, 2026.

The AAdvantage Issuers may redeem the AAdvantage Notes, at their option, in whole at any time or in part from time to time, at a redemption price equal to 100% of the principal amount of the AAdvantage Notes redeemed plus a “make-whole” premium, together with accrued and unpaid interest to the date of redemption.

The scheduled maturity date of the AAdvantage Loans under the AAdvantage Term Loan Facility is April 20, 2028. The AAdvantage Loans bear interest at a variable rate equal to LIBOR (but not less than 0.75% per annum), plus a margin of 4.75% per annum, payable on each AAdvantage Payment Date. The outstanding principal on the AAdvantage Loans will be repaid in quarterly installments of $175 million, on each AAdvantage Payment Date beginning with the AAdvantage Payment Date in July 2023. These amortization payments (as well as those for the AAdvantage Notes) will be subject to the occurrence of certain early amortization events, including the failure to satisfy a minimum debt service coverage ratio at specified determination dates.

Prepayment of some or all of the AAdvantage Loans outstanding under the AAdvantage Term Loan Facility is permitted, although payment of an applicable premium is required as specified in the AAdvantage Term Loan Facility.

The AAdvantage Indenture and the AAdvantage Term Loan Facility contain mandatory prepayment provisions triggered upon (i) the issuance or incurrence by Loyalty Issuer or the SPV Guarantors of certain indebtedness or (ii) the receipt by American or its subsidiaries of net proceeds from pre-paid frequent flyer (i.e., AAdvantage) mile purchases exceeding $500 million, with prepayment required only in respect of net proceeds from such purchases exceeding $505 million in the aggregate. Each of these prepayments would also require payment of an applicable premium. Certain other events, including the occurrence of a change of control with respect to AAG and certain AAdvantage Collateral sales exceeding a specified threshold, will also trigger mandatory repurchase or mandatory prepayment provisions under the AAdvantage Indenture and the AAdvantage Term Loan Facility, respectively.

Other Terms of the AAdvantage Indenture and the AAdvantage Term Loan Facility

The AAdvantage Indenture and the AAdvantage Term Loan Facility contain certain covenants that limit the ability of Loyalty Issuer, the SPV Guarantors and, in certain circumstances, American and AAG, to among other things, (i) incur additional indebtedness and make restricted payments, (ii) incur certain liens on the AAdvantage Collateral, (iii) merge, consolidate or sell substantially all of their assets, (iv) dispose of the AAdvantage Collateral, (v) sell pre-paid frequent flyer (i.e. AAdvantage) miles in excess of $550 million in the aggregate, and (vi) terminate, amend, waive, supplement or modify the IP Licenses, or exercise rights and remedies thereunder, except under certain circumstances. American and Loyalty Issuer are also prohibited from substantially reducing the AAdvantage program business or modifying the terms of the AAdvantage program in a manner that would reasonably be expected to materially impair repayment of the AAdvantage Financing obligations (described as a Payment Material Adverse Effect in the AAdvantage Indenture and the AAdvantage Term Loan Facility), and AAG and its subsidiaries are prohibited from changing the policies and procedures of the AAdvantage program in a manner that would reasonably be expected to have a Payment Material Adverse Effect or operating a competing loyalty program. Notwithstanding these restrictions, the AAdvantage program is expected to operate as it has in the past, and the entry into the AAdvantage Financing is not expected to have any impact on the benefits offered to AAdvantage members.

In addition, subject to certain exceptions, the AAdvantage Indenture and the AAdvantage Term Loan Facility restrict the ability of American, Loyalty Issuer or any Guarantor to terminate, or modify certain terms within, the intercompany agreement governing the relationship between American and Loyalty Issuer with respect to the AAdvantage program.

The AAdvantage Indenture and the AAdvantage Term Loan Facility also require the AAdvantage Issuers to comply with certain affirmative covenants, including (i) certain reporting requirements and (ii) the use of commercially reasonable efforts to cause sufficient counterparties to AAdvantage Agreements to direct payments with respect to the AAdvantage program into a collections account, such that at least 90% of such cash receipts in a quarterly reporting period are deposited directly into this collection account, with amounts to be distributed from this collection account for the payment of fees, principal and interest on the AAdvantage Notes and the AAdvantage Loans pursuant to a payment waterfall described in the AAdvantage Indenture and the AAdvantage Term Loan Facility, respectively. In addition, the AAdvantage Indenture and the AAdvantage Term Loan Facility require AAG to maintain minimum liquidity, defined as the sum of (a) unrestricted cash and cash equivalents and (b) the aggregate principal amount committed and available to be drawn under all of AAG's revolving credit and other facilities, at the close of any business day of at least $2.0 billion.

Subject to certain materiality thresholds, qualifications, exceptions, “baskets” and grace and cure periods, the AAdvantage Indenture and the AAdvantage Term Loan Facility contain various events of default, including payment defaults, covenant defaults, cross-defaults to certain indebtedness, termination of certain agreements related to the AAdvantage program, bankruptcy events of Loyalty Issuer or any SPV Guarantor, and a change of control of Loyalty Issuer or any SPV Guarantor. A bankruptcy event of American is not itself an event of default; following an American bankruptcy, an event of default would only occur if American failed to satisfy certain enumerated bankruptcy case milestones, including an assumption of the AAdvantage Financing by a certain date. Upon the occurrence of an event of default, the outstanding obligations under the AAdvantage Indenture and the AAdvantage Term Loan Facility may (or, with respect to the bankruptcy events noted above, shall) be accelerated and become due and payable immediately.

Terms of Certain Intercompany Agreements Related to the AAdvantage Financing

In connection with the issuance of the AAdvantage Notes and entry into the AAdvantage Term Loan Facility, American, Loyalty Issuer and the SPV Guarantors entered into a series of transactions that resulted in the transfer to Loyalty Issuer of, among other things, American’s rights to certain data and other intellectual property used in the AAdvantage program (subject to certain exceptions) (such assets, the Transferred AAdvantage IP) and certain rights of American under specified AAdvantage Agreements. Loyalty Issuer has entered into a license agreement with HoldCo2 pursuant to which Loyalty Issuer has granted to HoldCo2 an exclusive, irrevocable (subject to certain termination rights), perpetual, worldwide, royalty-bearing license to use the Transferred AAdvantage IP (the HoldCo2 License), and HoldCo2 has in turn granted to American an exclusive, irrevocable (subject to certain termination rights), perpetual, worldwide, royalty-bearing sublicense to use the Transferred AAdvantage IP (together with the HoldCo2 License, the IP Licenses). The IP Licenses would be terminated, and American’s right to use the Transferred AAdvantage IP would cease, upon specified termination events, including, but not limited to, the occurrence of an event of default under the AAdvantage Indenture or the AAdvantage Term Loan Facility. In certain circumstances, such a termination would trigger a liquidated damages payment in an amount that is greater than the initial principal amount of the AAdvantage Notes and the AAdvantage Loans.

In addition, proceeds from the AAdvantage Financing were loaned by Loyalty Issuer to American pursuant to an intercompany note that was guaranteed by AAG. The borrowings under this intercompany note are payable on demand by Loyalty Issuer or, after the occurrence and during the continuance of an event of default under the AAdvantage Financing, by the master collateral agent under the AAdvantage Financing.

Treasury Loan Agreement

On September 25, 2020, American and AAG entered into a Loan and Guarantee Agreement (the Treasury Loan Agreement) with Treasury, which provided for a secured term loan facility (the Treasury Term Loan Facility) that permitted American to borrow up to $5.5 billion. Subsequently, on October 21, 2020, American and AAG entered into an amendment to the Treasury Loan Agreement, which increased the borrowing amount to up to $7.5 billion. American had borrowed $550 million under the Treasury Term Loan Facility in September 2020.

On March 24, 2021, American used proceeds from the AAdvantage Financing to prepay in full the $550 million outstanding under the Treasury Term Loan Facility and terminated the Treasury Loan Agreement.

5. Income Taxes

At December 31, 2020, American had approximately $16.5 billion of federal net operating losses (NOLs) available to reduce future federal taxable income, of which $8.9 billion will expire beginning in 2023 if unused and $7.6 billion can be carried forward indefinitely (NOL Carryforwards). American is a member of AAG's consolidated federal and certain state income tax returns. The amount of federal NOL Carryforwards available in those returns is $16.5 billion to reduce AAG's future federal taxable income. American also had approximately $5.0 billion of NOL Carryforwards to reduce future state taxable income at December 31, 2020, which will expire in taxable years 2020 through 2040 if unused.

American's ability to use its NOL Carryforwards depends on the amount of taxable income generated in future periods. American provides a valuation allowance for its deferred tax assets, which include the NOLs, when it is more likely than not that some portion, or all of its deferred tax assets, will not be realized. American considers all available positive and negative evidence and makes certain assumptions in evaluating the realizability of its deferred tax assets. Many factors are considered that impact American's assessment of future profitability, including conditions which are beyond its control, such as the health of the economy, the availability and price volatility of aircraft fuel and travel demand. American presently has a $24 million valuation allowance on certain net deferred tax assets related to state NOL Carryforwards. There can be no assurance that an additional valuation allowance on American's net deferred tax assets will not be required. Such valuation allowance could be material.

During the three months ended March 31, 2021 and 2020, American recorded an income tax benefit of $314 million and $628 million, respectively.

6. Fair Value Measurements and Other Investments

Assets Measured at Fair Value on a Recurring Basis

American utilizes the market approach to measure the fair value of its financial assets. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets. American's short-term investments classified as Level 2 primarily utilize broker quotes in a non-active market for valuation of these securities. No changes in valuation techniques or inputs occurred during the three months ended March 31, 2021.

Assets measured at fair value on a recurring basis are summarized below (in millions):

	Fair Value Measurements as of March 31, 2021			
	Total	Level 1	Level 2	Level 3
Short-term investments [1], [2]:				
Money market funds	$ 6,648	$ 6,648	$ —	$ —
Corporate obligations	4,123	—	4,123	—
Bank notes/certificates of deposit/time deposits	2,257	—	2,257	—
Repurchase agreements	720	—	720	—
	13,748	6,648	7,100	—
Restricted cash and short-term investments [1], [3]	806	606	200	—
Long-term investments [4]	201	201	—	—
Total	$ 14,755	$ 7,455	$ 7,300	$ —

[1] All short-term investments are classified as available-for-sale and stated at fair value. Unrealized gains and losses are recorded in accumulated other comprehensive loss at each reporting period. There were no credit losses.

[2] American's short-term investments mature in one year or less.

[3] Restricted cash and short-term investments primarily include money market funds to be used to finance a substantial portion of the cost of the renovation and expansion of Terminal 8 at JFK as well as collateral associated with the payment of certain fees and interest in respect of the AAdvantage Financing and collateral held to support workers' compensation obligations.

[4] Long-term investments primarily include American's equity investment in China Southern Airlines, in which American presently owns a 1.8% equity interest, and are classified in other assets on the condensed consolidated balance sheet.

Fair Value of Debt

The fair value of American's long-term debt was estimated using quoted market prices or discounted cash flow analyses, based on American's current estimated incremental borrowing rates for similar types of borrowing arrangements. If American's long-term debt was measured at fair value, it would have been classified as Level 2 except for $550 million as of December 31, 2020, which would have been classified as Level 3 in the fair value hierarchy.

The carrying value and estimated fair value of American's long-term debt, including current maturities, were as follows (in millions):

	March 31, 2021		December 31, 2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt, including current maturities	$ 34,225	$ 35,328	$ 28,410	$ 27,193

7. Employee Benefit Plans

The following table provides the components of net periodic benefit cost (income) (in millions):

	Pension Benefits		Retiree Medical and Other Postretirement Benefits	
Three Months Ended March 31,	2021	2020	2021	2020
Service cost	$ 1	$ 1	$ 2	$ 1
Interest cost	130	152	6	7
Expected return on assets	(270)	(251)	(3)	(4)
Special termination benefits	—	—	139	—
Amortization of:				
Prior service cost (benefit)	7	7	(3)	(54)
Unrecognized net loss (gain)	52	41	(6)	(6)
Net periodic benefit cost (income)	$ (80)	$ (50)	$ 135	$ (56)

Effective November 1, 2012, substantially all of American's defined benefit pension plans were frozen.

The service cost component of net periodic benefit cost (income) is included in operating expenses, the cost for the special termination benefits is included in special items, net and the other components of net periodic benefit cost (income) are included in nonoperating other income (expense), net in the condensed consolidated statements of operations.

During the first quarter of 2021, American remeasured its retiree medical and other postretirement benefits to account for enhanced healthcare benefits provided to eligible team members who opted in to voluntary early retirement programs offered as a result of reductions to its operation due to the COVID-19 pandemic. For the three months ended March 31, 2021, American recognized a $139 million special charge for these enhanced healthcare benefits and increased its postretirement benefits obligation by $139 million as of March 31, 2021.

In January 2021, American made $241 million in contributions to its pension plans, including a contribution of $130 million for the 2020 calendar year that was permitted to be deferred to January 4, 2021 as provided under the CARES Act. On March 11, 2021, the ARP was enacted, which included certain funding relief provisions for single employer qualified retirement benefit pension plans such as those sponsored by American. Based on American's current understanding of the ARP provisions applicable to its pension plans, American will have no additional funding requirements for 2021.

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8. Accumulated Other Comprehensive Loss

The components of accumulated other comprehensive loss (AOCI) are as follows (in millions):

	Pension, Retiree Medical and Other Postretirement Benefits	Unrealized Gain (Loss) on Investments	Income Tax Benefit (Provision) [1]	Total
Balance at December 31, 2020	$ (6,215)	$ (2)	$ (977)	$ (7,194)
Other comprehensive income (loss) before reclassifications	35	—	(8)	27
Amounts reclassified from AOCI	50	—	(11) [2]	39
Net current-period other comprehensive income (loss)	85	—	(19)	66
Balance at March 31, 2021	$ (6,130)	$ (2)	$ (996)	$ (7,128)

[1] Relates principally to pension, retiree medical and other postretirement benefits obligations that will not be recognized in net loss until the obligations are fully extinguished.

[2] Relates to pension, retiree medical and other postretirement benefits obligations and is recognized within the income tax benefit on the condensed consolidated statement of operations.

Reclassifications out of AOCI are as follows (in millions):

	Amounts reclassified from AOCI Three Months Ended March 31,		
AOCI Components	2021	2020	Affected line items on the condensed consolidated statements of operations
Amortization of pension, retiree medical and other postretirement benefits:			
Prior service cost (benefit)	$ 3	$ (36)	Nonoperating other income (expense), net
Actuarial loss	36	27	Nonoperating other income (expense), net
Total reclassifications for the period, net of tax	$ 39	$ (9)	

9. Regional Expenses

American's regional carriers provide scheduled air transportation under the brand name “American Eagle.” The American Eagle carriers include AAG's wholly-owned regional carriers, as well as third-party regional carriers. Substantially all of American's regional carrier arrangements are in the form of capacity purchase agreements. Expenses associated with American Eagle operations are classified as regional expenses on the condensed consolidated statements of operations.

Beginning in the first quarter of 2021, aircraft fuel and related taxes as well as certain salaries, wages and benefits, other rent and landing fees, selling and other expenses are no longer allocated to regional expenses on American's condensed consolidated statements of operations. The first quarter of 2020 condensed consolidated statement of operations has been recast to conform to the 2021 presentation. This statement of operations presentation change has no impact on total operating expenses or net loss.

Regional expenses for the three months ended March 31, 2021 and 2020 include $68 million and $70 million of depreciation and amortization, respectively, and $2 million and $6 million of aircraft rent, respectively.

During the three months ended March 31, 2021 and 2020, American recognized $127 million and $150 million, respectively, of expense under its capacity purchase agreement with Republic Airways Inc. (Republic). American holds a 25% equity interest in Republic Airways Holdings Inc., the parent company of Republic.

10. Transactions with Related Parties

The following represents the net receivables (payables) to related parties (in millions):

	March 31, 2021	December 31, 2020
AAG [1]	$ 8,822	$ 9,940
AAG's wholly-owned subsidiaries [2]	(2,175)	(2,063)
Total	$ 6,647	$ 7,877

[1] The decrease in American's net related party receivable from AAG is primarily due to cash received from the proceeds of AAG financing transactions including the PSP2 Promissory Note and the issuance of shares of AAG common stock pursuant to an at-the-market offering.

[2] The net payable to AAG's wholly-owned subsidiaries consists primarily of amounts due under regional capacity purchase agreements with AAG's wholly-owned regional airlines operating under the brand name of American Eagle.

11. Legal Proceedings

Chapter 11 Cases. On November 29, 2011, AMR Corporation (AMR), American, and certain of AMR's other direct and indirect domestic subsidiaries (the Debtors) filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York (the Bankruptcy Court). On October 21, 2013, the Bankruptcy Court entered an order approving and confirming the Debtors' fourth amended joint plan of reorganization (as amended, the Plan). On the Effective Date, December 9, 2013, the Debtors consummated their reorganization pursuant to the Plan and completed the acquisition of US Airways Group, Inc. by AMR (the Merger).

Pursuant to rulings of the Bankruptcy Court, the Plan established a disputed claims reserve (the Disputed Claims Reserve) to hold shares of AAG common stock reserved for issuance to disputed claimholders at the Effective Date that ultimately become holders of allowed claims. The shares of AAG common stock issued to the Disputed Claims Reserve were originally issued on December 13, 2013 and have at all times since been included in the number of shares issued and outstanding as reported by AAG from time to time in its quarterly and annual reports, including for calculating earnings per common share. As disputed claims are resolved, the claimants receive distributions of shares from the Disputed Claims Reserve. American is not required to distribute additional shares above the limits contemplated by the Plan, even if the shares remaining for distribution in the Disputed Claims Reserve are not sufficient to fully pay any additional allowed unsecured claims. If any of the reserved shares remain undistributed upon resolution of all remaining disputed claims, such shares will not be returned to AAG but rather will be distributed to former AMR stockholders and former convertible noteholders treated as stockholders under the Plan. As of March 31, 2021, the Disputed Claims Reserve held approximately 4.8 million shares of AAG common stock.

Private Party Antitrust Action Related to Passenger Capacity. American, along with Delta Air Lines, Inc., Southwest Airlines Co., United Airlines, Inc. and, in the case of litigation filed in Canada, Air Canada, were named as defendants in approximately 100 putative class action lawsuits alleging unlawful agreements with respect to air passenger capacity. The U.S. lawsuits were consolidated in the Federal District Court for the District of Columbia (the DC Court). On June 15, 2018, American reached a settlement agreement with the plaintiffs in the amount of $45 million to resolve all class claims in the U.S. lawsuits. That settlement was approved by the DC Court on May 13, 2019, however three parties who objected to the settlement have appealed that decision to the United States Court of Appeals for the District of Columbia. American believes these appeals are without merit and intends to vigorously defend against them.

Private Party Antitrust Action Related to the Merger. On August 6, 2013, a lawsuit captioned Carolyn Fjord, et al., v. AMR Corporation, et al., was filed in the Bankruptcy Court. The complaint named as defendants US Airways Group, Inc., US Airways, Inc., AMR and American, alleged that the effect of the Merger may be to create a monopoly in violation of Section 7 of the Clayton Antitrust Act, and sought injunctive relief and/or divestiture. On November 27, 2013, the Bankruptcy Court denied plaintiffs' motion to preliminarily enjoin the Merger. On August 29, 2018, the Bankruptcy Court denied in part defendants' motion for summary judgment, and fully denied plaintiffs' cross-motion for summary judgment. The parties' evidentiary cases were presented before the Bankruptcy Court in a bench trial in March 2019 and the parties submitted proposed findings of fact and conclusions of law and made closing arguments in April 2019. On January 29, 2021, the Bankruptcy Court published its decision finding in American's favor. The plaintiffs have appealed this ruling. American believes this lawsuit is without merit and intends to continue to vigorously defend against the allegations, including plaintiffs' appeal of the Bankruptcy Court's January 29, 2021 ruling.

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General. In addition to the specifically identified legal proceedings, American and its subsidiaries are also engaged in other legal proceedings from time to time. Legal proceedings can be complex and take many months, or even years, to reach resolution, with the final outcome depending on a number of variables, some of which are not within American's control. Therefore, although American will vigorously defend itself in each of the actions described above and such other legal proceedings, their ultimate resolution and potential financial and other impacts on American are uncertain but could be material.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Part I, Item 2 of this report should be read in conjunction with Part II, Item 7 of AAG's and American's Annual Report on Form 10-K for the year ended December 31, 2020 (the 2020 Form 10-K). The information contained herein is not a comprehensive discussion and analysis of the financial condition and results of operations of AAG and American, but rather updates disclosures made in the 2020 Form 10-K.

Financial Overview

Impact of Coronavirus (COVID-19)

COVID-19 has been declared a global health pandemic by the World Health Organization. COVID-19 has surfaced in nearly all regions of the world, which has driven the implementation of significant, government-imposed measures to prevent or reduce its spread, including travel restrictions, testing regimes, closing of borders, "stay at home" orders and business closures. As a result, we have experienced an unprecedented decline in the demand for air travel, which has resulted in a material deterioration in our revenues. While global vaccination efforts are underway and demand for air travel has begun to return, the continued impact of COVID-19, including any increases in infection rates and renewed governmental action to slow the spread of COVID-19 such as has occurred throughout Western Europe and Latin America in the first quarter of 2021, cannot be estimated.

We have taken aggressive actions to mitigate the effects of the COVID-19 pandemic on our business, including deep capacity reductions, structural changes to our fleet, cost reductions, and steps to preserve cash and improve our overall liquidity position. We remain extremely focused on taking all self-help measures available to manage our business during this unprecedented time, consistent with the terms of the financial assistance we have received from the U.S. Government under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and Subtitle A of Title IV of Division N of the Consolidated Appropriations Act, 2021 (PSP Extension Law).

Capacity Reductions

We have significantly reduced our capacity (as measured by available seat miles), with first quarter of 2021 flying down 39.2% year-over-year. Domestic capacity in the first quarter of 2021 was down 36.8% while international capacity was down 45.1% year-over-year.

We currently expect our second quarter of 2021 system capacity to be down 20% to 25% as compared to the second quarter of 2019. While demand for domestic and short-haul international markets has begun to return, uncertainty continues to exist. We will continue to match our forward capacity with observed booking trends for future travel and make further adjustments to our capacity as needed.

Cost Reductions

In aggregate, we estimate that we have reduced our 2021 operating expenditures by more than $1.3 billion, which are permanent non-volume cost reductions. These reductions include approximately $600 million in labor productivity enhancements, $500 million in management salaries and benefits and $200 million in other permanent cost reductions. In the first quarter of 2021, an additional 1,600 represented team members opted in to a voluntary early retirement program.

Liquidity

As of March 31, 2021, we had $17.3 billion in total available liquidity, consisting of $14.0 billion in unrestricted cash and short-term investments, $2.8 billion in an undrawn capacity under revolving credit facilities and a total of $454 million in undrawn short-term revolving and other facilities.

During the first quarter of 2021, we completed the following financing transactions (see Note 5 to AAG's Condensed Consolidated Financial Statements in Part I, Item 1A for further information):

- issued $3.5 billion in aggregate principal amount of 5.50% Senior Secured Notes due 2026 and $3.0 billion in aggregate principal amount of 5.75% Senior Secured Notes due 2029 and entered into a $3.5 billion senior secured term loan facility of which the full amount of term loans was drawn at closing;
- repaid in full $750 million under the 2013 Revolving Facility, $1.6 billion under the 2014 Revolving Facility and $450 million under the April 2016 Revolving Facility, all of which was borrowed in April 2020 in response to the COVID-19 pandemic;

- repaid the $550 million of outstanding loans under the $7.5 billion secured term loan facility with the U.S. Department of Treasury (Treasury) (the Treasury Loan Agreement) and terminated the Treasury Loan Agreement;
- issued 18.2 million shares of AAG common stock at an average price of $17.59 per share pursuant to an at-the-market offering for net proceeds of $316 million; and
- raised $99 million principally from aircraft sale-leaseback transactions.

In addition to the foregoing financings, we received an aggregate of approximately $3.1 billion in financial assistance through the payroll support program (PSP2) established under the PSP Extension Law, all of which was received by the end of March 2021. In connection with our receipt of this financial assistance, AAG issued a promissory note (the PSP2 Promissory Note) to Treasury for $896 million in aggregate principal amount and warrants to purchase up to an aggregate of approximately 5.7 million shares (the PSP2 Warrant Shares) of AAG common stock. See Note 1 to AAG's Condensed Consolidated Financial Statements in Part I, Item 1A for further discussion on PSP2. In April 2021, we received notice from Treasury that we would be receiving $463 million of additional financial assistance pursuant to PSP2 for an aggregate amount of approximately $3.5 billion. This additional amount is anticipated to be received before the end of April 2021 and, upon receipt of such amount, the principal amount of the PSP2 Promissory Note shall be increased by $139 million for a new aggregate amount of $1.0 billion and the number of PSP2 Warrant Shares shall be increased by approximately 0.9 million shares for a new aggregate amount of approximately 6.6 million shares.

In March 2021, the American Rescue Plan Act of 2021, as amended (the ARP), was enacted, which included an extension of the payroll support program (PSP3) providing for an additional $14.0 billion of financial assistance to be provided to passenger air carriers (including American) that is to be used exclusively for airline employee wages, salaries and benefits. Following the passage of the ARP, we canceled the 13,000 WARN notices sent to team members in February 2021 regarding the possibility of a workforce reduction at their work location.

In April 2021, we received notice from Treasury that, pursuant to PSP3, we are eligible to receive approximately $3.3 billion of financial assistance, which is anticipated to be paid in two installments with the first installment expected to be paid in April and the second installment expected to be paid in May. Concurrent with the receipt of the first installment, we expect to enter into a new payroll support agreement (the PSP3 Agreement) with Treasury, pursuant to which we will be required to comply with the relevant provisions of the ARP, which provisions will be substantially similar to the restrictions contained in the PSP1 Agreement and PSP2 Agreement, but are in effect for a longer time period. These provisions include the requirement that funds provided pursuant to the PSP3 be used exclusively for the continuation of payment of eligible employee wages, salaries and benefits, the requirement against involuntary furloughs and reductions in employee pay rates and benefits through at least September 30, 2021, prohibitions against the repurchase of AAG common stock and the payment of common stock dividends through September 30, 2022 and restrictions on the payment of certain executive compensation until April 1, 2023.

In addition, as partial compensation to the U.S. Government for the provision of the $3.3 billion of financial assistance under the PSP3 Agreement, AAG will issue a promissory note (the PSP3 Promissory Note) providing for the unconditional promise to pay to Treasury the principal sum of $963 million and enter into a warrant agreement (the PSP3 Warrant Agreement) providing for the issuance of warrants to Treasury to purchase up to approximately 4.4 million shares of AAG common stock at an exercise price of $21.75 per share (which is the closing price of AAG common stock on March 10, 2021), subject to certain anti-dilution provisions to be included in the PSP3 Warrant Agreement. The other terms of the PSP3 Promissory Note and the PSP3 Warrant Agreement are expected to be substantially the same as the terms of the PSP2 Promissory Note and PSP2 Warrant Agreement, respectively.

A significant portion of our debt financing agreements contain covenants requiring us to maintain an aggregate of at least $2.0 billion of unrestricted cash and cash equivalents and amounts available to be drawn under revolving credit facilities and/or contain loan to value, collateral coverage and/or debt service coverage ratio covenants.

Given the above actions and our current assumptions about the future impact of the COVID-19 pandemic on travel demand, which could be materially different due to the inherent uncertainties of the current operating environment, we expect to meet our cash obligations as well as remain in compliance with the debt covenants in our existing financing agreements for the next 12 months based on our current level of unrestricted cash and short-term investments, our anticipated access to liquidity (including via proceeds from financings and funds from government assistance to be obtained pursuant to the ARP), and projected cash flows from operations.

AAG's First Quarter 2021 Results

The selected financial data presented below is derived from AAG's unaudited condensed consolidated financial statements included in Part I, Item 1A of this report and should be read in conjunction with those financial statements and the related notes thereto.

	Three Months Ended March 31,		Increase (Decrease)	Percent Increase (Decrease)
	2021	2020		
	(In millions, except percentage changes)			
Passenger revenue	$ 3,179	$ 7,681	$ (4,502)	(58.6)
Cargo revenue	315	147	168	nm [2]
Other operating revenue	514	687	(173)	(25.3)
Total operating revenues	4,008	8,515	(4,507)	(52.9)
Aircraft fuel and related taxes	1,034	1,784	(750)	(42.0)
Salaries, wages and benefits	2,730	3,219	(489)	(15.2)
Total operating expenses	5,323	11,064	(5,741)	(51.9)
Operating loss	(1,315)	(2,549)	(1,234)	(48.4)
Pre-tax loss	(1,573)	(2,890)	(1,317)	(45.6)
Income tax benefit	(323)	(649)	(326)	(50.1)
Net loss	(1,250)	(2,241)	(991)	(44.2)
Pre-tax loss – GAAP	$ (1,573)	$ (2,890)	$ (1,317)	(45.6)
Adjusted for: pre-tax net special items [1]	(1,946)	1,442	(3,388)	nm
Pre-tax loss excluding net special items	$ (3,519)	$ (1,448)	$ 2,071	nm

[1] See below *"Reconciliation of GAAP to Non-GAAP Financial Measures"* and Note 2 to AAG's Condensed Consolidated Financial Statements in Part I, Item 1A for details on the components of net special items.

[2] Not meaningful or greater than 100% change.

Pre-Tax Loss and Net Loss

Pre-tax loss and net loss were $1.6 billion and $1.3 billion, respectively, in the first quarter of 2021. This compares to first quarter 2020 pre-tax loss and net loss of $2.9 billion and $2.2 billion, respectively. The quarter-over-quarter decrease in our pre-tax loss was principally driven by the recognition of $1.9 billion of net special credits during the first quarter of 2021 due primarily to the Payroll Support Program financial assistance (the PSP2 Financial Assistance), offset in part by severance expenses. A decrease in operating expenses due to our reduced schedule and cost reduction actions as a result of a severe decline in passenger demand and government travel restrictions related to the outbreak and spread of COVID-19 also contributed to the decrease in our pre-tax loss. This decline in operating expenses was offset in part by lower revenues due to the decline in passenger demand described above. See Notes 1 and 2 to AAG's Condensed Consolidated Financial Statements in Part I, Item 1A for further information on the PSP2 Financial Assistance and net special items, respectively.

Excluding the effects of pre-tax net special items, pre-tax loss was $3.5 billion and $1.4 billion in the first quarter of 2021 and 2020, respectively. The quarter-over-quarter increase in our pre-tax loss excluding pre-tax net special items was principally driven by lower revenues, offset in part by decreased operating expenses due to our reduced schedule and cost reduction actions as described above.

Revenue

In the first quarter of 2021, we reported total operating revenues of $4.0 billion, a decrease of $4.5 billion, or 52.9%, as compared to the first quarter of 2020. Passenger revenue was $3.2 billion in the first quarter of 2021, a decrease of $4.5 billion, or 58.6%, as compared to the first quarter of 2020. The decrease in passenger revenue in the first quarter of 2021 was due to a decline in passenger demand and government travel restrictions related to COVID-19, resulting in a 50.3% quarter-over-quarter decrease in revenue passenger miles (RPMs) and a 13.2 point decrease in passenger load factor.

In the first quarter of 2021, cargo revenue was $315 million, an increase of $168 million, more than two times higher, as compared to the first quarter of 2020. The increase in cargo revenue was primarily due to a 76.0% increase in cargo yield as a result of rate increases as well as a 22.1% increase in cargo ton miles reflecting increases in freight volumes, principally as a result of adding cargo-only flights to our schedule.

Other operating revenue decreased $173 million, or 25.3%, as compared to the first quarter of 2020, driven primarily by lower revenue associated with our loyalty program and airport clubs.

Our total revenue per available seat mile (TRASM) was 10.61 cents in the first quarter of 2021, a 22.6% decrease as compared to 13.71 cents in the first quarter of 2020.

Fuel

Aircraft fuel expense was $1.0 billion in the first quarter of 2021, which was $750 million, or 42.0%, lower as compared to the first quarter of 2020. This decrease was primarily driven by a 37.4% decrease in gallons of fuel consumed as a result of lower capacity and a 7.4% decrease in the average price per gallon of aircraft fuel including related taxes to $1.70 in the first quarter of 2021 from $1.83 in the first quarter of 2020.

As of March 31, 2021, we did not have any fuel hedging contracts outstanding to hedge our fuel consumption. Our current policy is not to enter into transactions to hedge our fuel consumption, although we review that policy from time to time based on market conditions and other factors. We do not currently view the market opportunities to hedge fuel prices as attractive because, among other things, our future fuel needs remain unclear due to uncertainties regarding air travel demand and any hedging would potentially require significant capital or collateral to be placed at risk. As such, and assuming we do not enter into any future transactions to hedge our fuel consumption, we will continue to be fully exposed to fluctuations in fuel prices.

Other Costs

We remain committed to actively managing our cost structure, which we believe is necessary in an industry whose economic prospects are heavily dependent upon two variables we cannot control: general economic conditions and the price of fuel. In particular, the COVID-19 pandemic has resulted in a very rapid deterioration in general economic conditions.

Our 2021 first quarter total operating cost per available seat mile (CASM) was 14.09 cents, a decrease of 20.9%, from 17.82 cents in the first quarter of 2020. The PSP2 Financial Assistance recognized in the first quarter of 2021 drove the decrease in our CASM, offset in part by lower capacity due to decreased passenger demand and government travel restrictions related to the COVID-19 pandemic described above.

Our 2021 first quarter total operating CASM excluding net special items and fuel was 16.45 cents, an increase of 26.8%, from 12.97 cents in the first quarter of 2020. The increase was primarily driven by lower capacity in the first quarter of 2021 as described above.

For a reconciliation of total operating CASM to total operating CASM excluding net special items and fuel, see below *"Reconciliation of GAAP to Non-GAAP Financial Measures."*

Reconciliation of GAAP to Non-GAAP Financial Measures

We sometimes use financial measures that are derived from the condensed consolidated financial statements but that are not presented in accordance with GAAP to understand and evaluate our current operating performance and to allow for period-to-period comparisons. We believe these non-GAAP financial measures may also provide useful information to investors and others. These non-GAAP measures may not be comparable to similarly titled non-GAAP measures of other companies, and should be considered in addition to, and not as a substitute for or superior to, any measure of performance, cash flow or liquidity prepared in accordance with GAAP. We are providing a reconciliation of reported non-GAAP financial measures to their comparable financial measures on a GAAP basis.

The following table presents the reconciliation of pre-tax loss (GAAP measure) to pre-tax loss excluding net special items (non-GAAP measure). Management uses this non-GAAP financial measure to evaluate our current operating performance and to allow for period-to-period comparisons. As net special items may vary from period-to-period in nature and amount, the adjustment to exclude net special items allows management an additional tool to understand our core operating performance.

	Three Months Ended March 31,	
	2021	2020
	(In millions)	
Reconciliation of Pre-Tax Loss Excluding Net Special Items:		
Pre-tax loss – GAAP	$ (1,573)	$ (2,890)
Pre-tax net special items [(1)]:		
Operating special items, net	(1,923)	1,225
Nonoperating special items, net	(23)	217
Total pre-tax net special items	(1,946)	1,442
Pre-tax loss excluding net special items	$ (3,519)	$ (1,448)

(1) See Note 2 to AAG's Condensed Consolidated Financial Statements in Part I, Item 1A for further information on net special items.

Additionally, the table below presents the reconciliation of total operating expenses (GAAP measure) to total operating costs excluding net special items and fuel (non-GAAP measure). Management uses total operating costs excluding net special items and fuel to evaluate our current operating performance and for period-to-period comparisons. The price of fuel, over which we have no control, impacts the comparability of period-to-period financial performance. The adjustment to exclude fuel and net special items allows management an additional tool to understand and analyze our non-fuel costs and core operating performance. Amounts may not recalculate due to rounding.

	Three Months Ended March 31,	
	2021	2020
Reconciliation of Total Operating CASM Excluding Net Special Items and Fuel:		
(In millions)		
Total operating expenses – GAAP	$ 5,323	$ 11,064
Operating net special items [1]:		
Mainline operating special items, net	1,708	(1,132)
Regional operating special items, net	215	(93)
Aircraft fuel and related taxes	(1,034)	(1,784)
Total operating expenses, excluding net special items and fuel	$ 6,212	$ 8,055
Total Available Seat Miles (ASM)	37,764	62,099
(In cents)		
Total operating CASM	14.09	17.82
Operating net special items per ASM [1]:		
Mainline operating special items, net	4.52	(1.82)
Regional operating special items, net	0.57	(0.15)
Aircraft fuel and related taxes per ASM	(2.74)	(2.87)
Total operating CASM, excluding net special items and fuel	16.45	12.97

[1] See Note 2 to AAG's Condensed Consolidated Financial Statements in Part I, Item 1A for further information on net special items.

AAG's Results of Operations

As discussed above, our results of operations for the first quarter of 2021 were significantly impacted by the COVID-19 pandemic. As a result, the comparison of these results to the first quarter of 2020 are largely not meaningful. Refer to the "Financial Overview" above for discussion of our first quarter of 2021 financial results and the impact of the COVID-19 pandemic on our business.

Operating Statistics

The table below sets forth selected operating data for the three months ended March 31, 2021 and 2020. Amounts may not recalculate due to rounding.

	Three Months Ended March 31,			
	2021	2020	Decrease	
Revenue passenger miles (millions) [(a)]	22,464	45,171	(50.3)	%
Available seat miles (millions) [(b)]	37,764	62,099	(39.2)	%
Passenger load factor (percent) [(c)]	59.5	72.7	(13.2)	pts
Yield (cents) [(d)]	14.15	17.00	(16.8)	%
Passenger revenue per available seat mile (cents) [(e)]	8.42	12.37	(31.9)	%
Total revenue per available seat mile (cents) [(f)]	10.61	13.71	(22.6)	%
Aircraft at end of period [(g)]	1,399	1,484	(5.7)	%
Fuel consumption (gallons in millions)	608	972	(37.4)	%
Average aircraft fuel price including related taxes (dollars per gallon)	1.70	1.83	(7.4)	%
Full-time equivalent employees at end of period	113,200	131,500	(13.9)	%
Total operating cost per available seat mile (cents) [(h)]	14.09	17.82	(20.9)	%

[(a)] Revenue passenger mile (RPM) – A basic measure of sales volume. One RPM represents one passenger flown one mile.

[(b)] Available seat mile (ASM) – A basic measure of production. One ASM represents one seat flown one mile.

[(c)] Passenger load factor – The percentage of available seats that are filled with revenue passengers.

[(d)] Yield – A measure of airline revenue derived by dividing passenger revenue by RPMs.

[(e)] Passenger revenue per available seat mile (PRASM) – Passenger revenue divided by ASMs.

[(f)] Total revenue per available seat mile (TRASM) – Total revenues divided by ASMs.

[(g)] Includes aircraft owned and leased by American as well as aircraft operated by third-party regional carriers under capacity purchase agreements. Excludes 35 Boeing 737-800 mainline aircraft and two Embraer 145 regional aircraft that are in temporary storage at March 31, 2021.

[(h)] Total operating cost per available seat mile (CASM) – Total operating expenses divided by ASMs.

Three Months Ended March 31, 2021 Compared to Three Months Ended March 31, 2020

Operating Revenues

	Three Months Ended March 31,		Increase (Decrease)	Percent Increase (Decrease)
	2021	2020		
	(In millions, except percentage changes)			
Passenger	$ 3,179	$ 7,681	$ (4,502)	(58.6)
Cargo	315	147	168	nm
Other	514	687	(173)	(25.3)
Total operating revenues	$ 4,008	$ 8,515	$ (4,507)	(52.9)

This table presents our passenger revenue and the quarter-over-quarter change in certain operating statistics:

	Three Months Ended March 31, 2021	Decrease vs. Three Months Ended March 31, 2020				
		RPMs	ASMs	Load Factor	Passenger Yield	PRASM
	(In millions)					
Passenger revenue	$ 3,179	(50.3)%	(39.2)%	(13.2)pts	(16.8)%	(31.9)%

Total operating revenues in the first quarter of 2021 decreased $4.5 billion, or 52.9%, from the first quarter of 2020, primarily due to a severe decline in passenger demand and government travel restrictions related to the COVID-19 pandemic.

Operating Expenses

	Three Months Ended March 31,		Increase (Decrease)	Percent Increase (Decrease)
	2021	2020		
	(In millions, except percentage changes)			
Aircraft fuel and related taxes	$ 1,034	$ 1,784	$ (750)	(42.0)
Salaries, wages and benefits	2,730	3,219	(489)	(15.2)
Regional expenses	625	1,140	(515)	(45.2)
Maintenance, materials and repairs	376	629	(253)	(40.2)
Other rent and landing fees	570	611	(41)	(6.6)
Aircraft rent	351	334	17	4.9
Selling expenses	151	385	(234)	(60.8)
Depreciation and amortization	478	560	(82)	(14.6)
Mainline operating special items, net	(1,708)	1,132	(2,840)	nm
Other	716	1,270	(554)	(43.6)
Total operating expenses	$ 5,323	$ 11,064	$ (5,741)	(51.9)

Total operating expenses decreased $5.7 billion, or 51.9%, in the first quarter of 2021 from the first quarter of 2020 due to our reduced schedule and cost reduction actions as described above as well as the recognition of $2.1 billion of PSP2 Financial Assistance.

Depreciation and amortization decreased $82 million, or 14.6%, in the first quarter of 2021 from the first quarter of 2020 primarily due to the early retirement of aircraft as a result of the COVID-19 pandemic. See further discussion in operating special items, net below.

Aircraft rent increased $17 million, or 4.9%, in the first quarter of 2021 from the first quarter of 2020 primarily due to the delivery of 26 new leased mainline aircraft subsequent to the first quarter of 2020.

Operating Special Items, Net

	Three Months Ended March 31,	
	2021	2020
	(In millions)	
PSP2 Financial Assistance [1]	$ (1,882)	$ —
Severance expenses [2]	168	205
Mark-to-market adjustments on bankruptcy obligations, net [3]	6	(50)
Fleet impairment [4]	—	744
Labor contract expenses [5]	—	218
Other operating special items, net	—	15
Mainline operating special items, net	(1,708)	1,132
PSP2 Financial Assistance [1]	(244)	—
Fleet impairment [4]	27	93
Severance expenses [2]	2	—
Regional operating special items, net	(215)	93
Operating special items, net	$ (1,923)	$ 1,225

[1] PSP2 Financial Assistance represents recognition of financial assistance received from Treasury pursuant to the PSP2 Agreement. See Note 1(b) to AAG's Condensed Consolidated Financial Statements in Part I, Item 1A for further information.

[2] Severance expenses include salary and medical costs primarily associated with certain team members who opted in to voluntary early retirement programs offered as a result of reductions to our operation due to the COVID-19 pandemic. Cash payments related to our voluntary early retirement programs were approximately $170 million during the first quarter of 2021.

[3] Bankruptcy obligations that will be settled in shares of our common stock are marked-to-market based on our stock price.

[4] Fleet impairment resulted from our decision to retire certain aircraft earlier than planned driven primarily by the severe decline in air travel due to the COVID-19 pandemic. In the first quarter of 2021, we retired our remaining fleet of Embraer 140 aircraft resulting in a $27 million non-cash write-down of these aircraft. In the first quarter of 2020, we retired our Boeing 757, Boeing 767, Airbus A330-300 and Embraer 190 fleets as well as certain Embraer 140 and Bombardier CRJ200 aircraft resulting in a $764 million non-cash write-down of these aircraft and associated spare parts and $73 million in cash charges primarily for impairment of right-of-use (ROU) assets and lease return costs.

[5] Labor contract expenses primarily related to one-time charges resulting from the ratification of a new contract with the Transport Workers Union and International Association of Machinists & Aerospace Workers for our maintenance and fleet service team members, including signing bonuses and adjustments to vacation accruals resulting from pay rate increases.

Nonoperating Results

	Three Months Ended March 31,		Increase (Decrease)	Percent Increase (Decrease)
	2021	2020		
	(In millions, except percentage changes)			
Interest income	$ 4	$ 21	$ (17)	(83.3)
Interest expense, net	(371)	(257)	(114)	43.9
Other income (expense), net	109	(105)	214	nm
Total nonoperating expense, net	$ (258)	$ (341)	$ 83	(24.3)

Interest income decreased in the first quarter of 2021 compared to the first quarter of 2020 primarily as a result of lower returns on our short-term investments. Interest expense, net increased in the first quarter of 2021 compared to the first quarter of 2020 primarily due to the issuance of debt subsequent to the first quarter of 2020 to improve our liquidity position in response to the COVID-19 pandemic.

In the first quarter of 2021, other nonoperating income, net included $87 million of non-service related pension and other postretirement benefit plan income and $23 million of net special credits principally for mark-to-market net unrealized gains associated with our equity investment in China Southern Airlines Company Limited (China Southern Airlines) and certain treasury rate lock derivative instruments, offset in part by non-cash charges associated with debt refinancings and extinguishments.

In the first quarter of 2020, other nonoperating expense, net included $217 million of net special charges principally for mark-to-market net unrealized losses associated with our equity investment in China Southern Airlines and certain treasury rate lock derivative instruments as well as non-cash charges associated with debt refinancings and extinguishments, offset in part by $108 million of non-service related pension and other postretirement benefit plan income.

Income Taxes

In the first quarter of 2021, we recorded an income tax benefit of $323 million. Substantially all of our income or loss before income taxes is attributable to the United States.

See Note 6 to AAG's Condensed Consolidated Financial Statements in Part I, Item 1A for additional information on income taxes.

American's Results of Operations

As discussed above, American's results of operations for the first quarter of 2021 were significantly impacted by the COVID-19 pandemic. As a result, the comparison of these results to the first quarter of 2020 are largely not meaningful. Refer to the "Financial Overview" above for discussion of American's first quarter of 2021 financial results and the impact of the COVID-19 pandemic on American's business.

Three Months Ended March 31, 2021 Compared to Three Months Ended March 31, 2020

Operating Revenues

	Three Months Ended March 31,		Increase (Decrease)	Percent Increase (Decrease)
	2021	2020		
	(In millions, except percentage changes)			
Passenger	$ 3,179	$ 7,681	$ (4,502)	(58.6)
Cargo	315	147	168	nm
Other	514	686	(172)	(25.3)
Total operating revenues	$ 4,008	$ 8,514	$ (4,506)	(52.9)

Total operating revenues in the first quarter of 2021 decreased $4.5 billion, or 52.9%, from the first quarter of 2020, primarily due to a severe decline in passenger demand and government travel restrictions related to the COVID-19 pandemic.

Operating Expenses

	Three Months Ended March 31,		Increase (Decrease)	Percent Increase (Decrease)
	2021	2020		
	(In millions, except percentage changes)			
Aircraft fuel and related taxes	$ 1,034	$ 1,784	$ (750)	(42.0)
Salaries, wages and benefits	2,729	3,217	(488)	(15.2)
Regional expenses	624	1,107	(483)	(43.6)
Maintenance, materials and repairs	376	629	(253)	(40.2)
Other rent and landing fees	570	611	(41)	(6.6)
Aircraft rent	351	334	17	4.9
Selling expenses	151	385	(234)	(60.8)
Depreciation and amortization	478	560	(82)	(14.6)
Mainline operating special items, net	(1,708)	1,132	(2,840)	nm
Other	717	1,291	(574)	(44.4)
Total operating expenses	$ 5,322	$ 11,050	$ (5,728)	(51.8)

Total operating expenses decreased $5.7 billion, or 51.8%, in the first quarter of 2021 from the first quarter of 2020 due to American's reduced schedule and cost reduction actions as described above as well as the recognition of $2.1 billion of PSP2 Financial Assistance.

Depreciation and amortization decreased $82 million, or 14.6%, in the first quarter of 2021 from the first quarter of 2020 primarily due to the early retirement of aircraft as a result of the COVID-19 pandemic. See further discussion in operating special items, net below.

Aircraft rent increased $17 million, or 4.9%, in the first quarter of 2021 from the first quarter of 2020 primarily due to the delivery of 26 new leased mainline aircraft subsequent to the first quarter of 2020.

Operating Special Items, Net

	Three Months Ended March 31,	
	2021	2020
	(In millions)	
PSP2 Financial Assistance [1]	$ (1,882)	$ —
Severance expenses [2]	168	205
Mark-to-market adjustments on bankruptcy obligations, net [3]	6	(50)
Fleet impairment [4]	—	744
Labor contract expenses [5]	—	218
Other operating special items, net	—	15
Mainline operating special items, net	(1,708)	1,132
PSP2 Financial Assistance [1]	(244)	—
Fleet impairment [4]	27	93
Regional operating special items, net	(217)	93
Operating special items, net	$ (1,925)	$ 1,225

(1) PSP2 Financial Assistance represents recognition of financial assistance received from Treasury pursuant to the PSP2 Agreement. See Note 1(b) to American's Condensed Consolidated Financial Statements in Part I, Item 1B for further information.

(2) Severance expenses include salary and medical costs primarily associated with certain team members who opted in to voluntary early retirement programs offered as a result of reductions to American's operation due to the COVID-19 pandemic. Cash payments related to American's voluntary early retirement programs were approximately $170 million during the first quarter of 2021.

(3) Bankruptcy obligations that will be settled in shares of AAG common stock are marked-to-market based on AAG's stock price.

(4) Fleet impairment resulted from American's decision to retire certain aircraft earlier than planned driven primarily by the severe decline in air travel due to the COVID-19 pandemic. In the first quarter of 2021, American retired its remaining fleet of Embraer 140 aircraft resulting in a $27 million non-cash write-down of these aircraft. In the first quarter of 2020, American retired its Boeing 757, Boeing 767, Airbus A330-300 and Embraer 190 fleets as well as certain Embraer 140 and Bombardier CRJ200 aircraft resulting in a $764 million non-cash write-down of these aircraft and associated spare parts and $73 million in cash charges primarily for impairment of ROU assets and lease return costs.

(5) Labor contract expenses primarily related to one-time charges resulting from the ratification of a new contract with the Transport Workers Union and International Association of Machinists & Aerospace Workers for American's maintenance and fleet service team members, including signing bonuses and adjustments to vacation accruals resulting from pay rate increases.

Nonoperating Results

	Three Months Ended March 31,		Increase (Decrease)	Percent Increase (Decrease)
	2021	2020		
	(In millions, except percentage changes)			
Interest income	$ 9	$ 104	$ (95)	(91.4)
Interest expense, net	(333)	(260)	(73)	28.0
Other income (expense), net	109	(105)	214	nm
Total nonoperating expense, net	$ (215)	$ (261)	$ 46	(17.3)

Interest income decreased in the first quarter of 2021 compared to the first quarter of 2020 primarily as a result of lower returns on American's short-term investments and lower interest-bearing related party receivables from American's parent company, AAG. Interest expense, net increased in the first quarter of 2021 compared to the first quarter of 2020 primarily due to the issuance of debt subsequent to the first quarter of 2020 to improve American's liquidity position in response to the COVID-19 pandemic.

In the first quarter of 2021, other nonoperating income, net included $87 million of non-service related pension and other postretirement benefit plan income and $23 million of net special credits principally for mark-to-market net unrealized gains associated with American's equity investment in China Southern Airlines and certain treasury rate lock derivative instruments, offset in part by non-cash charges associated with debt refinancings and extinguishments.

In the first quarter of 2020, other nonoperating expense, net included $217 million of net special charges principally for mark-to-market net unrealized losses associated with American's equity investment in China Southern Airlines and certain treasury rate lock derivative instruments as well as non-cash charges associated with debt refinancings and extinguishments, offset in part by $108 million of non-service related pension and other postretirement benefit plan income.

Income Taxes

American is a member AAG's consolidated federal and certain state income tax returns.

In the first quarter of 2021, American recorded an income tax benefit of $314 million. Substantially all of American’s income or loss before income taxes is attributable to the United States.

See Note 5 to American’s Condensed Consolidated Financial Statements in Part I, Item 1B for additional information on income taxes.

Liquidity and Capital Resources

Liquidity

As of March 31, 2021, AAG had $17.3 billion in total available liquidity and $806 million in restricted cash and short-term investments. Additional detail regarding our available liquidity is provided in the table below (in millions):

	AAG		American	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Cash	$ 277	$ 245	$ 270	$ 231
Short-term investments	13,762	6,619	13,748	6,617
Undrawn facilities	3,297	7,396	3,297	7,396
Total available liquidity	$ 17,336	$ 14,260	$ 17,315	$ 14,244

Given the actions we have taken in response to the COVID-19 pandemic and our assumptions about its future impact on travel demand, which could be materially different due to the current inherent uncertainties of the current operating environment, we expect to meet our cash obligations as well as remain in compliance with the debt covenants in our existing financing agreements for the next 12 months based on our current level of unrestricted cash and short-term investments, our anticipated access to liquidity (including via proceeds from financings and funds from government assistance to be obtained pursuant to the ARP) and projected cash flows from operations.

Certain Covenants

Certain of our debt financing agreements (including our secured notes, term loans, revolving credit facilities and spare engine EETCs) contain loan to value (LTV) or collateral coverage ratio covenants and require us to appraise the related collateral annually or semiannually. Pursuant to such agreements, if the LTV or collateral coverage ratio exceeds a specified threshold or if the value of the appraised collateral fails to meet a specified threshold, as the case may be, we are required, as applicable, to pledge additional qualifying collateral (which in some cases may include cash or investment securities), or pay down such financing, in whole or in part, or the interest rate for the financing under such agreements will be increased. As of the most recent applicable measurement dates, we were in compliance with each of the foregoing collateral coverage tests. Additionally, a significant portion of our debt financing agreements contain covenants requiring us to maintain an aggregate of at least $2.0 billion of unrestricted cash and cash equivalents and amounts available to be drawn under revolving credit facilities, and our AAdvantage Financing contains a debt service coverage ratio, pursuant to which failure to comply with a certain threshold may result in early repayment of the AAdvantage Financing. For further information regarding our debt covenants, see Note 5 to AAG's Consolidated Financial Statements in Part I, Item 1A and Note 4 to American's Consolidated Financial Statements in Part I, Item 1B.

Sources and Uses of Cash

AAG

Operating Activities

Our net cash provided by operating activities was $174 million for the first quarter of 2021 as compared to net cash used in operating activities of $168 million for the first quarter of 2020, a $342 million quarter-over-quarter increase. In the first quarter of 2021, we received cash proceeds of approximately $2.1 billion associated with the PSP2 Financial Assistance. Excluding the PSP2 Financial Assistance, our operating cash flows decreased $1.8 billion compared to the first quarter of 2020 driven by lower revenues as a result of a severe decline in passenger demand and government travel restrictions related to the outbreak and spread of COVID-19, offset in part by a decrease in expenses due to our reduced schedule and cost reduction actions. In addition, during the first quarter of 2021, we made $241 million in contributions to our pension plans and approximately $170 million in cash payments associated with all of our voluntary early retirement programs. We expect cash payments under these programs of approximately $390 million in the remainder of 2021, approximately $230 million in 2022 and approximately $530 million in 2023 and beyond.

Investing Activities

Our net cash used in investing activities was $7.2 billion and $162 million for the first quarter of 2021 and 2020, respectively.

Our principal investing activities in the first quarter of 2021 included $7.1 billion in net purchases of short-term investments as well as a $194 million increase in restricted short-term investments primarily related to collateral for the AAdvantage Financing. These cash outflows were offset in part by $108 million of proceeds from the sale of property and equipment and $99 million of proceeds primarily from aircraft sale-leaseback transactions. Additionally, aircraft purchase deposit returns exceeded our capital expenditures for the first quarter of 2021, which expenditures were principally related to the harmonization of interior configurations across our mainline fleet and the purchase of one Airbus 321neo aircraft.

Our principal investing activities in the first quarter of 2020 included expenditures of $845 million for property and equipment, including five Airbus 321neo aircraft, three Embraer 175 aircraft and three Bombardier CRJ900 aircraft. These cash outflows were offset in part by $417 million in net sales of short-term investments and $280 million of proceeds primarily from aircraft sale-leaseback transactions.

Financing Activities

Our net cash provided by financing activities was $7.0 billion and $526 million for the first quarter of 2021 and 2020, respectively.

Our principal financing activities in the first quarter of 2021 included $10.9 billion in proceeds from the issuance of debt, including approximately $10.0 billion associated with the AAdvantage Financing and $896 million in aggregate principal amount under the PSP2 Promissory Note. We also had $316 million in net proceeds from the issuance of equity pursuant to an at-the-market offering. These cash inflows were offset in part by $4.1 billion in debt repayments, including prepayments totaling $2.8 billion for our revolving credit facilities and $550 million of outstanding loans under the Treasury Loan Agreement, and $661 million in scheduled debt repayments. In addition, we had $162 million of deferred financing cost cash outflows.

Our principal financing activities in the first quarter of 2020 included $1.7 billion in proceeds from the issuance of debt, including $1.0 billion provided under the senior secured delayed draw term loan credit facility, $500 million aggregate principal amount of 3.75% senior notes and $197 million in other aircraft financings. These cash inflows were offset in part by $926 million in scheduled debt repayments, including repayment of $500 million of 4.625% senior notes, $171 million in share repurchases and $43 million in dividend payments.

American

Operating Activities

American's net cash provided by operating activities was $1.4 billion for the first quarter of 2021 as compared to net cash used in operating activities of $401 million for the first quarter of 2020, a $1.8 billion quarter-over-quarter increase. In the first quarter of 2021, American received cash proceeds of approximately $1.9 billion associated with the PSP2 Financial Assistance as well as a $1.6 billion net increase in intercompany cash receipts principally from AAG's financing transactions. Excluding the PSP2 Financial Assistance and these AAG financing transactions, American's operating cash flows decreased $1.7 billion compared to the first quarter of 2020 driven by lower revenues as a result of a severe decline in passenger demand and government travel restrictions related to the outbreak and spread of COVID-19, offset in part by a decrease in expenses due to American's reduced schedule and cost reduction actions. In addition, during the first quarter of 2021, American made $241 million in contributions to its pension plans and approximately $170 million in cash payments associated with all of American's voluntary early retirement programs. American expects cash payments under these programs of approximately $390 million in the remainder of 2021, approximately $230 million in 2022 and approximately $530 million in 2023 and beyond.

Investing Activities

American's net cash used in investing activities was $7.1 billion and $147 million for the first quarter of 2021 and 2020, respectively.

American's principal investing activities in the first quarter of 2021 included $7.1 billion in net purchases of short-term investments as well as a $194 million increase in restricted short-term investments primarily related to collateral for the AAdvantage Financing. These cash outflows were offset in part by $108 million of proceeds from the sale of property and equipment and $99 million of proceeds primarily from aircraft sale-leaseback transactions. Additionally, aircraft purchase deposit returns exceeded American's capital expenditures for the first quarter of 2021, which expenditures were principally related to the harmonization of interior configurations across its mainline fleet and the purchase of one Airbus 321neo aircraft.

American's principal investing activities in the first quarter of 2020 included expenditures of $829 million for property and equipment, including five Airbus 321neo aircraft, three Embraer 175 aircraft and three Bombardier CRJ900 aircraft. These cash outflows were offset in part by $417 million in net sales of short-term investments and $280 million of proceeds primarily from aircraft sale-leaseback transactions.

Financing Activities

American's net cash provided by financing activities was $5.7 billion and $747 million for the first quarter of 2021 and 2020, respectively.

American's principal financing activities in the first quarter of 2021 included $10.0 billion in proceeds associated with the AAdvantage Financing. These cash inflows were offset in part by $4.1 billion in debt repayments, including prepayments totaling $2.8 billion for American's revolving credit facilities and $550 million of outstanding loans under the Treasury Loan Agreement, and $661 million in scheduled debt repayments. In addition, American had $162 million of deferred financing cost cash outflows.

American's principal financing activities in the first quarter of 2020 included $1.2 billion in proceeds from the issuance of debt, including $1.0 billion provided under the senior secured delayed draw term loan credit facility and $197 million in other aircraft financings, offset in part by $426 million primarily in scheduled debt repayments.

Commitments

Significant Indebtedness

As of March 31, 2021, AAG had $39.6 billion in long-term debt, including current maturities of $2.3 billion. As of March 31, 2021, American had $34.7 billion in long-term debt, including current maturities of $2.3 billion. All material changes in our significant indebtedness since our 2020 Form 10-K are discussed in Note 5 to AAG's Condensed Consolidated Financial Statements in Part I, Item 1A and Note 4 to American's Condensed Consolidated Financial Statements in Part I, Item 1B.

Aircraft and Engine Purchase Commitments

As of March 31, 2021, we had definitive purchase agreements for the acquisition of the following aircraft [(1)]:

	Remainder of 2021	2022	2023	2024	2025	2026 and Thereafter	Total
Airbus							
A320neo Family [(2)]	13	26	5	18	22	5	89
Boeing [(3)]							
737 MAX Family	1	—	12	6	20	20	59
787 Family	12	2	11	6	8	5	44
Total	26	28	28	30	50	30	192

(1) Delivery schedule represents our best estimate as of the date of this report. Actual delivery dates are subject to change based on various potential factors including production delays by the manufacturer.

(2) In October 2019, the Office of the U.S. Trade Representative announced a 10% tariff on new Airbus aircraft imported from Europe. Effective March 18, 2020, this tariff rate increased to 15%, and effective January 12, 2021, the scope of the 15% tariff was expanded to include certain imported aircraft parts in addition to aircraft. On March 5, 2021, the United States and the EU announced an agreement to suspend for four months the imposition of these tariffs on commercial aircraft. We continue to endeavor to mitigate the effect of these tariffs on our Airbus deliveries. See Part II, Item 1A. Risk Factors - "*We operate a global business with international operations that are subject to economic and political instability and have been, and in the future may continue to be, adversely affected by numerous events, circumstances or government actions beyond our control.*"

(3) On April 8, 2021, we exercised our right to defer 10 Boeing 737 MAX Family aircraft previously scheduled to be delivered in 2022 to 2023-2024. In connection with this deferral in April 2021, we prepaid $248 million of outstanding loans under our pre-delivery deposit financing facility. In addition, during the first quarter of 2021, we agreed with Boeing to defer five 787 Family aircraft previously scheduled to be delivered in 2021 to 2023. The table above and the contractual obligations table below reflects the purchase commitments after giving effect to these deferrals.

We also have agreements for 27 spare engines to be delivered in 2021 and beyond.

We currently have financing commitments in place for all 26 aircraft scheduled to be delivered in 2021: 13 Airbus A320neo Family aircraft, 12 Boeing 787 Family aircraft and one Boeing 737 MAX Family aircraft. We also have financing commitments in place for two Boeing 787 Family aircraft in 2022 and five Boeing 787 Family Aircraft in 2023. Our ability to draw on the financing commitments we have in place is subject to (1) the satisfaction of various terms and conditions, including in some cases, on our acquisition of the aircraft by a certain date and (2) the performance by the counterparty providing such financing commitments of its obligations thereunder. See Part II, Item 1A. Risk Factors – *"We will need to obtain sufficient financing or other capital to operate successfully"* for additional discussion.

Off-Balance Sheet Arrangements

An off-balance sheet arrangement is any transaction, agreement or other contractual arrangement involving an unconsolidated entity under which a company has (1) made guarantees, (2) a retained or a contingent interest in transferred assets, (3) an obligation under derivative instruments classified as equity or (4) any obligation arising out of a material variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to us, or that engages in leasing, hedging or research and development arrangements with us.

There have been no material changes in our off-balance sheet arrangements as discussed in our 2020 Form 10-K.

Contractual Obligations

The following table provides details of our future cash contractual obligations as of March 31, 2021 (in millions). Except to the extent set forth in the applicable accompanying footnotes, the table does not include commitments that are contingent on events or other factors that are uncertain or unknown at this time.

	Payments Due by Period						
	Remainder of 2021	2022	2023	2024	2025	2026 and Thereafter	Total
American							
Long-term debt:							
Principal amount [a], [c]	$ 2,114	$ 1,642	$ 5,095	$ 3,455	$ 7,738	$ 14,660	$ 34,704
Interest obligations [b], [c]	1,014	1,550	1,494	1,344	1,183	1,407	7,992
Finance lease obligations	101	141	119	124	90	93	668
Aircraft and engine purchase commitments [d]	264	1,647	1,642	2,521	3,373	1,734	11,181
Operating lease commitments	1,477	1,952	1,804	1,432	1,051	4,728	12,444
Regional capacity purchase agreements [e]	888	1,644	1,662	1,638	1,485	3,601	10,918
Minimum pension obligations [f]	—	—	46	136	111	224	517
Retiree medical and other postretirement benefits	69	90	85	82	77	358	761
Other purchase obligations [g]	2,109	2,058	1,298	510	151	1,033	7,159
Total American Contractual Obligations	8,036	10,724	13,245	11,242	15,259	27,838	86,344
AAG Parent and Other AAG Subsidiaries							
Long-term debt:							
Principal amount [a]	2	752	2	2	1,503	2,674	4,935
Interest obligations [b]	94	131	112	111	124	542	1,114
Operating lease commitments	12	12	12	9	4	17	66
Minimum pension obligations [f]	1	—	—	—	1	4	6
Total AAG Contractual Obligations	$ 8,145	$ 11,619	$ 13,371	$ 11,364	$ 16,891	$ 31,075	$ 92,465

[a] Amounts represent contractual amounts due. Excludes $479 million and $36 million of unamortized debt discount, premium and issuance costs as of March 31, 2021 for American and AAG Parent, respectively. For additional information, see Note 5 and Note 4 to AAG's and American's Condensed Consolidated Financial Statements in Part I, Items 1A and 1B, respectively.

[b] For variable-rate debt, future interest obligations are estimated using the current forward rates at March 31, 2021.

[c] Includes $10.7 billion of future principal payments and $1.8 billion of future interest payments as of March 31, 2021, related to EETCs associated with mortgage financings of certain aircraft and spare engines.

[d] See "*Aircraft and Engine Purchase Commitments*" in Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations for additional information about the firm commitment aircraft delivery schedule, in particular the footnotes to the table thereunder as to potential changes to such delivery schedule. Due to uncertainty surrounding the timing of delivery of certain aircraft, the amounts in the table represent our current best estimate; however, the actual delivery schedule may differ from the table above, potentially materially. Additionally, the amounts in the table exclude 12 and two Boeing 787-8 aircraft to be delivered in 2021 and 2022, respectively, as well as five Boeing 787-9 aircraft to be delivered in 2023, in each case, for which we have obtained committed lease financing. This financing is reflected in the operating lease commitments line above.

[e] Represents minimum payments under capacity purchase agreements with third-party regional carriers. These commitments are estimates of costs based on assumed minimum levels of flying under the capacity purchase agreements and our actual payments could differ materially. Rental payments under operating leases for certain aircraft flown under these capacity purchase agreements are reflected in the operating lease commitments line above.

(f) On March 11, 2021, the ARP was enacted, which included certain funding relief provisions for single employer qualified retirement benefit pension plans such as those sponsored by American. The amounts in the table represent minimum pension contributions based on actuarially determined estimates and reflect our current understanding of the ARP provisions applicable to our pension plans and could change based on any associated regulations or interpretive guidance from certain government agencies or any other factors.

(g) Includes purchase commitments for aircraft fuel, flight equipment maintenance, construction projects and information technology support.

Capital Raising Activity and Other Possible Actions

In light of the cash needs imposed by the current operating losses due to reduced demand in response to the COVID-19 pandemic as well as our significant financial commitments related to, among other things, new flight equipment, the servicing and amortization of existing debt and equipment leasing arrangements, and pension funding obligations, we and our subsidiaries will regularly consider, and enter into negotiations related to, capital raising and liability management activity, which may include the entry into leasing transactions and future issuances of, and transactions designed to manage the timing and amount of, secured or unsecured debt obligations or additional equity securities in public or private offerings or otherwise. The cash available from operations (if any) and these sources, however, may not be sufficient to cover our cash obligations because economic factors may reduce the amount of cash generated by operations or increase costs. For instance, an economic downturn or general global instability caused by military actions, terrorism, disease outbreaks (in particular the ongoing global outbreak of COVID-19), natural disasters or other causes could reduce the demand for air travel, which would reduce the amount of cash generated by operations. See Part II, Item 1A. Risk Factors – *"The outbreak and global spread of COVID-19 has resulted in a severe decline in demand for air travel which has adversely impacted our business, operating results, financial condition and liquidity. The duration and severity of the COVID-19 pandemic, and similar public health threats that we may face in the future, could result in additional adverse effects on our business, operating results, financial condition and liquidity"* for additional discussion. An increase in costs, either due to an increase in borrowing costs caused by a reduction in credit ratings or a general increase in interest rates, or due to an increase in the cost of fuel, maintenance, aircraft, aircraft engines or parts, could decrease the amount of cash available to cover cash contractual obligations. Moreover, certain of our financing arrangements contain significant minimum cash balance or similar liquidity requirements. As a result, we cannot use all of our available cash to fund operations, capital expenditures and cash obligations without violating these requirements. See Note 5 and Note 4 to AAG's and American's Condensed Consolidated Financial Statements in Part I, Items 1A and 1B, respectively.

In the past, we have from time to time refinanced, redeemed or repurchased our debt and taken other steps to reduce or otherwise manage the aggregate amount and cost of our debt, lease and other obligations or otherwise improve our balance sheet. Going forward, depending on market conditions, our cash position and other considerations, we may continue to take such actions.

Critical Accounting Policies and Estimates

For information regarding our critical accounting policies and estimates, see disclosures in the Consolidated Financial Statements and accompanying notes contained in our 2020 Form 10-K.

Recent Accounting Pronouncements

Accounting Standards Update (ASU) 2020-06: Accounting for Convertible Instruments and Contracts In An Entity's Own Equity (the New Convertible Debt Standard)

The New Convertible Debt Standard simplifies the accounting for certain convertible instruments by removing the separation models for convertible debt with a cash conversion feature and for convertible instruments with a beneficial conversion feature. As a result, more convertible debt instruments will be reported as a single liability instrument with no separate accounting for embedded conversion features. Additionally, the New Convertible Debt Standard amends the diluted earnings per share calculation for convertible instruments by requiring the use of the if-converted method. The treasury stock method is no longer available. Entities may adopt the New Convertible Debt Standard using either a full or modified retrospective approach, and it is effective for interim and annual reporting periods beginning after December 15, 2021. Early adoption is permitted for interim and annual reporting periods beginning after December 15, 2020. The New Convertible Debt Standard is applicable to our 6.50% convertible senior notes due 2025 (the Convertible Notes). We early adopted the New Convertible Debt Standard as of January 1, 2021 using the modified retrospective method to recognize our Convertible Notes as a single liability instrument. As of January 1, 2021, we recorded a $415 million ($320 million net of tax) reduction to additional paid-in capital to remove the equity component of the Convertible Notes from our balance sheet and a $19 million cumulative effect adjustment credit, net of tax, to retained deficit related to non-cash debt discount amortization recognized in periods prior to adoption resulting in a corresponding reduction of $389 million to the debt discount associated with the Convertible Notes.

ASU 2019-12: Simplifying the Accounting for Income Taxes (Topic 740)

This standard simplifies the accounting and disclosure requirements for income taxes by clarifying the existing guidance to improve consistency in the application of Accounting Standards Codification 740. This standard also removed the requirement to calculate income tax expense for the stand-alone financial statements of wholly-owned subsidiaries that are not subject to income tax. We adopted this standard effective January 1, 2021, and it did not have a material impact on our condensed consolidated financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

AAG's and American's Market Risk Sensitive Instruments and Positions

Our primary market risk exposures include the price of aircraft fuel, foreign currency exchange rates and interest rate risk. Our exposure to these market risks has not changed materially from our exposure discussed in our 2020 Form 10-K except as updated below.

Aircraft Fuel

As of March 31, 2021, we did not have any fuel hedging contracts outstanding to hedge our fuel consumption. We do not currently view the market opportunities to hedge fuel prices as attractive because, among other things, our future fuel needs remain unclear due to uncertainties regarding air travel demand and any hedging would potentially require significant capital or collateral to be placed at risk. As such, and assuming we do not enter into any future transactions to hedge our fuel consumption, we will continue to be fully exposed to fluctuations in fuel prices. Our current policy is not to enter into transactions to hedge our fuel consumption, although we review that policy from time to time based on market conditions and other factors. Based on our 2021 forecasted fuel consumption, we estimate that a one cent per gallon increase in the price of aircraft fuel would increase our 2021 annual fuel expense by $35 million.

Foreign Currency

We are exposed to the effect of foreign exchange rate fluctuations on the U.S. dollar value of foreign currency-denominated transactions. Our largest exposure comes from the British pound sterling, Euro, Canadian dollar and various Latin American currencies, primarily the Brazilian real. We do not currently have a foreign currency hedge program.

Generally, fluctuations in foreign currencies, including devaluations, cannot be predicted by us and can significantly affect the value of our assets located outside the United States. These conditions, as well as any further delays, devaluations or imposition of more stringent repatriation restrictions, may materially adversely affect our business, results of operations and financial condition. See Part II, Item 1A. Risk Factors – *"We operate a global business with international operations that are subject to economic and political instability and have been, and in the future may continue to be, adversely affected by numerous events, circumstances or government actions beyond our control"* for additional discussion of this and other currency risks.

Interest

Our earnings and cash flow are affected by changes in interest rates due to the impact those changes have on our interest expense from variable-rate debt instruments and our interest income from short-term, interest-bearing investments. If annual interest rates increase 100 basis points, based on our March 31, 2021 variable-rate debt and short-term investments balances, annual interest expense on variable rate debt would increase by approximately $130 million and annual interest income on short-term investments would increase by approximately $140 million.

On July 27, 2017, the U.K. Financial Conduct Authority (the authority that regulates LIBOR) announced that it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. The discontinuation date for submission and publication of rates for certain tenors of USD LIBOR (1-month, 3-month, 6-month, and 12-month) is currently under consultation by the ICE Benchmark Administration (the administrator of LIBOR) and may be extended until June 30, 2023. It is unclear whether new methods of calculating LIBOR will be established such that it continues to exist after 2021. Similarly, it is not possible to predict whether LIBOR will continue to be viewed as an acceptable market benchmark, what rate or rates may become acceptable alternatives to LIBOR, or what effect these changes in views or alternatives may have on financial markets for LIBOR-linked financial instruments. While the U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, has chosen SOFR as the recommended risk-free reference rate for the U.S. (calculated based on repurchase agreements backed by treasury securities), we cannot currently predict the extent to which this index will gain widespread acceptance as a replacement for LIBOR. It is not possible to predict the effect of these changes, other reforms or the establishment of alternative reference rates in the United Kingdom, the United States or elsewhere.

We may in the future pursue amendments to our LIBOR-based debt transactions to provide for a transaction mechanism or other reference rate in anticipation of LIBOR's discontinuation, but we may not be able to reach agreement with our lenders on any such amendments. As of March 31, 2021, we had $12.6 billion of borrowings based on LIBOR. The replacement of LIBOR with a comparable or successor rate could cause the amount of interest payable on our long-term debt to be different or higher than expected.

ITEM 4. CONTROLS AND PROCEDURES

Management's Evaluation of Disclosure Controls and Procedures

The term "disclosure controls and procedures" is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the Exchange Act). This term refers to the controls and procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms, and is accumulated and communicated to management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), as appropriate to allow timely decisions regarding required disclosure. An evaluation of the effectiveness of AAG's and American's disclosure controls and procedures as of March 31, 2021 was performed under the supervision and with the participation of AAG's and American's management, including AAG's and American's CEO and CFO. Based on that evaluation, AAG's and American's management, including AAG's and American's CEO and CFO, concluded that AAG's and American's disclosure controls and procedures were effective as of March 31, 2021 at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

For the quarter ended March 31, 2021, there have been no changes in AAG's or American's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, AAG's and American's internal control over financial reporting.

Limitation on the Effectiveness of Controls

We believe that a controls system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives, and, as noted above, the CEO and CFO of AAG and American believe that our disclosure controls and procedures were effective at the reasonable assurance level as of March 31, 2021.

PART II: OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See Note 11 to each of AAG and American's Condensed Consolidated Financial Statements in Part I, Item 1A and Part I, Item 1B, respectively, for information on legal proceedings.

ITEM 1A. RISK FACTORS

Below are certain risk factors that may affect our business, results of operations and financial condition, or the trading price of our common stock or other securities. We caution the reader that these risk factors may not be exhaustive. We operate in a continually changing business environment, and new risks and uncertainties emerge from time to time. Management cannot predict such new risks and uncertainties, nor can it assess the extent to which any of the risk factors below or any such new risks and uncertainties, or any combination thereof, may impact our business.

Risks Related to our Business

The outbreak and global spread of COVID-19 has resulted in a severe decline in demand for air travel which has adversely impacted our business, operating results, financial condition and liquidity. The duration and severity of the COVID-19 pandemic, and similar public health threats that we may face in the future, could result in additional adverse effects on our business, operating results, financial condition and liquidity.

The COVID-19 outbreak, along with the measures governments and private organizations worldwide have implemented in an attempt to contain the spread of this pandemic, has resulted in a severe decline in demand for air travel, which has adversely affected our business, operations and financial condition to an unprecedented extent. Measures ranging from travel restrictions, including testing regimes, “stay at home” and quarantine orders, limitations on public gatherings, to cancellation of public events and many others have resulted in a precipitous decline in demand for both domestic and international business and leisure travel. In response to this material deterioration in demand, we have taken a number of aggressive actions to ameliorate our business, operations and financial condition. We have focused on reducing our capacity, making structural changes to our fleet, implementing cost reductions, preserving cash and improving our overall liquidity position. We have reduced our system-wide capacity and will continue to monitor conditions and to proactively evaluate and adjust our schedule to match demand. Additionally, we have retired certain mainline aircraft earlier than planned, including Airbus A330-200, Boeing 757, Boeing 767, Airbus A330-300 and Embraer 190 aircraft as well as regional aircraft, including certain Embraer 140 and Bombardier CRJ200 aircraft, which we expect will allow us to be more efficient by reducing the number of sub-fleets we operate, and we have also placed a number of Boeing 737-800 aircraft, into temporary storage. We have moved quickly to attempt to better align our costs with our reduced schedule and made other cost-saving initiatives (including reductions in maintenance expense, marketing expense, event and training expense, airport facilities expense, salaries and benefits expense, and other volume-related expense reductions, including fuel). Nonetheless, we incurred significant negative operating cash flow in 2020 and the first quarter of 2021, we continue to do so, and we expect to continue to do so until there is a significant recovery in demand for air travel. The duration and severity of the COVID-19 pandemic remain uncertain, and there can be no assurance that any of the mitigating actions we have taken will suffice to sustain our business and operations through this pandemic.

We have taken and will take additional actions to improve our financial position, including measures to improve liquidity, such as obtaining financial assistance under the CARES Act, the PSP Extension Law and the ARP. In 2020, we received approximately $6.0 billion in financial assistance from Treasury through PSP1 established under the CARES Act, and in the first quarter of 2021, we received approximately $3.1 billion in financial assistance from Treasury through PSP2 established under the PSP Extension Law. In April 2021, we received notice from Treasury that we would be receiving $463 million of additional financial assistance through PSP2. Also, in April 2021, we received notice from Treasury that we are eligible to receive approximately $3.3 billion of financial assistance from Treasury through PSP3 established under the ARP. In connection with the financial assistance we have received through PSP1 and PSP2 and will receive through PSP3, we are required, and will be required to continue, to comply with the relevant provisions of the CARES Act, the PSP Extension Law and the ARP, including the requirement that funds provided pursuant to PSP1, PSP2 and PSP3 be used exclusively for the continuation of payment of eligible employee wages, salaries and benefits; the requirement against involuntary furloughs and reductions in employee pay rates and benefits through at least September 30, 2021; the requirement to recall employees involuntarily terminated or furloughed after September 30, 2020; the requirement that certain levels of commercial air service be maintained; provisions prohibiting the repurchase of AAG common stock and the payment of common stock dividends through September 30, 2022; and restrictions on the payment of certain executive compensation until April 1, 2023. Additionally, under PSP1, PSP2 and PSP3, we and certain of our subsidiaries

are, and will continue to be, subject to substantial and continuing reporting obligations. The substance and duration of these restrictions may materially affect our operations, and we may not be successful in managing these impacts.

We intend to pursue the issuance of additional unsecured and secured debt securities, equity securities and equity-linked securities and/or the entry into additional bilateral and syndicated secured and/or unsecured credit facilities, among other items. There can be no assurance as to the timing of any such financing transactions, which may be in the near term, or that we will be able to obtain such additional financing on favorable terms, or at all. Any such actions could be conducted in the near term, may be material in nature, could result in the incurrence and issuance of significant additional indebtedness or equity and could impose significant covenants and restrictions to which we are not currently subject.

The measures we have taken to reduce our expenditures and to improve our liquidity, and any other strategic actions that we may take in the future in response to the COVID-19 pandemic may not be effective in offsetting decreased demand, and we may not be permitted to take certain strategic actions that we believe are beneficial if such strategic actions are in contravention of the requirements under the CARES Act, the PSP Extension Law or the ARP, which could result in a material adverse effect on our business, operating results and financial condition.

The full extent of the ongoing impact of the COVID-19 pandemic on our longer-term operational and financial performance will depend on future developments, many of which are outside our control, including the effectiveness of the mitigation strategies discussed above; the duration and spread of COVID-19, including recurrence of the pandemic, and related travel advisories, restrictions and testing regimes; the supply of effective vaccines and success of efforts to deploy the vaccines; the impact of the COVID-19 pandemic on overall long-term demand for air travel; the impact on demand and capacity which could result from government mandates on air service (including, for instance, requirements for passengers to wear face coverings while traveling or have their temperature checked or have administered COVID-19 tests and other checks prior to or after entering an airport or boarding an airplane, or which would limit the number of seats that can be occupied on an aircraft to allow for social distancing or prohibit flights to certain locations); the impact of COVID-19 on our employees' ability to work because they are quarantined or sickened as a result of exposure to COVID-19 or if they are subject to additional governmental COVID-19 curfews or "stay at home" health orders or similar restrictions; the impact of the COVID-19 pandemic on the financial health and operations of our business partners and future governmental actions, all of which are highly uncertain and cannot be predicted. At this time, we are also not able to predict whether the COVID-19 pandemic will result in permanent changes to our customers' behavior, with such changes including but not limited to a permanent reduction in business travel as a result of increased usage of "virtual" and "teleconferencing" products and more broadly a general reluctance to travel by consumers, each of which could have a material impact on our business.

We are also depending upon successful COVID-19 vaccines, including an efficient distribution and sufficient supply, and significant uptake by the general public in order to normalize economic conditions and the airline industry and to realize our financial and growth plans and business strategy. The failure of a vaccine, including to the extent it is not effective against any COVID-19 variants, significant unplanned adverse reactions to the vaccine, politicization of the vaccine or general public distrust of the vaccine could have an adverse effect on our business, financial condition and results of operations.

In addition, an outbreak of another disease or similar public health threat, or fear of such an event, that affects travel demand, travel behavior or travel restrictions could adversely impact our business, financial condition and operating results. Outbreaks of other diseases could also result in increased government restrictions and regulation, such as those actions described above or otherwise, which could adversely affect our operations.

Downturns in economic conditions could adversely affect our business.

Due to the discretionary nature of business and leisure travel spending and the highly competitive nature of the airline industry, our revenues are heavily influenced by the condition of the U.S. economy and economies in other regions of the world. Unfavorable conditions in these broader economies have resulted, and may result in the future, in decreased passenger demand for air travel, changes in booking practices and related reactions by our competitors, all of which in turn have had, and may have in the future, a strong negative effect on our business. In particular, the ongoing COVID-19 pandemic and associated decline in economic activity and increase in unemployment levels are expected to have a severe and prolonged effect on the global economy generally and, in turn, is expected to depress demand for air travel into the foreseeable future. Due to the uncertainty surrounding the duration and severity of this pandemic, we can provide no assurance as to when and at what pace demand for air travel will return to pre-COVID-19 pandemic levels, if at all. Accordingly, we cannot predict the ultimate impact of the COVID-19 pandemic on our business, financial condition and results of operations. See also *"The outbreak and global spread of COVID-19 has resulted in a severe decline in demand*

for air travel which has adversely impacted our business, operating results, financial condition and liquidity. The duration and severity of the COVID-19 pandemic, and similar public health threats that we may face in the future, could result in additional adverse effects on our business, operating results, financial condition and liquidity" and *"The airline industry is intensely competitive and dynamic."*

We will need to obtain sufficient financing or other capital to operate successfully.

Our business plan contemplates continued significant investments related to modernizing our fleet, improving the experience of our customers and updating our facilities. Significant capital resources will be required to execute this plan. We estimate that, based on our commitments as of March 31, 2021, our planned aggregate expenditures for aircraft purchase commitments and certain engines on a consolidated basis for calendar years 2021-2025 would be approximately $9.4 billion. We may also require financing to refinance maturing obligations and to provide liquidity to fund other corporate requirements, in particular given the severe decline in revenue we have experienced as a result of the COVID-19 pandemic. If needed to meet our liquidity needs, it may be difficult for us to raise additional capital on acceptable terms, or at all, due to, among other factors: our substantial level of existing indebtedness, particularly following the additional liquidity transactions completed and contemplated in response to the impact of the COVID-19 pandemic; our non-investment grade credit rating; market conditions; the availability of assets to use as collateral for loans or other indebtedness, which has been reduced significantly as a result of certain financing transactions we have undertaken since the beginning of 2020 and may be further reduced as we continue to seek significant additional liquidity; and the effect the COVID-19 pandemic has had on the global economy generally and the air transportation industry in particular. Accordingly, we will need substantial financing or other capital resources to finance such aircraft and engines and meet such other liquidity needs. If we are unable to arrange such financing at customary advance rates and on terms and conditions acceptable to us, we may need to use cash from operations or cash on hand to purchase such aircraft and engines or may seek to negotiate deferrals for such aircraft and engines with the applicable aircraft and engine manufacturers or otherwise defer corporate obligations. Depending on numerous factors applicable at the time we seek capital, many of which are out of our control, such as the state of the domestic and global economies, the capital and credit markets' view of our prospects and the airline industry in general, and the general availability of debt and equity capital, the financing or other capital resources that we will need may not be available to us, or may be available only on onerous terms and conditions. There can be no assurance that we will be successful in obtaining financing or other needed sources of capital to operate successfully. An inability to obtain necessary financing on acceptable terms would have a material adverse impact on our business, results of operations and financial condition.

Our high level of debt and other obligations may limit our ability to fund general corporate requirements and obtain additional financing, may limit our flexibility in responding to competitive developments and cause our business to be vulnerable to adverse economic and industry conditions.

We have significant amounts of indebtedness and other obligations, including pension obligations, obligations to make future payments on flight equipment and property leases related to airport and other facilities, and substantial non-cancelable obligations under aircraft and related spare engine purchase agreements. Moreover, currently a very significant portion of our assets are pledged to secure our indebtedness. Our substantial indebtedness and other obligations, which are generally greater than the indebtedness and other obligations of our competitors, could have important consequences. For example, they may:

- make it more difficult for us to satisfy our obligations under our indebtedness;
- limit our ability to obtain additional funding for working capital, capital expenditures, acquisitions, investments, integration costs and general corporate purposes, and adversely affect the terms on which such funding can be obtained;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness and other obligations, thereby reducing the funds available for other purposes;
- make us more vulnerable to economic downturns, industry conditions and catastrophic external events, particularly relative to competitors with lower relative levels of financial leverage;
- significantly constrain our ability to respond, or respond quickly, to unexpected disruptions in our own operations, the U.S. or global economies, or the businesses in which we operate, or to take advantage of opportunities that would improve our business, operations, or competitive position versus other airlines;

- limit our ability to withstand competitive pressures and reduce our flexibility in responding to changing business and economic conditions;
- contain covenants requiring us to maintain an aggregate of at least $2.0 billion of unrestricted cash and cash equivalents and amounts available to be drawn under revolving credit facilities; and
- contain restrictive covenants that could, among other things:
  - limit our ability to merge, consolidate, sell assets, incur additional indebtedness, issue preferred stock, make investments and pay dividends; and
  - if breached, result in an event of default under our indebtedness.

In addition, in response to the travel restrictions, decreased demand and other effects the COVID-19 pandemic has had and is expected to have on our business, we have obtained and currently anticipate that it will be necessary to continue to obtain a significant amount of additional financing in the near term from a variety of sources. Such financing may include the issuance of additional unsecured or secured debt securities, equity securities and equity-linked securities as well as additional bilateral and syndicated secured and/or unsecured credit facilities, among other items. There can be no assurance as to the timing of any such financing transactions, which may be in the near term, or that we will be able to obtain such additional financing on favorable terms, or at all. Any such actions could be conducted in the near term, may be material in nature, could result in the incurrence and issuance of significant additional indebtedness or equity and could impose significant covenants and restrictions to which we are not currently subject. In particular, in connection with the financial assistance we have received through PSP1 and PSP2 and will receive through PSP3, we are required, and will be required to continue, to comply with the relevant provisions of the CARES Act, the PSP Extension Law and the ARP, including the requirement that funds provided pursuant to PSP1, PSP2 and PSP3 be used exclusively for the continuation of payment of eligible employee wages, salaries and benefits; the requirement against involuntary furloughs and reductions in employee pay rates and benefits through at least September 30, 2021; provisions prohibiting the repurchase of AAG common stock and the payment of common stock dividends through September 30, 2022; and restrictions on the payment of certain executive compensation until April 1, 2023. Additionally, under PSP1, PSP2 and PSP3, we and certain of our subsidiaries are, and will continue to be, subject to substantial and continuing reporting obligations. Moreover, as a result of the recent financing activities we have undertaken in response to the COVID-19 pandemic, the number of financings with respect to which such covenants and provisions apply has increased, thereby subjecting us to more substantial risk of cross-default and cross-acceleration in the event of breach, and additional covenants and provisions could become binding on us as we continue to seek additional liquidity.

The obligations discussed above, including those imposed as a result of the CARES Act, the PSP Extension Law, the ARP and any additional financings we may be required to undertake as a result of the impact of the COVID-19 pandemic, could also impact our ability to obtain additional financing, if needed, and our flexibility in the conduct of our business, and could materially adversely affect our liquidity, results of operations and financial condition.

Further, a substantial portion of our long-term indebtedness bears interest at fluctuating interest rates, primarily based on the London interbank offered rate (LIBOR) for deposits of U.S. dollars. LIBOR tends to fluctuate based on general short-term interest rates, rates set by the U.S. Federal Reserve and other central banks, the supply of and demand for credit in the London interbank market and general economic conditions. We have not hedged our interest rate exposure with respect to our floating rate debt. Accordingly, our interest expense for any particular period will fluctuate based on LIBOR and other variable interest rates. To the extent the interest rates applicable to our floating rate debt increase, our interest expense will increase, in which event we may have difficulties making interest payments and funding our other fixed costs, and our available cash flow for general corporate requirements may be adversely affected.

On July 27, 2017, the U.K. Financial Conduct Authority (the authority that regulates LIBOR) announced that it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. The discontinuation date for submission and publication of rates for certain tenors of USD LIBOR (1-month, 3-month, 6-month, and 12-month) is currently under consultation by the ICE Benchmark Administration (the administrator of LIBOR) and may be extended until June 30, 2023. It is unclear whether new methods of calculating LIBOR will be established such that it continues to exist after 2021. Similarly, it is not possible to predict whether LIBOR will continue to be viewed as an acceptable market benchmark, what rate or rates may become acceptable alternatives to LIBOR, or what effect these changes in views or alternatives may have on financial markets for LIBOR-linked financial instruments. While the U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, has chosen the Secured Overnight Financing Rate (SOFR) as the recommended risk-free reference rate for the U.S. (calculated based on repurchase agreements backed by treasury securities), we

cannot currently predict the extent to which this index will gain widespread acceptance as a replacement for LIBOR. It is not possible to predict the effect of these changes, other reforms or the establishment of alternative reference rates in the United Kingdom, the United States or elsewhere. See also the discussion of interest rate risk in Part I, Item 3. Quantitative and Qualitative Disclosures About Market Risk – *"Interest."*

We may in the future pursue amendments to our LIBOR-based debt transactions to provide for a transaction mechanism or other reference rate in anticipation of LIBOR's discontinuation, but we may not be able to reach agreement with our lenders on any such amendments. As of March 31, 2021, we had $12.6 billion of borrowings based on LIBOR. The replacement of LIBOR with a comparable or successor rate could cause the amount of interest payable on our long-term debt to be different or higher than expected.

We have significant pension and other postretirement benefit funding obligations, which may adversely affect our liquidity, results of operations and financial condition.

Our pension funding obligations are significant. The amount of these obligations will depend on the performance of investments held in trust by the pension plans, interest rates for determining liabilities and actuarial experience. The minimum funding obligation applicable to our pension plans was subject to favorable temporary funding rules that expired at the end of 2017 and, as a result, our minimum pension funding obligations increased materially beginning in 2019. In January 2021, we made $241 million in contributions to our pension plans, including a contribution of $130 million for the 2020 calendar year that was permitted to be deferred to January 4, 2021 as provided under the CARES Act. On March 11, 2021, the ARP was enacted, which included certain funding relief provisions for single employer qualified retirement benefit pension plans such as those sponsored by American. Based on our current understanding of the ARP provisions applicable to our pension plans, we will have no additional funding requirements for 2021. In addition, we have significant obligations for retiree medical and other postretirement benefits. Additionally, we participate in the IAM National Pension Fund (the IAM Pension Fund). The funding status of the IAM Pension Fund is subject to the risk that other employers may not meet their obligations, which under certain circumstances could cause our obligations to increase. Furthermore, if we were to withdraw from the IAM Pension Fund, if the IAM Pension fund were to terminate, or if the IAM Pension Fund were to undergo a mass withdrawal, we could be subject to liability as imposed by law.

If our financial condition worsens, provisions in our credit card processing and other commercial agreements may adversely affect our liquidity.

We have agreements with companies that process customer credit card transactions for the sale of air travel and other services. These agreements allow these credit card processing companies, under certain conditions (including, with respect to certain agreements, our failure to maintain certain levels of liquidity), to hold an amount of our cash (referred to as a holdback) equal to some or all of the advance ticket sales that have been processed by that credit card processor, but for which we have not yet provided the air transportation. Additionally, such credit card processing companies may require cash or other collateral reserves to be established. These credit card processing companies are not currently entitled to maintain any holdbacks pursuant to these requirements. These holdback requirements can be modified at the discretion of the credit card processing companies upon the occurrence of specific events, including material adverse changes in our financial condition or the triggering of a liquidity covenant. In light of the effect the COVID-19 pandemic is having on demand for air travel and, in turn, capacity, we have seen an increase in demand from consumers for refunds on their tickets, and we anticipate this will continue to be the case for the near future. Requests for refunds and the ongoing impact of the COVID-19 pandemic on our longer-term financial performance may reduce our liquidity and cause us to be forced to post cash or other collateral with the credit card processing companies in respect of advance ticket sales. The imposition of holdback requirements, up to and including 100% of relevant advanced ticket sales, would materially reduce our liquidity. Likewise, other of our commercial agreements contain provisions that allow other entities to impose less-favorable terms, including the acceleration of amounts due, in the event of material adverse changes in our financial condition. For example, we maintain certain letters of credit, insurance- and surety-related agreements under which counterparties may require collateral, including cash collateral.

The loss of key personnel upon whom we depend to operate our business or the inability to attract and develop additional qualified personnel could adversely affect our business.

We believe that our future success will depend in large part on our ability to attract, develop and retain highly qualified management, technical and other personnel. We may not be successful in attracting, developing or retaining key personnel or other highly qualified personnel. Among other things, the CARES Act, the PSP Extension Law and the ARP impose significant restrictions on executive compensation, which will remain in place until April 1, 2023. Such restrictions, over time, will likely result in lower executive compensation in the airline industry than is prevailing in other industries, which may create retention challenges in the case of executives presented with alternative, non-airline opportunities. Any inability to attract, develop and retain significant numbers of qualified management and other personnel would have a material adverse effect on our business, results of operations and financial condition.

Our business has been and will continue to be affected by many changing economic and other conditions beyond our control, including global events that affect travel behavior, and our results of operations could be volatile and fluctuate due to seasonality.

Our business, results of operations and financial condition have been and will continue to be affected by many changing economic and other conditions beyond our control, including, among others:

- the effects of the ongoing COVID-19 pandemic;
- actual or potential changes in international, national, regional and local economic, business and financial conditions, including recession, inflation, higher interest rates, wars, terrorist attacks and political instability;
- changes in consumer preferences, perceptions, spending patterns and demographic trends;
- changes in the competitive environment due to industry consolidation, changes in airline alliance affiliations, and other factors;
- actual or potential disruptions to the U.S. National Airspace System (the ATC system);
- increases in costs of safety, security, and environmental measures;
- outbreaks of diseases that affect travel behavior; and
- weather and natural disasters, including increases in frequency, severity or duration of such disasters, and related costs caused by more severe weather due to climate change.

In particular, an outbreak of a contagious disease such as the Ebola virus, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, avian flu, Zika virus, COVID-19 or any other similar illness, if it were to become associated with air travel or persist for an extended period, could materially affect the airline industry and us by reducing revenues and adversely impacting our operations and passengers' travel behavior. See also *"The outbreak and global spread of COVID-19 has resulted in a severe decline in demand for air travel which has adversely impacted our business, operating results, financial condition and liquidity. The duration and severity of the COVID-19 pandemic, and similar public health threats that we may face in the future, could result in additional adverse effects on our business, operating results, financial condition and liquidity."* As a result of these or other conditions beyond our control, our results of operations could be volatile and subject to rapid and unexpected change. In addition, due to generally weaker demand for air travel during the winter, our revenues in the first and fourth quarters of the year could be weaker than revenues in the second and third quarters of the year.

Union disputes, employee strikes and other labor-related disruptions, or our inability to otherwise maintain labor costs at competitive levels may adversely affect our operations and financial performance.

Relations between air carriers and labor unions in the U.S. are governed by the Railway Labor Act (RLA). Under the RLA, collective bargaining agreements (CBAs) generally contain "amendable dates" rather than expiration dates, and the RLA requires that a carrier maintain the existing terms and conditions of employment following the amendable date through a multi-stage and usually lengthy series of bargaining processes overseen by the National Mediation Board (NMB). For the dates that the CBAs with our major work groups become amendable under the RLA, see Part I, Item 1. Business – *"Employees and Labor Relations"* in our 2020 Form 10-K.

In the case of a CBA that is amendable under the RLA, if no agreement is reached during direct negotiations between the parties, either party may request that the NMB appoint a federal mediator. The RLA prescribes no timetable for the direct negotiation and mediation processes, and it is not unusual for those processes to last for many months or even several years. If no agreement is reached in mediation, the NMB in its discretion may declare that an impasse exists and proffer binding arbitration to the parties. Either party may decline to submit to arbitration, and if arbitration is rejected by either party, a 30-day "cooling off" period commences. During or after that period, a Presidential Emergency Board (PEB) may be established, which examines the parties' positions and recommends a solution. The PEB process lasts for 30 days and is followed by another 30-day "cooling off" period. At the end of this "cooling off" period, unless an agreement is reached or action is taken by Congress, the labor organization may exercise "self-help," such as a strike, which could materially adversely affect our business, results of operations and financial condition.

None of the unions representing our employees presently may lawfully engage in concerted slowdowns or refusals to work, such as strikes, sick-outs or other similar activity, against us. Nonetheless, there is a risk that employees, either with or without union involvement, could engage in one or more concerted refusals to work that could individually or collectively harm the operation of our airline and impair our financial performance. Additionally, some of our unions have brought and may continue to bring grievances to binding arbitration, including those related to wages. If successful, there is a risk these arbitral avenues could result in material additional costs that we did not anticipate. See also Part I, Item 1. Business – *"Employees and Labor Relations"* in our 2020 Form 10-K.

As of December 31, 2020, approximately 84% of our employees were represented for collective bargaining purposes by labor unions. Currently, we believe our labor costs are generally competitive relative to the other large network carriers. However, we cannot provide assurance that labor costs going forward will remain competitive because we are in negotiations for several important new labor agreements now and other agreements are scheduled to become amendable, competitors may significantly reduce their labor costs or we may agree to higher-cost provisions unilaterally or in connection with our current or future labor negotiations.

If we encounter problems with any of our third-party regional operators or third-party service providers, our operations could be adversely affected by a resulting decline in revenue or negative public perception about our services.

A significant portion of our regional operations are conducted by third-party operators on our behalf, substantially all of which are provided for under capacity purchase agreements. Due to our reliance on third parties to provide these essential services, we are subject to the risk of disruptions to their operations, which has in the past and may in the future result from many of the same risk factors disclosed in this report, such as the impact of adverse economic conditions, the inability of third parties to hire or retain skilled personnel, including pilots and mechanics, and other risk factors, such as an out-of-court or bankruptcy restructuring of any of our regional operators. Several of these third-party regional operators provide significant regional capacity that we would be unable to replace in a short period of time should that operator fail to perform its obligations to us. Disruptions to capital markets, shortages of skilled personnel and adverse economic conditions in general have subjected certain of these third-party regional operators to significant financial pressures, which have in the past and may in the future lead to bankruptcies among these operators. In particular, the severe decline in demand for air travel resulting from the COVID-19 pandemic and related governmental restrictions on travel have materially impacted demand for services provided by our regional carriers and, as a result, we have significantly reduced our regional capacity and expect to maintain these reduced levels of capacity for the foreseeable future. We expect the disruption to services resulting from the COVID-19 pandemic to continue to adversely affect our regional operators, some of whom may experience significant financial stress, declare bankruptcy or otherwise cease to operate. We may also experience disruption to our regional operations or incur financial damages if we terminate the capacity purchase agreement with one or more of our current operators or transition the services to another provider. Any significant disruption to our regional operations would have a material adverse effect on our business, results of operations and financial condition.

In addition, our reliance upon others to provide essential services on behalf of our operations may result in our relative inability to control the efficiency and timeliness of contract services. We have entered into agreements with contractors to provide various facilities and services required for our operations, including distribution and sale of airline seat inventory, reservations, provision of information technology and services, regional operations, aircraft maintenance, ground services and facilities and baggage handling. Similar agreements may be entered into in any new markets we decide to serve. These agreements are generally subject to termination after notice by the third-party service provider. We are also at risk should one of these service providers cease operations, and there is no guarantee that we could replace these providers on a timely basis with comparably priced providers, or at all. Any material problems with the efficiency and timeliness of

contract services, resulting from financial hardships or otherwise, could have a material adverse effect on our business, results of operations and financial condition.

Any damage to our reputation or brand image could adversely affect our business or financial results.

Maintaining a good reputation globally is critical to our business. Our reputation or brand image could be adversely impacted by, among other things, any failure to maintain high ethical, social and environmental sustainability practices for all of our operations and activities, our impact on the environment, public pressure from investors or policy groups to change our policies, such as movements to institute a "living wage," customer perceptions of our advertising campaigns, sponsorship arrangements or marketing programs, customer perceptions of our use of social media, or customer perceptions of statements made by us, our employees and executives, agents or other third parties. In addition, we operate in a highly visible industry that has significant exposure to social media. Negative publicity, including as a result of misconduct by our customers, vendors or employees, can spread rapidly through social media. Should we not respond in a timely and appropriate manner to address negative publicity, our brand and reputation may be significantly harmed. Damage to our reputation or brand image or loss of customer confidence in our services could adversely affect our business and financial results, as well as require additional resources to rebuild our reputation.

Moreover, the outbreak and spread of COVID-19 have adversely impacted consumer perceptions of the health and safety of travel, and in particular airline travel, and these negative perceptions could continue even after the pandemic subsides. Actual or perceived risk of infection on our flights has had, and may continue to have, a material adverse effect on the public's perception of us, which has harmed, and may continue to harm, our reputation and business. We have taken various measures to reassure our team members and the traveling public of the safety of air travel, including requirements that passengers wear face coverings, the provision of protective equipment for team members and enhanced cleaning procedures onboard aircraft and in airports. We expect that we will continue to incur COVID-19 related costs as we sanitize aircraft, implement additional hygiene-related protocols and take other actions to limit the threat of infection among our employees and passengers. However, we cannot assure that these or any other actions we might take in response to the COVID-19 pandemic will be sufficient to restore the confidence of consumers in the safety of air travel.

We are at risk of losses and adverse publicity stemming from any public incident involving our company, our people or our brand, including any accident or other public incident involving our personnel or aircraft, or the personnel or aircraft of our regional, codeshare or joint business operators.

In a modern world where news can be captured and travel rapidly, we are at risk of adverse publicity stemming from any public incident involving our company, our people or our brand. Such an incident could involve the actual or alleged behavior of any of our employees. Further, if our personnel, one of our aircraft, a type of aircraft in our fleet, or personnel of, or an aircraft that is operated under our brand by, one of our regional operators or an airline with which we have a marketing alliance, joint business or codeshare relationship, were to be involved in a public incident, accident, catastrophe or regulatory enforcement action, we could be exposed to significant reputational harm and potential legal liability. The insurance we carry may be inapplicable or inadequate to cover any such incident, accident, catastrophe or action. In the event that our insurance is inapplicable or inadequate, we may be forced to bear substantial losses from an incident or accident. In addition, any such incident, accident, catastrophe or action involving our personnel, one of our aircraft (or personnel and aircraft of our regional operators and our codeshare partners), or a type of aircraft fleet could create an adverse public perception, which could harm our reputation, result in air travelers being reluctant to fly on our aircraft or those of our regional operators or codeshare partners, and adversely impact our business, results of operations and financial condition.

We face challenges in integrating our computer, communications and other technology systems.

While we have to date successfully integrated many of our computer, communication and other technology systems in connection with the merger of US Airways and American, including our customer reservations system and our pilot, flight attendant and fleet scheduling system, we still have to complete several additional important system integration or replacement projects. In a number of prior airline mergers, the integration of these systems or deployment of replacement systems has taken longer, been more disruptive and cost more than originally forecasted. The implementation process to integrate or replace these various systems will involve a number of risks that could adversely impact our business, results of operations and financial condition. New systems will replace multiple legacy systems and the related implementations will be a complex and time-consuming project involving substantial expenditures for implementation consultants, system hardware, software and implementation activities, as well as the transformation of business and financial processes.

We cannot assure that our security measures, change control procedures or disaster recovery plans will be adequate to prevent disruptions or delays in connection with systems integration or replacement. Disruptions in or changes to these systems could result in a disruption to our business and the loss of important data. Any of the foregoing could result in a material adverse effect on our business, results of operations and financial condition.

Changes to our business model that are designed to increase revenues may not be successful and may cause operational difficulties or decreased demand.

We have recently instituted, and intend to institute in the future, changes to our business model designed to increase revenues and offset costs. These measures include further segmentation of the classes of services we offer, such as Premium Economy service and Basic Economy service, enhancements to our AAdvantage loyalty program, charging separately for services that had previously been included within the price of a ticket, changing (whether it be increasing, decreasing or eliminating) other pre-existing fees, reconfiguration of our aircraft cabins, and efforts to optimize our network including by focusing growth on a limited number of large hubs. For example, in 2020, we eliminated change fees for most domestic and international tickets, which has reduced our change fee revenue, a trend which is expected to continue as demand for air travel recovers, assuming this change remains in place. We may introduce additional initiatives in the future; however, as time goes on, we expect that it will be more difficult to identify and implement additional initiatives. We cannot assure that these measures or any future initiatives will be successful in increasing our revenues. Additionally, the implementation of these initiatives may create logistical challenges that could harm the operational performance of our airline or result in decreased demand. Also, our implementation of any new or increased fees might reduce the demand for air travel on our airline or across the industry in general, particularly if weakened economic conditions make our customers more sensitive to increased travel costs or provide a significant competitive advantage to other carriers that determine not to institute similar charges.

Our intellectual property rights, particularly our branding rights, are valuable, and any inability to protect them may adversely affect our business and financial results.

We consider our intellectual property rights, particularly our branding rights such as our trademarks applicable to our airline and AAdvantage loyalty program, to be a significant and valuable aspect of our business. We protect our intellectual property rights through a combination of trademark, copyright and other forms of legal protection, contractual agreements and policing of third-party misuses of our intellectual property. Our failure to obtain or adequately protect our intellectual property or any change in law that lessens or removes the current legal protections of our intellectual property may diminish our competitiveness and adversely affect our business and financial results. Any litigation or disputes regarding intellectual property may be costly and time-consuming and may divert the attention of our management and key personnel from our business operations, either of which may adversely affect our business and financial results.

In addition, we have used certain of our branding and AAdvantage loyalty program intellectual property as collateral for various financings (including the AAdvantage Financing), which contain covenants that impose restrictions on the use of such intellectual property and, in the case of the AAdvantage Financing, on certain amendments or changes to our AAdvantage loyalty program. These covenants may have an adverse effect on our ability to use such intellectual property.

We may be a party to litigation in the normal course of business or otherwise, which could affect our financial position and liquidity.

From time to time, we are a party to or otherwise involved in legal proceedings, claims and government inspections or investigations and other legal matters, both inside and outside the United States, arising in the ordinary course of our business or otherwise. We are currently involved in various legal proceedings and claims that have not yet been fully resolved, and additional claims may arise in the future. Legal proceedings can be complex and take many months, or even years, to reach resolution, with the final outcome depending on a number of variables, some of which are not within our control. Litigation is subject to significant uncertainty and may be expensive, time-consuming, and disruptive to our operations. Although we will vigorously defend ourselves in such legal proceedings, their ultimate resolution and potential financial and other impacts on us are uncertain. For these and other reasons, we may choose to settle legal proceedings and claims, regardless of their actual merit. If a legal proceeding is resolved against us, it could result in significant compensatory damages, and in certain circumstances punitive or trebled damages, disgorgement of revenue or profits, remedial corporate measures or injunctive relief imposed on us. If our existing insurance does not cover the amount or types of damages awarded, or if other resolution or actions taken as a result of the legal proceeding were to restrain our ability to operate or market our services, our consolidated financial position, results of operations or cash flows could be materially adversely affected. In addition, legal proceedings, and any adverse resolution thereof, can result in adverse publicity and damage to our reputation, which could adversely impact our business. Additional information regarding certain legal matters in which we are involved can be found in Note 11 to each of AAG and American's Condensed Consolidated Financial Statements in Part I, Item 1A and Part I, Item 1B, respectively.

Our ability to utilize our NOL Carryforwards may be limited.

Under the Internal Revenue Code of 1986, as amended (the Code), a corporation is generally allowed a deduction for net operating losses (NOLs) carried over from prior taxable years (NOL Carryforwards). As of December 31, 2020, we had approximately $16.5 billion of federal NOLs available to reduce future federal taxable income, of which $8.5 billion will expire beginning in 2023 if unused and $8.0 billion can be carried forward indefinitely. We also had approximately $5.0 billion of NOL Carryforwards to reduce future state taxable income at December 31, 2020, which will expire in taxable years 2020 through 2040 if unused. Our NOL Carryforwards are subject to adjustment on audit by the Internal Revenue Service and the respective state taxing authorities. Additionally, due to the COVID-19 pandemic and other economic factors, the NOL Carryforwards may expire before we can generate sufficient taxable income to use them.

Our ability to use our NOL Carryforwards will depend on the amount of taxable income generated in future periods. We presently have a $34 million valuation allowance on certain net deferred tax assets related to state NOL Carryforwards. If our financial results continue to be adversely impacted by the COVID-19 pandemic, there can be no assurance that an additional valuation allowance on our net deferred tax assets will not be required. Such valuation allowance could be material.

A corporation’s ability to deduct its federal NOL Carryforwards and to utilize certain other available tax attributes can be substantially constrained under the general annual limitation rules of Section 382 of the Code (Section 382) if it undergoes an “ownership change” as defined in Section 382 (generally where cumulative stock ownership changes among material stockholders exceed 50 percent during a rolling three-year period). In 2013, we experienced an ownership change in connection with our emergence from bankruptcy and US Airways Group experienced an ownership change in connection with the Merger. The general limitation rules for a debtor in a bankruptcy case are liberalized where the ownership change occurs upon emergence from bankruptcy. We elected to be covered by certain special rules for federal income tax purposes that permitted approximately $9.0 billion (with $7.0 billion of unlimited NOLs still remaining at December 31, 2020) of our federal NOL Carryforwards to be utilized without regard to the annual limitation generally imposed by Section 382. If the special rules are determined not to apply, our ability to utilize such federal NOL Carryforwards may be subject to limitation. In addition, under the loan program of the CARES Act, the warrants (and common stock issuable upon exercise thereof) we issued to Treasury did not and will not result in an ownership change for purposes of Section 382. This exception does not apply for companies issuing warrants, stock options, common or preferred stock or other equity pursuant to PSP1, PSP2 and PSP3 and accordingly will not apply to the warrants issued by us under PSP1, PSP2 and PSP3. Substantially all of our remaining federal NOL Carryforwards attributable to US Airways Group and its subsidiaries are subject to limitation under Section 382 as a result of the Merger; however, our ability to utilize such NOL Carryforwards is not anticipated to be effectively constrained as a result of such limitation. Similar limitations may apply for state income tax purposes.

Notwithstanding the foregoing, an ownership change subsequent to our emergence from bankruptcy may severely limit or effectively eliminate our ability to utilize our NOL Carryforwards and other tax attributes. To reduce the risk of a potential adverse effect on our ability to utilize our NOL Carryforwards, our Certificate of Incorporation contains transfer restrictions applicable to certain substantial stockholders, which are scheduled to expire on December 31, 2021. These restrictions may adversely affect the ability of certain holders of AAG common stock to dispose of or acquire shares of AAG common stock. Although the purpose of these transfer restrictions is to prevent an ownership change from occurring, no assurance can be given that an ownership change will not occur even with these restrictions in place. See also "*Certain provisions of AAG's Certificate of Incorporation and Bylaws make it difficult for stockholders to change the composition of our Board of Directors and may discourage takeover attempts that some of our stockholders might consider beneficial*."

We have a significant amount of goodwill, which is assessed for impairment at least annually. In addition, we may never realize the full value of our intangible assets or long-lived assets, causing us to record material impairment charges.

Goodwill and indefinite-lived intangible assets are not amortized, but are assessed for impairment at least annually, or more frequently if conditions indicate that an impairment may have occurred. In accordance with applicable accounting standards, we first assess qualitative factors to determine whether it is necessary to perform a quantitative impairment test. In addition, we are required to assess certain of our other long-lived assets for impairment if conditions indicate that an impairment may have occurred.

Future impairment of goodwill or other long-lived assets could be recorded in results of operations as a result of changes in assumptions, estimates, or circumstances, some of which are beyond our control. There can be no assurance that a material impairment charge of goodwill or tangible or intangible assets will be avoided. The value of our aircraft could be impacted in future periods by changes in supply and demand for these aircraft. Such changes in supply and demand for certain aircraft types could result from grounding of aircraft by us or other airlines, including as a result of significant or prolonged declines in demand for air travel and corresponding reductions to capacity. In 2020, we recorded a $1.5 billion impairment charge associated with our decision to retire certain mainline aircraft, principally Airbus A330-200, Boeing 757, Boeing 767, Airbus A330-300 and Embraer 190 aircraft as well as regional aircraft, including certain Embraer 140 and Bombardier CRJ200 aircraft, earlier than previously planned as a result of the severe decline in demand for air travel due to the COVID-19 pandemic. We can provide no assurance that a material impairment loss of tangible or intangible assets will not occur in a future period, and the risk of future material impairments has been significantly heightened as result of the effects of the COVID-19 pandemic on our flight schedules and business. Such impairment charges could have a material adverse effect on our business, results of operations and financial condition.

Risks Related to the Airline Industry

The airline industry is intensely competitive and dynamic.

Our competitors include other major domestic airlines and foreign, regional and new entrant airlines, as well as joint ventures formed by some of these airlines, many of which have more financial or other resources and/or lower cost structures than ours, as well as other forms of transportation, including rail and private automobiles. In many of our markets, we compete with at least one low-cost carrier (including so-called ultra-low-cost carriers). Our revenues are sensitive to the actions of other carriers in many areas, including pricing, scheduling, capacity, fees (including cancellation, change and baggage fees), amenities, loyalty benefits and promotions, which can have a substantial adverse impact not only on our revenues, but on overall industry revenues. These factors may become even more significant in periods when the industry experiences large losses (such as the current one caused by the COVID-19 pandemic), as airlines under financial stress, or in bankruptcy, may institute pricing or fee structures intended to attract more customers to achieve near term survival at the expense of long-term viability.

Low-cost carriers (including so-called ultra-low-cost carriers) have a profound impact on industry revenues. Using the advantage of low unit costs, these carriers offer lower fares in order to shift demand from larger, more established airlines, and represent significant competitors, particularly for customers who fly infrequently, are price sensitive and therefore tend not to be loyal to any one particular carrier. A number of these low-cost carriers have announced growth strategies including commitments to acquire significant numbers of new aircraft for delivery in the next few years. These low-cost carriers are attempting to continue to increase their market share through growth and several new entrants have announced their intention to start up new ultra-low-cost carriers and, potentially, consolidation, and are expected to continue to have an impact on our revenues and overall performance. We and several other large network carriers have implemented “Basic Economy” fares designed to more effectively compete against low-cost carriers, but we cannot predict whether these initiatives will be successful. While historically these carriers have provided competition in domestic markets, we have recently experienced new competition from low-cost carriers on international routes, including low-cost airlines executing international long-haul expansion strategies, a trend likely to continue with the delivery of planned, long-range narrowbody aircraft. The actions of existing or future low-cost carriers, including those described above, could have a material adverse effect on our operations and financial performance.

We provide air travel internationally, directly as well as through joint businesses, alliances, codeshare and similar arrangements to which we are a party. While our network is comprehensive, compared to some of our key global competitors, we generally have somewhat greater relative exposure to certain regions (for example, Latin America) and somewhat lower relative exposure to others (for example, China). Our financial performance relative to our key competitors will therefore be influenced significantly by macro-economic conditions in particular regions around the world and the relative exposure of our network to the markets in those regions, including the duration of declines in demand for travel to specific regions as a result of the continuing outbreak of COVID-19 and the speed with which demand for travel to these regions returns.

Our international service exposes us to foreign economies and the potential for reduced demand when any foreign country we serve suffers adverse local economic conditions or if governments restrict commercial air service to or from any of these markets. For example, the COVID-19 pandemic has resulted in a precipitous decline in demand for air travel, in particular international travel, in part as a result of the imposition by the U.S. and foreign governments of restrictions on travel from certain regions. In addition, open skies agreements, which are now in place with a substantial number of countries around the world, provide international airlines with open access to U.S. markets, potentially subjecting us to increased competition on our international routes. See also *“Our business is subject to extensive government regulation, which may result in increases in our costs, disruptions to our operations, limits on our operating flexibility, reductions in the demand for air travel, and competitive disadvantages.”*

Certain airline alliances, joint ventures and joint businesses have been, or may in the future be, granted immunity from antitrust regulations by governmental authorities for specific areas of cooperation, such as joint pricing decisions. To the extent alliances formed by our competitors can undertake activities that are not available to us, our ability to effectively compete may be hindered. Our ability to attract and retain customers is dependent upon, among other things, our ability to offer our customers convenient access to desired markets. Our business could be adversely affected if we are unable to maintain or obtain alliance and marketing relationships with other air carriers in desired markets.

American has established a transatlantic joint business with British Airways, Aer Lingus, Iberia and Finnair, a transpacific joint business with Japan Airlines and a joint business relating to Australia and New Zealand with Qantas, each of which has been granted antitrust immunity. The transatlantic joint business benefits from a grant of antitrust immunity from the Department of Transportation (DOT) and was reviewed by the European Commission (EC) in July 2010. In connection with this review, we provided certain commitments to the EC regarding, among other things, the availability of take-off and landing slots at London Heathrow (LHR) or London Gatwick (LGW) airports. The commitments accepted by the EC were binding for 10 years. In October 2018, in anticipation of the exit of the United Kingdom from the European Union (EU), commonly referred to as Brexit, and the expiry of the EC commitments in July 2020, the United Kingdom Competition and Markets Authority (CMA) opened an investigation into the transatlantic joint business. We continue to fully cooperate with the CMA and, in September 2020, the CMA adopted interim measures that effectively extend the EC commitments for an additional three years until March 2024 in light of the uncertainty created by the COVID-19 pandemic. The CMA plans to complete its investigation before the interim measures expire. The foregoing arrangements are important aspects of our international network and we are dependent on the performance and continued cooperation of the other airlines party to those arrangements.

In 2020, we entered into an expanded marketing relationship with Alaska Airlines. This arrangement expands our existing codeshare relationship, including codeshare on certain of our international routes from SEA and LAX, and provides for reciprocal loyalty program benefits and shared lounge access. Pursuant to federal law, American and Alaska

Airlines submitted this proposed arrangement to the DOT for review. After the DOT allowed the review period to expire with no further actions, American and Alaska Airlines commenced implementation of this arrangement.

Also, in 2020, we announced our intention to enter into a marketing relationship with JetBlue. This arrangement includes an alliance agreement with reciprocal codesharing on domestic and certain international routes from New York (JFK, LGA, and EWR) and BOS, and provides for reciprocal loyalty program benefits. The arrangement does not include JetBlue's future transatlantic flying. Pursuant to federal law, American and JetBlue submitted this proposed alliance arrangement to the DOT for review. After American, JetBlue and the DOT agreed to a series of commitments, the DOT terminated its review of the proposed alliance. The commitments include growth commitments to ensure capacity expansion, slot divestitures at JFK and at DCA near Washington, D.C. and antitrust compliance measures. Beyond this agreement with the DOT, American and JetBlue will also be refraining from certain kinds of coordination on certain city pair markets. In addition to the DOT review, the U.S. Department of Justice and the New York Attorney General, the Massachusetts Attorney General, and the Attorneys General of certain other state and local jurisdictions are investigating this proposed alliance, which remains ongoing. American and JetBlue intend to cooperate with those investigations, but are proceeding with plans to implement this alliance.

Notwithstanding the DOT's termination of its reviews of the Alaska Airlines and JetBlue alliances, the DOT maintains authority to conduct investigations under the scope of its existing statutes and regulations, including conduct related to these alliances.

No assurances can be given as to any benefits that we may derive from any of the foregoing arrangements or any other arrangements that may ultimately be implemented, or whether or not regulators will, or if granted continue to, approve or impose material conditions on our business activities.

Additional mergers and other forms of industry consolidation, including antitrust immunity grants, may take place and may not involve us as a participant. Depending on which carriers combine and which assets, if any, are sold or otherwise transferred to other carriers in connection with any such combinations, our competitive position relative to the post-combination carriers or other carriers that acquire such assets could be harmed. In addition, as carriers combine through traditional mergers or antitrust immunity grants, their route networks will grow, and that growth will result in greater overlap with our network, which in turn could decrease our overall market share and revenues. Such consolidation is not limited to the U.S., but could include further consolidation among international carriers in Europe and elsewhere.

Additionally, our AAdvantage loyalty program, which is an important element of our sales and marketing programs, faces significant and increasing competition from the loyalty programs offered by other travel companies, as well as from similar loyalty benefits offered by banks and other financial services companies. Competition among loyalty programs is intense regarding the rewards, fees, required usage, and other terms and conditions of these programs. In addition, we have used certain assets from our AAdvantage loyalty program as collateral for the AAdvantage Financing, which contains covenants that impose restrictions on certain amendments or changes to certain of our AAdvantage Agreements and other aspects of the AAdvantage loyalty program. These competitive factors and covenants (to the extent applicable) may affect our ability to attract and retain customers, increase usage of our loyalty program and maximize the revenue generated by our loyalty program.

The commercial relationships that we have with other airlines, including any related equity investment, may not produce the returns or results we expect.

An important part of our strategy to expand our network has been to expand our commercial relationships with other airlines, such as by entering into global alliance, joint business and codeshare relationships, and, in one instance involving China Southern Airlines, by making a significant equity investment in another airline in connection with initiating such a commercial relationship. We may explore additional investments in, and joint ventures and strategic alliances with, other carriers as part of our global business strategy. We face competition in forming and maintaining these commercial relationships since there are a limited number of potential arrangements and other airlines are looking to enter into similar relationships, and our inability to form or maintain these relationships or inability to form as many of these relationships as our competitors may have an adverse effect on our business. Any such existing or future investment could involve significant challenges and risks, including that we may not realize a satisfactory return on our investment or that they may not generate the expected revenue synergies. In addition, as a result of the global spread of COVID-19, the industry has experienced a precipitous decline in demand for air travel both internationally and domestically, which is expected to continue into the foreseeable future and could materially disrupt our partners' abilities to provide air service, the timely execution of our strategic operating plans, including the finalization, approval and implementation of new strategic

relationships or the maintenance or expansion of existing relationships. These events could have a material adverse effect on our business, results of operations and financial condition.

Our business is very dependent on the price and availability of aircraft fuel. Continued periods of high volatility in fuel costs, increased fuel prices or significant disruptions in the supply of aircraft fuel could have a significant negative impact on consumer demand, our operating results and liquidity.

Our operating results are materially impacted by changes in the availability, price volatility and cost of aircraft fuel, which represents one of the largest single cost items in our business and thus is a significant factor in the price of airline tickets. Market prices for aircraft fuel have fluctuated substantially over the past several years and prices continue to be highly volatile.

Because of the amount of fuel needed to operate our business, even a relatively small increase or decrease in the price of fuel can have a material effect on our operating results and liquidity. Due to the competitive nature of the airline industry and unpredictability of the market for air travel, we can offer no assurance that we may be able to increase our fares, impose fuel surcharges or otherwise increase revenues or decrease other operating costs sufficiently to offset fuel price increases. Similarly, we cannot predict actions that may be taken by our competitors in response to changes in fuel prices.

Although we are currently able to obtain adequate supplies of aircraft fuel, we cannot predict the future availability, price volatility or cost of aircraft fuel. Natural disasters (including hurricanes or similar events in the U.S. Southeast and on the Gulf Coast where a significant portion of domestic refining capacity is located), political disruptions or wars involving oil-producing countries, economic sanctions imposed against oil-producing countries or specific industry participants, changes in fuel-related governmental policy, the strength of the U.S. dollar against foreign currencies, changes in the cost to transport or store petroleum products, changes in access to petroleum product pipelines and terminals, speculation in the energy futures markets, changes in aircraft fuel production capacity, environmental concerns and other unpredictable events may result in fuel supply shortages, distribution challenges, additional fuel price volatility and cost increases in the future. For instance, effective January 1, 2020, rules adopted by the International Maritime Organization restrict the sulfur content allowable in marine fuels from 3.5% to 0.5%, which is expected to cause increased demand by maritime shipping companies for low-sulfur fuel and potentially lead to increased costs of aircraft fuel. Any of these factors or events could cause a disruption in or increased demands on oil production, refinery operations, pipeline capacity or terminal access and possibly result in significant increases in the price of aircraft fuel and diminished availability of aircraft fuel supply.

Our aviation fuel purchase contracts generally do not provide meaningful price protection against increases in fuel costs. Our current policy is not to enter into transactions to hedge our fuel consumption, although we review this policy from time to time based on market conditions and other factors. We do not currently view the market opportunities to hedge fuel prices as attractive because, among other things, our future fuel needs remain unclear due to uncertainties regarding air travel demand and any hedging would potentially require significant capital or collateral to be placed at risk. Accordingly, as of March 31, 2021, we did not have any fuel hedging contracts outstanding to hedge our fuel consumption. As such, and assuming we do not enter into any future transactions to hedge our fuel consumption, we will continue to be fully exposed to fluctuations in fuel prices. See also the discussion in Part I, Item 3. Quantitative and Qualitative Disclosures About Market Risk – *"Aircraft Fuel."*

Our business is subject to extensive government regulation, which may result in increases in our costs, disruptions to our operations, limits on our operating flexibility, reductions in the demand for air travel, and competitive disadvantages.

Airlines are subject to extensive domestic and international regulatory requirements. In the last several years, Congress and state and local governments have passed laws and regulatory initiatives, and the DOT, the FAA, the Transportation Security Administration, the Department of Homeland Security and several of their respective international counterparts have issued regulations and a number of other directives, that affect the airline industry. These requirements impose substantial costs on us and restrict the ways we may conduct our business.

For example, the FAA from time to time issues directives and other regulations relating to the maintenance and operation of aircraft that require significant expenditures or operational restrictions. These requirements can be issued with little or no notice, or can otherwise impact our ability to efficiently or fully utilize our aircraft, and in some instances have resulted in the temporary and prolonged grounding of aircraft types altogether (including, for example, the March 2019 grounding of all Boeing 737 MAX Family aircraft, which remained in place for over a year and was not lifted in the United States until November 2020), or otherwise caused substantial disruption and resulted in material costs to us and

lost revenues. The FAA also exercises comprehensive regulatory authority over nearly all technical aspects of our operations. Our failure to comply with such requirements has in the past and may in the future result in fines and other enforcement actions by the FAA or other regulators. In the future, any new regulatory requirements, particularly requirements that limit our ability to operate or price our products, could have a material adverse effect on us and the industry. In 2021, the FAA is expected to issue a number of rules that will impact us, including regulations mandating certain rest requirements for flight attendants.

DOT consumer rules, and rules promulgated by certain analogous agencies in other countries we serve, dictate procedures for customer handling during long onboard delays, further regulate airline interactions with passengers, including passengers with disabilities, through the ticketing process, at the airport, and onboard the aircraft, and require disclosures concerning airline fares and ancillary fees such as baggage fees. Other DOT rules apply to post-ticket purchase price increases and an expansion of tarmac delay regulations to international airlines. In 2021, the DOT is expected to implement a number of new regulations that will impact us, including disability rules for accessible lavatories and wheelchair assistance, and refunds for checked bag fees in the event of certain delays in delivery.

The Aviation and Transportation Security Act mandates the federalization of certain airport security procedures and imposes additional security requirements on airports and airlines, most of which are funded by a per-ticket tax on passengers and a tax on airlines. Present and potential future security requirements can have the effect of imposing costs and inconvenience on travelers, potentially reducing the demand for air travel.

Similarly, there are a number of legislative and regulatory initiatives and reforms at the state and local levels. These initiatives include increasingly stringent laws to protect the environment, wage/hour requirements, mandatory paid sick or family leave, and health care mandates. These laws could affect our relationship with our workforce and the vendors that serve our airlines and cause our expenses to increase without an ability to pass through these costs. In recent years, the airline industry has experienced an increase in litigation over the application of state and local employment laws, particularly in California. Application of these laws may result in operational disruption, increased litigation risk and impact our negotiated labor agreements.

The results of our operations, demand for air travel, and the manner in which we conduct business each may be affected by changes in law and future actions taken by governmental agencies, including:

- changes in law that affect the services that can be offered by airlines in particular markets and at particular airports, or the types of fares offered or fees that can be charged to passengers;
- the granting and timing of certain governmental approvals (including antitrust or foreign government approvals) needed for codesharing alliances, joint businesses and other arrangements with other airlines, and the imposition of regulatory investigations related to any of the foregoing (including our arrangements with JetBlue);
- restrictions on competitive practices (for example, court orders, or agency regulations or orders, that would curtail an airline's ability to respond to a competitor);
- the adoption of new passenger security standards or regulations that impact customer service standards;
- restrictions on airport operations, such as restrictions on the use of slots at airports or the auction or reallocation of slot rights currently held by us;
- the adoption of more restrictive locally-imposed noise restrictions; and
- restrictions on travel or special guidelines regarding aircraft occupancy or hygiene related to COVID-19, including the imposition of preflight testing regimes or vaccination confirmation requirements which have to date and may in the future have the effect of reducing demand for air travel in the markets where such requirements are imposed.

Each additional regulation or other form of regulatory oversight increases costs and adds greater complexity to airline operations and, in some cases, may reduce the demand for air travel. There can be no assurance that the increased costs or greater complexity associated with our compliance with new rules, anticipated rules or other forms of regulatory oversight will not have a material adverse effect on us.

Any significant reduction in air traffic capacity at and in the airspace serving key airports in the U.S. or overseas could have a material adverse effect on our business, results of operations and financial condition. In addition, the ATC system

is not successfully modernizing to meet the growing demand for U.S. air travel. Air traffic controllers rely on outdated procedures and technologies that routinely compel airlines, including ourselves, to fly inefficient routes or take significant delays on the ground. The ATC system's inability to manage existing travel demand has led government agencies to implement short-term capacity constraints during peak travel periods or adverse weather conditions in certain markets, resulting in delays and disruptions of air traffic. The outdated technologies also cause the ATC system to be less resilient in the event of a failure. For example, an automation failure and an evacuation, in 2015 and 2017, respectively, at the Washington Air Route Control Center resulted in cancellations and delays of hundreds of flights traversing the greater Washington, D.C. airspace.

In the early 2000s, the FAA embarked on a path to modernize the national airspace system, including migration from the current radar-based ATC system to a GPS-based system. This modernization of the ATC system, generally referred to as "NextGen," has been plagued by delays and cost overruns, and it remains uncertain when the full array of benefits expected from this modernization will be available to the public and the airlines, including ourselves. Failure to update the ATC system and the substantial costs that may be imposed on airlines, including ourselves, to fund a modernized ATC system may have a material adverse effect on our business.

Further, our business has been adversely impacted when government agencies have ceased to operate as expected including due to partial shut-downs, sequestrations or similar events and the COVID-19 pandemic. These events have resulted in, among other things, reduced demand for air travel, an actual or perceived reduction in air traffic control and security screening resources and related travel delays, as well as disruption in the ability of the FAA to grant required regulatory approvals, such as those that are involved when a new aircraft is first placed into service.

Our operating authority in international markets is subject to aviation agreements between the U.S. and the respective countries or governmental authorities, such as the EU, and in some cases, fares and schedules require the approval of the DOT and/or the relevant foreign governments. Moreover, alliances with international carriers may be subject to the jurisdiction and regulations of various foreign agencies. The U.S. government has negotiated "open skies" agreements with 130 trading partners, which agreements allow unrestricted route authority access between the U.S. and the foreign markets. While the U.S. has worked to increase the number of countries with which open skies agreements are in effect, a number of markets important to us, including China, do not have open skies agreements. For example, the open skies air services agreement between the U.S. and the EU, which took effect in March 2008, provides airlines from the U.S. and EU member states open access to each other's markets, with freedom of pricing and unlimited rights to fly from the U.S. to any airport in the EU. As a result of the agreement and a subsequent open skies agreement involving the U.S. and the United Kingdom, which was agreed in anticipation of Brexit, we face increased competition in these markets, including LHR. Bilateral and multilateral agreements among the U.S. and various foreign governments of countries we serve but which are not covered by an open skies treaty are subject to periodic renegotiation. We currently operate a number of international routes under government arrangements that limit the number of airlines permitted to operate on the route, the capacity of the airlines providing services on the route, or the number of airlines allowed access to particular airports. If an open skies policy were to be adopted for any of these markets, it could have a material adverse impact on us and could result in the impairment of material amounts of our related tangible and intangible assets. In addition, competition from foreign airlines, revenue-sharing joint ventures, joint business agreements, and other alliance arrangements by and among other airlines could impair the value of our business and assets on the open skies routes.

Brexit occurred on January 31, 2020 under the terms of the agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the EU and the European Atomic Energy Community (the Withdrawal Agreement). The Withdrawal Agreement provided for a transition period that ended on December 31, 2020. Prior to the end of the transition period, on December 24, 2020, EU and United Kingdom negotiators agreed to a new trade and cooperation agreement (the EU-UK Trade and Cooperation Agreement). Provisional application of the EU-UK Trade and Cooperation Agreement between January 1 and April 30, 2021 has been approved by the European Commission, the European Council and the United Kingdom Parliament to allow sufficient time for the formal ratification of the EU-UK Trade and Cooperation Agreement. We face risks associated with Brexit, notably given the extent of our passenger and cargo traffic and that of our joint business partners that flows through LHR in the United Kingdom. The EU-UK Trade and Cooperation Agreement includes provisions in relation to commercial air service that we expect to be sufficient to sustain our current services under the transatlantic joint business. However, the scope of traffic rights under the EU-UK Trade and Cooperation Agreement is less extensive than before Brexit and therefore the impact of the EU-UK Trade and Cooperation Agreement is uncertain at this stage pending ratification and eventual implementation. As a result, the continuation of our current services, and those of our partners could be disrupted. This could materially adversely affect our business, results of operations and financial condition. More generally, changes in U.S. or foreign government aviation

policies could result in the alteration or termination of such agreements, diminish the value of route authorities, slots or other assets located abroad, or otherwise adversely affect our international operations.

We operate a global business with international operations that are subject to economic and political instability and have been, and in the future may continue to be, adversely affected by numerous events, circumstances or government actions beyond our control.

We operate a global business with significant operations outside of the U.S. Our current international activities and prospects have been and in the future could be adversely affected by government policies, reversals or delays in the opening of foreign markets, increased competition in international markets, the performance of our alliance, joint business and codeshare partners in a given market, exchange controls or other restrictions on repatriation of funds, currency and political risks (including changes in exchange rates and currency devaluations), environmental regulation, increases in taxes and fees and changes in international government regulation of our operations, including the inability to obtain or retain needed route authorities and/or slots. In particular, the outbreak and global spread of COVID-19 have severely impacted the demand for international travel and have resulted in the imposition of significant governmental restrictions on commercial air service to or from certain regions. We have responded by suspending a significant portion of our long-haul international flights through the summer of 2021 and delaying the introduction of certain new long-haul international routes. We can provide no assurance as to when such restrictions will be eased or lifted, when demand for international travel will return to pre-COVID-19 pandemic levels, if at all, or whether certain international destinations we previously served will be economical in the future.

More generally, our industry may be affected by any deterioration in global trade relations, including shifts in the trade policies of individual nations. For example, much of the demand for international air travel is the result of business travel in support of global trade. Should protectionist governmental policies, such as increased tariff or other trade barriers, travel limitations and other regulatory actions, have the effect of reducing global commercial activity, the result could be a material decrease in the demand for international air travel. Additionally, certain of the products and services that we purchase, including certain of our aircraft and related parts, are sourced from suppliers located in foreign countries, and the imposition of new tariffs, or any increase in existing tariffs, by the U.S. government in respect of the importation of such products could materially increase the amounts we pay for them. In particular, on October 2, 2019, the Office of the U.S. Trade Representative (USTR), as part of an ongoing dispute with the EU before the World Trade Organization (WTO) concerning, among other things, aircraft subsidies, was authorized by an arbitration tribunal of the WTO to impose up to $7.5 billion per year in import tariffs on certain goods originating from the EU. In October 2019, the USTR imposed tariffs on certain imports from the EU, including on certain Airbus aircraft that we previously contracted to purchase; these aircraft were initially subject to an ad valorem duty of 10% that was subsequently increased to 15% in March 2020. In January 2021, the USTR expanded the scope of the 15% tariff to apply to certain imported aircraft parts in addition to imported aircraft. On March 5, 2021, the United States and the EU announced an agreement to suspend for four months the imposition of these tariffs on commercial aircraft. While the scope and rate of these tariffs remain subject to further changes, if and to the extent any of these tariffs are imposed on us without any available means for us to mitigate or pass on the burden of these tariffs to Airbus, the effective cost of new Airbus aircraft required to implement our fleet plan would increase.

Brexit occurred on January 31, 2020 under the terms of the Withdrawal Agreement. The Withdrawal Agreement provided for a transition period that ended on December 31, 2020. Prior to the end of the transition period, on December 24, 2020, EU and United Kingdom negotiators agreed to the EU-UK Trade and Cooperation Agreement. Provisional application of the EU-UK Trade and Cooperation Agreement between January 1 and April 30, 2021 has been approved by the European Commission, the European Council and the United Kingdom Parliament to allow sufficient time for the formal ratification of the EU-UK Trade and Cooperation Agreement. We face risks associated with Brexit, notably given the extent of our passenger and cargo traffic and that of our joint business partners that flows through LHR in the United Kingdom. The EU-UK Trade and Cooperation Agreement includes provisions in relation to commercial air service that we expect to be sufficient to sustain our current services under the transatlantic joint business. However, the scope of traffic rights under the EU-UK Trade and Cooperation Agreement is less extensive than before Brexit and therefore the impact of the EU-UK Trade and Cooperation Agreement is uncertain at this stage pending ratification and eventual implementation. As a result, the continuation of our current services, and those of our partners could be disrupted. This could materially adversely affect our business, results of operations and financial condition.

Moreover, Brexit could adversely affect European or worldwide economic or market conditions and could contribute to further instability in global financial markets. In addition, Brexit has created uncertainty as to the future trade relationship between the EU and the United Kingdom, including air traffic services. LHR is presently a very important element of our international network, however it may become less desirable as a destination or as a hub location after Brexit when

compared to other airports in Europe. Brexit could also lead to legal and regulatory uncertainty such as the identity of the relevant regulators, new regulatory action and/or potentially divergent treaties, laws and regulations as the United Kingdom determines which EU treaties, laws and regulations to replace or replicate, including those governing aviation, labor, environmental, data protection/privacy, competition and other matters applicable to the provision of air transportation services by us or our alliance, joint business or codeshare partners. For example, in October 2018, in anticipation of Brexit and the expiry of the EC commitments in July 2020, the CMA opened an investigation into the transatlantic joint business. We continue to fully cooperate with the CMA and, in September 2020, the CMA adopted interim measures that effectively extend the EC commitments for an additional three years until March 2024 in light of the uncertainty created by the COVID-19 pandemic. The CMA plans to complete its investigation before the interim measures expire. The impact on our business of any treaties, laws and regulations that replace the existing EU counterparts, or other governmental or regulatory actions taken by the United Kingdom or the EU in connection with or subsequent to Brexit, cannot be predicted, including whether or not regulators will continue to approve or impose material conditions on our business activities. Any of these effects, and others we cannot anticipate, could materially adversely affect our business, results of operations and financial condition.

Additionally, fluctuations in foreign currencies, including devaluations, exchange controls and other restrictions on the repatriation of funds, have significantly affected and may continue to significantly affect our operating performance, liquidity and the value of any cash held outside the U.S. in local currency. Such fluctuations in foreign currencies, including devaluations, cannot be predicted by us and can significantly affect the value of our assets located outside the United States. These conditions, as well as any further delays, devaluations or imposition of more stringent repatriation restrictions, may materially adversely affect our business, results of operations and financial condition.

We may be adversely affected by conflicts overseas or terrorist attacks; the travel industry continues to face ongoing security concerns.

Acts of terrorism or fear of such attacks, including elevated national threat warnings, wars or other military conflicts, may depress air travel, particularly on international routes, and cause declines in revenues and increases in costs. The attacks of September 11, 2001 and continuing terrorist threats, attacks and attempted attacks materially impacted and continue to impact air travel. Increased security procedures introduced at airports since the attacks of September 11, 2001 and any other such measures that may be introduced in the future generate higher operating costs for airlines. The Aviation and Transportation Security Act mandated improved flight deck security, deployment of federal air marshals on board flights, improved airport perimeter access security, airline crew security training, enhanced security screening of passengers, baggage, cargo, mail, employees and vendors, enhanced training and qualifications of security screening personnel, additional provision of passenger data to the U.S. Customs and Border Protection Agency and enhanced background checks. A concurrent increase in airport security charges and procedures, such as restrictions on carry-on baggage, has also had and may continue to have a disproportionate impact on short-haul travel, which constitutes a significant portion of our flying and revenue. Implementation of and compliance with increasingly-complex security and customs requirements will continue to result in increased costs for us and our passengers, and have caused and likely will continue to cause periodic service disruptions and delays. We have at times found it necessary or desirable to make significant expenditures to comply with security-related requirements while seeking to reduce their impact on our customers, such as expenditures for automated security screening lines at airports. As a result of competitive pressure, and the need to improve security screening throughput to support the pace of our operations, it is unlikely that we will be able to capture all security-related costs through increased fares. In addition, we cannot forecast what new security requirements may be imposed in the future, or their impact on our business.

We are subject to risks associated with climate change, including increased regulation of our CO_2 emissions, changing consumer preferences and the potential increased impacts of severe weather events on our operations and infrastructure.

Efforts to transition to a low-carbon future have increased the focus by global, regional and national regulators on climate change and greenhouse gas (GHG) emissions, including carbon dioxide (CO_2) emissions. In particular, the International Civil Aviation Organization has adopted rules, including those pertaining to the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), which will require American to address the growth in CO_2 emissions of a significant majority of our international flights. For more information on CORSIA, see *"Aircraft Emissions and Climate Change Requirements"* under Part I, Item 1. Business – Domestic and Global Regulatory Landscape – Environmental Matters in our 2020 Form 10-K.

At this time, the costs of complying with our future obligations under CORSIA are uncertain, primarily because it is difficult to estimate the return of demand for international air travel during and in the recovery from the COVID-19 pandemic. There is also significant uncertainty with respect to the future supply and price of carbon offset credits and sustainable or lower carbon aircraft fuels that could allow us to reduce our emissions of CO_2. In addition, we will not directly control our CORSIA compliance costs through 2029 because those obligations are based on the growth in emissions of the global aviation sector and begin to incorporate a factor for individual airline operator emissions growth beginning in 2030. Due to the competitive nature of the airline industry and unpredictability of the market for air travel, we can offer no assurance that we may be able to increase our fares, impose surcharges or otherwise increase revenues or decrease other operating costs sufficiently to offset our costs of meeting obligations under CORSIA.

In the event that CORSIA does not come into force as expected, American and other airlines could become subject to an unpredictable and inconsistent array of national or regional emissions restrictions, creating a patchwork of complex regulatory requirements that could affect global competitors differently without offering meaningful aviation environmental improvements. Concerns over climate change are likely to result in continued attempts by municipal, state, regional, and federal agencies to adopt requirements or change business environments related to aviation that, if successful, may result in increased costs to the airline industry and us. In addition, several countries and U.S. states have adopted or are considering adopting programs, including new taxes, to regulate domestic GHG emissions. Finally, certain airports have adopted, and others could in the future adopt, GHG emission or climate-related goals that could impact our operations or require us to make changes or investments in our infrastructure.

In January 2021, the U.S. Environmental Protection Agency (EPA) adopted GHG emission standards for new aircraft engines designed to implement the ICAO standard, which are aligned with the 2017 ICAO airplane engine GHG emission standards. Like the ICAO standards, the final EPA standards would not apply to engines on in-service aircraft. The final standards have been challenged by several states and environmental groups, and the Biden administration has issued an executive order requiring a review of these final standards along with others issued by the prior administration. On February 17, 2021, the United States Court of Appeals for the District of Columbia Circuit ordered to hold the challenge by the states and environmental groups in abeyance pending EPA's review. The outcome of the legal challenge and administrative review cannot be predicted at this time.

All such climate change-related regulatory activity and developments may adversely affect our business and financial results by requiring us to reduce our emissions, make capital investments to purchase specific types of equipment or technologies, purchase carbon offset credits, or otherwise incur additional costs related to our emissions. Such activity may also impact us indirectly by increasing our operating costs, including fuel costs.

Growing recognition among consumers of the dangers of climate change may mean some customers choose to fly less frequently or fly on an airline they perceive as operating in a manner that is more sustainable to the climate. Business customers may choose to use alternatives to travel, such as virtual meetings and workspaces. Greater development of high-speed rail in markets now served by short-haul flights could provide passengers with lower-carbon alternatives to flying with us. Our collateral to secure loans, in the form of aircraft, spare parts and airport slots, could lose value as customer demand shifts and economies move to low-carbon alternatives, which may increase our financing cost.

Finally, the potential acute and chronic physical effects of climate change, such as increased frequency and severity of storms, floods, fires, sea-level rise, excessive heat, longer-term changes in weather patterns and other climate-related events, could affect our operations, infrastructure and financial results. Operational impacts, such as the canceling of flights, could result in loss of revenue. We could incur significant costs to improve the climate resiliency of our infrastructure and otherwise prepare for, respond to, and mitigate such physical effects of climate change. We are not able to predict accurately the materiality of any potential losses or costs associated with the physical effects of climate change.

We are subject to many forms of environmental and noise regulation and may incur substantial costs as a result.

We are subject to a number of increasingly stringent federal, state, local and foreign laws, regulations and ordinances relating to the protection of the environment and noise reduction, including those relating to emissions to the air, discharges to surface and subsurface waters, safe drinking water, and the management of hazardous substances, oils and waste materials. Compliance with environmental laws and regulations can require significant expenditures, and violations can lead to significant fines and penalties.

We are also subject to other environmental laws and regulations, including those that require us to investigate and remediate soil or groundwater to meet certain remediation standards. Under federal law, generators of waste materials,

and current and former owners or operators of facilities, can be subject to liability for investigation and remediation costs at locations that have been identified as requiring response actions. Liability under these laws may be strict, joint and several, meaning that we could be liable for the costs of cleaning up environmental contamination regardless of fault or the amount of waste directly attributable to us. We have liability for investigation and remediation costs at various sites, although such costs currently are not expected to have a material adverse effect on our business.

We have various leases and agreements with respect to real property, tanks and pipelines with airports and other operators. Under these leases and agreements, we have agreed to indemnify the lessor or operator against environmental liabilities associated with the real property or operations described under the agreement, even in certain cases where we are not the party responsible for the initial event that caused the environmental damage. We also participate in leases with other airlines in fuel consortiums and fuel committees at airports, and such indemnities are generally joint and several among the participating airlines.

Governmental authorities in several U.S. and foreign cities are also considering, or have already implemented, aircraft noise reduction programs, including the imposition of nighttime curfews and limitations on daytime take offs and landings. We have been able to accommodate local noise restrictions imposed to date, but our operations could be adversely affected if locally-imposed regulations become more restrictive or widespread. The FAA is also currently evaluating possible changes to how aircraft noise is measured, and the resulting standards that are based on them. Ultimately, these changes could have an impact on, or limit, our operations, or make it more difficult for the FAA to modernize and increase the efficiency of airspace and airports we utilize.

We depend on a limited number of suppliers for aircraft, aircraft engines and parts.

We depend on a limited number of suppliers for aircraft, aircraft engines and many aircraft and engine parts. For example, as of the end of 2020 all of our mainline aircraft were manufactured by either Airbus or Boeing and all of our regional aircraft were manufactured by either Bombardier or Embraer. Further, our supplier base continues to consolidate as evidenced by the recent acquisition of Rockwell Collins by United Technologies, the recent transactions involving Airbus and Bombardier and Bombardier and Mitsubishi. Due to the limited number of these suppliers, we are vulnerable to any problems associated with the performance of their obligation to supply key aircraft, parts and engines, including design defects, mechanical problems, contractual performance by suppliers, adverse perception by the public that would result in customer avoidance of any of our aircraft or any action by the FAA or any other regulatory authority resulting in an inability to operate our aircraft, even temporarily. For instance, in March 2019, the FAA ordered the grounding of all Boeing 737 MAX Family aircraft, which remained in place for over a year and was not lifted in the United States until November 2020, and more recently in April 2021, we removed from operations, pending ongoing inspection and investigation, a subset of our Boeing 737 MAX Family aircraft after receipt of notice from Boeing of a potential electrical power system issue relating to those aircraft. The limited number of these suppliers may also result in reduced competition and potentially higher prices than if the supplier base was less concentrated.

Delays in scheduled aircraft deliveries or other loss of anticipated fleet capacity, and failure of new aircraft to perform as expected, may adversely impact our business, results of operations and financial condition.

The success of our business depends on, among other things, effectively managing the number and types of aircraft we operate. If, for any reason, we are unable to accept or secure deliveries of new aircraft on contractually scheduled delivery dates, this could have negative impacts on our business, results of operations and financial condition. Our failure to integrate newly purchased aircraft into our fleet as planned might require us to seek extensions of the terms for some leased aircraft or otherwise delay the exit of certain aircraft from our fleet. Such unanticipated extensions or delays may require us to operate existing aircraft beyond the point at which it is economically optimal to retire them, resulting in increased maintenance costs, or reductions to our schedule, thereby reducing revenues. If new aircraft orders are not filled on a timely basis, we could face higher financing and operating costs than planned. In addition, if the aircraft we receive do not meet expected performance or quality standards, including with respect to fuel efficiency, safety and reliability, we could face higher financing and operating costs than planned and our business, results of operations and financial condition could be adversely impacted. For instance, in March 2019, the FAA grounded all Boeing 737 MAX Family aircraft, including the 24 aircraft in our fleet at the time of the grounding, and which caused us to be unable to take delivery of the Boeing 737 MAX Family aircraft we had on order from Boeing.

We rely heavily on technology and automated systems to operate our business, and any failure of these technologies or systems could harm our business, results of operations and financial condition.

We are highly dependent on existing and emerging technology and automated systems to operate our business. These technologies and systems include our computerized airline reservation system, flight operations systems, financial planning, management and accounting systems, telecommunications systems, website, maintenance systems and check-in kiosks. In order for our operations to work efficiently, our website and reservation system must be able to accommodate a high volume of traffic, maintain secure information and deliver flight information, as well as issue electronic tickets and process critical financial information in a timely manner. Substantially all of our tickets are issued to passengers as electronic tickets. We depend on our reservation system, which is hosted and maintained under a long-term contract by a third-party service provider, to be able to issue, track and accept these electronic tickets. If our technologies or automated systems are not functioning or if our third-party service providers were to fail to adequately provide technical support, system maintenance or timely software upgrades for any one of our key existing systems, we could experience service disruptions or delays, which could harm our business and result in the loss of important data, increase our expenses and decrease our revenues. In the event that one or more of our primary technology or systems vendors goes into bankruptcy, ceases operations or fails to perform as promised, replacement services may not be readily available on a timely basis, at competitive rates or at all, and any transition time to a new system may be significant.

Our technologies and automated systems cannot be completely protected against events that are beyond our control, including natural disasters, power failures, terrorist attacks, cyber-attacks, data theft, equipment and software failures, computer viruses or telecommunications failures. Substantial or sustained system failures could cause service delays or failures and result in our customers purchasing tickets from other airlines. We cannot assure that our security measures, change control procedures or disaster recovery plans are adequate to prevent disruptions or delays. Disruption in or changes to these technologies or systems could result in a disruption to our business and the loss of important data. Any of the foregoing could result in a material adverse effect on our business, results of operations and financial condition.

Evolving data security and privacy requirements could increase our costs, and any significant data security incident could disrupt our operations, harm our reputation, expose us to legal risks and otherwise materially adversely affect our business, results of operations and financial condition.

Our business requires the secure processing and storage of sensitive information relating to our customers, employees, business partners and others. However, like any global enterprise operating in today's digital business environment, we are subject to threats to the security of our networks and data, including threats potentially involving criminal hackers, hacktivists, state-sponsored actors, corporate espionage, employee malfeasance, and human or technological error. These threats continue to increase as the frequency, intensity and sophistication of attempted attacks and intrusions increase around the world. We and our business partners have been the target of cybersecurity attacks and data breaches in the past and expect that we will continue to be in the future.

Furthermore, in response to these threats there has been heightened legislative and regulatory focus on data privacy and cybersecurity in the U.S., the EU and elsewhere, particularly with respect to critical infrastructure providers, including those in the transportation sector. As a result, we must comply with a proliferating and fast-evolving set of legal requirements in this area, including substantive cybersecurity standards as well as requirements for notifying regulators and affected individuals in the event of a data security incident. This regulatory environment is increasingly challenging and may present material obligations and risks to our business, including significantly expanded compliance burdens, costs and enforcement risks. For example, in May 2018, the EU's new General Data Protection Regulation, commonly referred to as GDPR, came into effect, which imposes a host of new data privacy and security requirements, imposing significant costs on us and carrying substantial penalties for non-compliance.

In addition, many of our commercial partners, including credit card companies, have imposed data security standards that we must meet. In particular, we are required by the Payment Card Industry Security Standards Council, founded by the credit card companies, to comply with their highest level of data security standards. While we continue our efforts to meet these standards, new and revised standards may be imposed that may be difficult for us to meet and could increase our costs.

A significant cybersecurity incident involving us or one of our AAdvantage partners or other business partners have in the past and may in the future result in a range of potentially material negative consequences for us, including unauthorized access to, disclosure, modification, misuse, loss or destruction of company systems or data; theft of sensitive, regulated or confidential data, such as personal identifying information or our intellectual property; the loss of functionality of critical systems through ransomware, denial of service or other attacks; a deterioration in our relationships with business partners and other third parties; and business delays, service or system disruptions, damage to equipment

and injury to persons or property. For example, in March 2021, a sub-set of AAdvantage members as well as members of several other major airline loyalty programs received a notification about a security incident involving a limited amount of loyalty data held by a service provider. The methods used to obtain unauthorized access, disable or degrade service or sabotage systems are constantly evolving and may be difficult to anticipate or to detect for long periods of time. The constantly changing nature of the threats means that we may not be able to prevent all data security breaches or misuse of data. Similarly, we depend on the ability of our key commercial partners, including AAdvantage partners, other business partners, our regional carriers, distribution partners and technology vendors, to conduct their businesses in a manner that complies with applicable security standards and assures their ability to perform on a timely basis. A security failure, including a failure to meet relevant payment security standards, breach or other significant cybersecurity incident affecting one of our partners could result in potentially material negative consequences for us.

In addition, the costs and operational consequences of defending against, preparing for, responding to and remediating an incident of cybersecurity breach may be substantial. As cybersecurity threats become more frequent, intense and sophisticated, costs of proactive defense measures are increasing. Further, we could be exposed to litigation, regulatory enforcement or other legal action as a result of an incident, carrying the potential for damages, fines, sanctions or other penalties, as well as injunctive relief and enforcement actions requiring costly compliance measures. A significant number of recent privacy and data security incidents, including those involving other large airlines, have resulted in very substantial adverse financial consequences to those companies. A cybersecurity incident could also impact our brand, including that of the AAdvantage Program, harm our reputation and adversely impact our relationship with our customers, employees and stockholders. Accordingly, failure to appropriately address these issues could result in material financial and other liabilities and cause significant reputational harm to our company.

We rely on third-party distribution channels and must manage effectively the costs, rights and functionality of these channels.

We rely on third-party distribution channels, including those provided by or through global distribution systems (GDSs) (e.g., Amadeus, Sabre and Travelport), conventional travel agents, travel management companies and online travel agents (OTAs) (e.g., Expedia, including its booking sites Orbitz and Travelocity, and Booking Holdings, including its booking sites Kayak and Priceline), to distribute a significant portion of our airline tickets, and we expect in the future to continue to rely on these channels. We are also dependent upon the ability and willingness of these distribution channels to expand their ability to distribute and collect revenues for ancillary products (e.g., fees for selective seating). These distribution channels are more expensive and at present have less functionality in respect of ancillary product offerings than those we operate ourselves, such as our website at *www.aa.com*. Certain of these distribution channels also effectively restrict the manner in which we distribute our products generally. To remain competitive, we will need to manage successfully our distribution costs and rights, increase our distribution flexibility and improve the functionality of our distribution channels, while maintaining an industry-competitive cost structure. Further, as distribution technology changes we will need to continue to update our technology by acquiring new technology from third parties, building the functionality ourselves, or a combination, which in any event will likely entail significant technological and commercial risk and involve potentially material investments. These imperatives may affect our relationships with conventional travel agents, travel management companies, GDSs and OTAs, including if consolidation of conventional travel agents, travel management companies, GDSs or OTAs continues, or should any of these parties seek to acquire other technology providers thereby potentially limiting our technology alternatives. Any inability to manage our third-party distribution costs, rights and functionality at a competitive level or any material diminishment or disruption in the distribution of our tickets could have a material adverse effect on our business, results of operations and financial condition.

If we are unable to obtain and maintain adequate facilities and infrastructure throughout our system and, at some airports, adequate slots, we may be unable to operate our existing flight schedule and to expand or change our route network in the future, which may have a material adverse impact on our operations.

In order to operate our existing and proposed flight schedule and, where desirable, add service along new or existing routes, we must be able to maintain and/or obtain adequate gates, check-in counters, operations areas, operations control facilities and administrative support space. As airports around the world become more congested, it may not be possible for us to ensure that our plans for new service can be implemented in a commercially viable manner, given operating constraints at airports throughout our network, including those imposed by inadequate facilities at desirable airports.

In light of constraints on existing facilities, there is presently a significant amount of capital spending underway at major airports in the United States, including large projects underway at a number of airports where we have significant operations, such as Chicago O'Hare International Airport (ORD), Los Angeles International Airport (LAX), LaGuardia Airport (LGA) and Ronald Reagan Washington National Airport (DCA). This spending is expected to result in increased costs to airlines and the traveling public that use those facilities as the airports seek to recover their investments through increased rental, landing and other facility costs. In some circumstances, such costs could be imposed by the relevant airport authority without our approval. Accordingly, our operating costs are expected to increase significantly at many airports at which we operate, including a number of our hubs and gateways, as a result of capital spending projects currently underway and additional projects that we expect to commence over the next several years.

In addition, operations at three major domestic airports, certain smaller domestic airports and many foreign airports we serve are regulated by governmental entities through allocations of slots or similar regulatory mechanisms that limit the rights of carriers to conduct operations at those airports. Each slot represents the authorization to land at or take off from the particular airport during a specified time period and may have other operational restrictions as well. In the U.S., the DOT and the FAA currently regulate the allocation of slots or slot exemptions at DCA and two New York City airports: John F. Kennedy International Airport and LGA. Our operations at these airports generally require the allocation of slots or similar regulatory authority. In addition to slot restrictions, operations at DCA and LGA are also limited based on a so-called “perimeter rule” which generally limits the stage length of the flights that can be operated from those airports to 1,250 and 1,500 miles, respectively. Similarly, our operations at LHR, international airports in Beijing, Frankfurt, Paris, Tokyo and other airports outside the U.S. are regulated by local slot authorities pursuant to the International Airline Trade Association Worldwide Scheduling Guidelines and/or applicable local law. Termination of slot controls at some or all of the foregoing airports could affect our operational performance and competitive position. We currently have sufficient slots or analogous authorizations to operate our existing flights and we have generally, but not always, been able to obtain the rights to expand our operations and to change our schedules. However, there is no assurance that we will be able to obtain sufficient slots or analogous authorizations in the future or as to the cost of acquiring such rights because, among other reasons, such allocations are often sought after by other airlines and are subject to changes in governmental policies. Due to the dramatic reduction in air travel resulting from the COVID-19 pandemic, we are in many instances relying on exemptions granted by applicable authorities from the requirement that we continuously use certain slots, gates and routes or risk having such operating rights revoked, and we cannot predict whether such exemptions will continue to be granted or whether we ultimately could be at risk of losing valuable operating rights. We cannot provide any assurance that regulatory changes resulting in changes in the application of slot controls or the allocation of or any reallocation of existing slots, the continued enforcement or termination of a perimeter rule or similar regulatory regime will not have a material adverse impact on our operations.

Our ability to provide service can also be impaired at airports, such as LAX and ORD where the airport gate and other facilities are currently inadequate to accommodate all of the service that we would like to provide, or airports such as Dallas Love Field Airport where we have no access to gates at all.

Any limitation on our ability to acquire or maintain adequate gates, ticketing facilities, operations areas, operations control facilities, slots (where applicable), or office space could have a material adverse effect on our business, results of operations and financial condition.

Interruptions or disruptions in service at one of our key facilities could have a material adverse impact on our operations.

We operate principally through our hubs in Charlotte, Chicago, Dallas/Fort Worth, Los Angeles, Miami, New York, Philadelphia, Phoenix and Washington, D.C. and partner gateways including in London Heathrow (among others). Substantially all of our flights either originate at or fly into one of these locations. A significant interruption or disruption in service at one of our hubs, gateways or other airports where we have a significant presence, resulting from air traffic control delays, weather conditions, natural disasters, growth constraints, performance by third-party service providers

(such as electric utility or telecommunications providers), failure of computer systems, disruptions at airport facilities or other key facilities used by us to manage our operations (such as occurred in the United Kingdom at LGW on December 20, 2018 and LHR on January 8, 2019 due to unauthorized drone activity), labor relations, power supplies, fuel supplies, terrorist activities, or otherwise could result in the cancellation or delay of a significant portion of our flights and, as a result, could have a severe impact on our business, results of operations and financial condition. We have limited control, particularly in the short term, over the operation, quality or maintenance of many of the services on which our operations depend and over whether vendors of such services will improve or continue to provide services that are essential to our business.

A higher than normal number of pilot retirements, more stringent duty time regulations, increased flight hour requirement for commercial airline pilots, reductions in the number of military pilots entering the commercial workforce, increased training requirements and other factors have caused a shortage of pilots that could materially adversely affect our business.

We currently have a higher than normal number of pilots eligible for retirement. Large numbers of pilots in the industry are approaching the FAA's mandatory retirement age of 65. Our pilots and other employees are subject to rigorous certification standards, and our pilots and other crew members must adhere to flight time and rest requirements. Commencing in 2013, the minimum flight hour requirement to achieve a commercial pilot's license in the United States increased from 250 to 1,500 hours, thereby significantly increasing the time and cost commitment required to become licensed to fly commercial aircraft. Additionally, the number of military pilots being trained by the U.S. armed forces and available as commercial pilots upon their retirement from military service has been decreasing. These and other factors have contributed to a shortage of qualified, entry-level pilots and increased compensation costs, particularly for our regional subsidiaries and our other regional partners who are being required by market conditions to pay significantly increased wages and large signing bonuses to their pilots in an attempt to achieve desired staffing levels. The foregoing factors have also led to increased competition from large, mainline carriers attempting to meet their hiring needs. We believe that this industry-wide pilot shortage is becoming an increasing problem for airlines in the United States. Our regional partners have recently been unable to hire adequate numbers of pilots to meet their needs, resulting in a reduction in the number of flights offered, disruptions, increased costs of operations, financial difficulties and other adverse effects, and these circumstances may become more severe in the future and thereby cause a material adverse effect on our business.

Increases in insurance costs or reductions in insurance coverage may adversely impact our operations and financial results.

The terrorist attacks of September 11, 2001 led to a significant increase in insurance premiums and a decrease in the insurance coverage available to commercial air carriers. Accordingly, our insurance costs increased significantly, and our ability to continue to obtain insurance even at current prices remains uncertain. If we are unable to maintain adequate insurance coverage, our business could be materially and adversely affected. Additionally, severe disruptions in the domestic and global financial markets could adversely impact the claims paying ability of some insurers. Future downgrades in the ratings of enough insurers could adversely impact both the availability of appropriate insurance coverage and its cost. Because of competitive pressures in our industry, our ability to pass along additional insurance costs to passengers is limited. As a result, further increases in insurance costs or reductions in available insurance coverage could have an adverse impact on our financial results.

The airline industry is heavily taxed.

The airline industry is subject to extensive government fees and taxation that negatively impact our revenue and profitability. The U.S. airline industry is one of the most heavily taxed of all industries. These fees and taxes have grown significantly in the past decade for domestic flights, and various U.S. fees and taxes also are assessed on international flights. For example, as permitted by federal legislation, most major U.S. airports impose a per-passenger facility charge on us. In addition, the governments of foreign countries in which we operate impose on U.S. airlines, including us, various fees and taxes, and these assessments have been increasing in number and amount in recent years. Moreover, we are obligated to collect a federal excise tax, commonly referred to as the "ticket tax," on domestic and international air transportation. We collect the excise tax, along with certain other U.S. and foreign taxes and user fees on air transportation (such as passenger security fees), and pass along the collected amounts to the appropriate governmental agencies. Although these taxes and fees are not our operating expenses, they represent an additional cost to our customers. There are continuing efforts in Congress and in other countries to raise different portions of the various taxes, fees, and charges imposed on airlines and their passengers, including the passenger facility charge, and we may not be able to recover all of these charges from our customers. Increases in such taxes, fees and charges could negatively impact our business, results of operations and financial condition.

Under DOT regulations, all governmental taxes and fees must be included in the prices we quote or advertise to our customers. Due to the competitive revenue environment, many increases in these fees and taxes have been absorbed by the airline industry rather than being passed on to the customer. Further increases in fees and taxes may reduce demand for air travel, and thus our revenues.

Risks Related to Ownership of AAG Common Stock and Convertible Notes

The price of AAG common stock has been and may in the future be volatile.

The market price of AAG common stock has fluctuated substantially in the past, and may fluctuate substantially in the future, due to a variety of factors, many of which are beyond our control, including:

- the effects of the COVID-19 pandemic on our business or the U.S. and global economies;
- macro-economic conditions, including the price of fuel;
- changes in market values of airline companies as well as general market conditions;
- our operating and financial results failing to meet the expectations of securities analysts or investors;
- changes in financial estimates or recommendations by securities analysts;
- changes in our level of outstanding indebtedness and other obligations;
- changes in our credit ratings;
- material announcements by us or our competitors;
- expectations regarding our capital deployment program, including any existing or potential future share repurchase programs and any future dividend payments that may be declared by our Board of Directors, or any determination to cease repurchasing stock or paying dividends (which we have suspended for an indefinite period in accordance with the applicable requirements under the CARES Act, the PSP Extension Law and the ARP);
- new regulatory pronouncements and changes in regulatory guidelines;
- general and industry-specific economic conditions;
- changes in our key personnel;
- public or private sales of a substantial number of shares of AAG common stock or issuances of AAG common stock upon the exercise or conversion of restricted stock unit awards, stock appreciation rights, or other securities that may be issued from time to time, including warrants we have or will issue in connection with our receipt of funds under the CARES Act, the PSP Extension Law and the ARP;
- increases or decreases in reported holdings by insiders or other significant stockholders;

- fluctuations in trading volume; and
- technical factors in the public trading market for our stock that may produce price movements that may or may not comport with macro, industry or company-specific fundamentals, including, without limitation, the sentiment of retail investors (including as may be expressed on financial trading and other social media sites), the amount and status of short interest in our securities, access to margin debt, trading in options and other derivatives on our common stock and any related hedging and other technical trading factors.

The closing price of our common stock on Nasdaq varied from $9.04 to $30.47 during 2020 and $15.00 to $25.17 during 2021 year-to-date through April 16, 2021. At times during this period, fluctuations in our stock price have been rapid, imposing risks on investors due to the possibility of significant, short-term price volatility. While we believe that this wide range of trading prices is broadly indicative of the changing prospects for a large airline facing the challenges imposed by the COVID-19 pandemic, we also believe, based in part on the commentary of market analysts, that the trading price of our common stock has at times been influenced by the technical trading factors discussed in the last bullet above. On some occasions, market analysts have explained fluctuations in our stock price by reference to purported “short squeeze” activity. A “short squeeze” is a technical market condition that occurs when the price of a stock increases substantially, forcing market participants who had taken a position that its price would fall (i.e., who had sold the stock “short”), to buy it, which in turn may create significant, short-term demand for the stock not for fundamental reasons, but rather due to the need for such market participants to acquire the stock in order to forestall the risk of even greater losses. A “short squeeze” condition in the market for a stock can lead to short-term conditions involving very high volatility and trading that may or may not track fundamental valuation models.

We have ceased making repurchases of our common stock and paying dividends on our common stock as required by the CARES Act, the PSP Extension Law and the ARP. Following the end of those restrictions, if we do decide to make repurchases of or pay dividends on our common stock, we cannot guarantee that we will continue to do so or that our capital deployment program will enhance long-term stockholder value.

In connection with the financial assistance provided under PSP1 and PSP2 and to be provided under PSP3, we agreed not to repurchase shares of AAG common stock through September 30, 2022. If we determine to make any share repurchases in the future, such repurchases under our repurchase programs may be made through a variety of methods, which may include open market purchases, privately negotiated transactions, block trades or accelerated share repurchase transactions. These share repurchase programs do not obligate us to acquire any specific number of shares or to repurchase any specific number of shares for any fixed period, and may be suspended again at any time at our discretion and without prior notice. The timing and amount of repurchases, if any, will be subject to market and economic conditions, applicable legal requirements, such as the requirements of the CARES Act, the PSP Extension Law, the ARP and other relevant factors. Our repurchase of AAG common stock may be limited, suspended or discontinued at any time at our discretion and without prior notice.

In connection with the financial assistance provided under PSP1 and PSP2 and to be provided under PSP3, we agreed not to pay dividends on AAG common stock through September 30, 2022. If we determine to make any dividends in the future, such dividends that may be declared and paid from time to time will be subject to market and economic conditions, applicable legal requirements and other relevant factors. We are not obligated to continue a dividend for any fixed period, and the payment of dividends may be suspended or discontinued again at any time at our discretion and without prior notice. We will continue to retain future earnings to develop our business, as opportunities arise, and evaluate on a quarterly basis the amount and timing of future dividends based on our operating results, financial condition, capital requirements and general business conditions. The amount and timing of any future dividends may vary, and the payment of any dividend does not assure that we will pay dividends in the future.

In addition, any future repurchases of AAG common stock or payment of dividends, or any determination to cease repurchasing stock or paying dividends, could affect our stock price and increase its volatility. The existence of a share repurchase program and any future dividends could cause our stock price to be higher than it would otherwise be and could potentially reduce the market liquidity for our stock. Additionally, any future repurchases of AAG common stock or payment of dividends will diminish our cash reserves, which may impact our ability to finance future growth and to pursue possible future strategic opportunities and acquisitions. Further, our repurchase of AAG common stock may fluctuate such that our cash flow may be insufficient to fully cover our share repurchases. Although our share repurchase programs are intended to enhance long-term stockholder value, there is no assurance that they will do so.

AAG's Certificate of Incorporation and Bylaws include provisions that limit voting and acquisition and disposition of our equity interests.

Our Certificate of Incorporation and Bylaws include significant provisions that limit voting and ownership and disposition of our equity interests as described in Part II, Item 5. Market for American Airlines Group's Common Stock, Related Stockholder Matters and Issuer Purchases of Equity Securities - "*Ownership Restrictions*" and AAG's Description of the Registrants' Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934, which is filed as Exhibit 4.1 in our 2020 10-K. These restrictions may adversely affect the ability of certain holders of AAG common stock and our other equity interests to vote such interests and adversely affect the ability of persons to acquire shares of AAG common stock and our other equity interests.

Certain provisions of AAG's Certificate of Incorporation and Bylaws make it difficult for stockholders to change the composition of our Board of Directors and may discourage takeover attempts that some of our stockholders might consider beneficial.

Certain provisions of our Certificate of Incorporation and Bylaws, as currently in effect, may have the effect of delaying or preventing changes in control if our Board of Directors determines that such changes in control are not in our best interest and the best interest of our stockholders. These provisions include, among other things, the following:

- advance notice procedures for stockholder proposals to be considered at stockholders' meetings;
- the ability of our Board of Directors to fill vacancies on the board;
- a prohibition against stockholders taking action by written consent;
- stockholders are restricted from calling a special meeting unless they hold at least 20% of our outstanding shares and follow the procedures provided for in the amended Bylaws;
- a requirement that holders of at least 80% of the voting power of the shares entitled to vote in the election of directors approve any amendment of our Bylaws submitted to stockholders for approval; and
- super-majority voting requirements to modify or amend specified provisions of our Certificate of Incorporation.

These provisions are not intended to prevent a takeover, but are intended to protect and maximize the value of the interests of our stockholders. While these provisions have the effect of encouraging persons seeking to acquire control of our company to negotiate with our Board of Directors, they could enable our Board of Directors to prevent a transaction that some, or a majority, of our stockholders might believe to be in their best interest and, in that case, may prevent or discourage attempts to remove and replace incumbent directors. In addition, we are subject to the provisions of Section 203 of the Delaware General Corporation Law, which prohibits business combinations with interested stockholders. Interested stockholders do not include stockholders whose acquisition of our securities is approved by the Board of Directors prior to the investment under Section 203.

The issuance or sale of shares of our common stock, rights to acquire shares of our common stock, or warrants issued to Treasury under the CARES Act, the PSP Extension Law, the ARP, PSP1 and PSP2 and PSP3, could depress the trading price of our common stock and the Convertible Notes.

We may conduct future offerings of material amounts of our common stock, preferred stock or other securities that are convertible into or exercisable for our common stock to finance our operations, to fund acquisitions, or for any other purposes at any time and from time to time (including as compensation to the U.S. Government for the proceeds received pursuant to PSP1, PSP2 or PSP3). If these additional shares or securities are issued or sold, or if it is perceived that they will be sold, into the public market or otherwise, the price of our common stock and Convertible Notes could decline substantially. If we issue additional shares of our common stock or rights to acquire shares of our common stock, if any of our existing stockholders sells a substantial amount of our common stock, or if the market perceives that such issuances or sales may occur, then the trading price of our common stock and Convertible Notes could decline substantially.

ITEM 6. EXHIBITS

Exhibits required to be filed by Item 601 of Regulation S-K: Where the amount of securities authorized to be issued under any of our long-term debt agreements does not exceed 10 percent of our assets, pursuant to paragraph (b)(4) of Item 601 of Regulation S-K, in lieu of filing such as an exhibit, we hereby agree to furnish to the Commission upon request a copy of any agreement with respect to such long-term debt.

Exhibit Number	Description
4.1	Warrant Agreement, dated as of January 15, 2021, between American Airlines Group, Inc. and the United States Department of the Treasury (incorporated by reference to Exhibit 4.182 to AAG's Annual Report on Form 10-K for the year ended December 31, 2020 (Commission File No. 1-8400)).
4.2	Form of PSP2 Warrant (incorporated by reference to Annex B to Exhibit 4.182 to AAG's Annual Report on Form 10-K for the year ended December 31, 2020 (Commission File No. 1-8400).
4.3	Indenture, dated as of March 24, 2021, by and among American Airlines, Inc., AAdvantage Loyalty IP Ltd., American Airlines Group Inc., AAdvantage Holdings 1, Ltd. and AAdvantage Holdings 2, Ltd. and Wilmington Trust, National Association, as trustee.
4.4	Form of 5.50% Senior Secured Notes due 2026 (included as Exhibit A-1 to the Indenture filed herewith as Exhibit 4.3).
4.5	Form of 5.75% Senior Secured Notes due 2029 (included as Exhibit A-2 to the Indenture filed herewith as Exhibit 4.3).
10.1	Payroll Support Program Extension Agreement, dated as of January 15, 2021, between American Airlines, Inc. and the United States Department of the Treasury (incorporated by reference to Exhibit 10.3 to AAG's Annual Report on Form 10-K for the year ended December 31, 2020 (Commission File No. 1-8400)).
10.2	Promissory Note, dated as of January 15, 2021, issued by American Airlines Group Inc. in the name of the United States Department of the Treasury and guaranteed by American Airlines, Inc., Envoy Air Inc., Piedmont Airlines, Inc. and PSA Airlines, Inc. (incorporated by reference to Exhibit 10.4 to AAG's Annual Report on Form 10-K for the year ended December 31, 2020 (Commission File No. 1-8400).
10.3	Letter Agreement, dated as of January 15, 2021, to Loan and Guarantee Agreement, dated as of September 25, 2020, among American Airlines, Inc., American Airlines Group Inc., the other guarantors party thereto from time to time, the United States Department of the Treasury and the Bank of New York Mellon, as administrative and collateral agent (incorporated by reference to Exhibit 10.4 to AAG's Annual Report on Form 10-K for the year ended December 31, 2020 (Commission File No. 1-8400).
10.4	Term Loan Credit and Guaranty Agreement, dated as of March 24, 2021, among American Airlines, Inc., AAdvantage Loyalty IP Ltd., American Airlines Group Inc., AAdvantage Holdings 1, Ltd., AAdvantage Holdings 2, Ltd., Barclays Bank PLC, as administrative agent, Wilmington Trust, National Association, as collateral administrator, and the lenders party thereto.#
10.5	Supplemental Agreement No. 16, dated as of January 14, 2021, to Purchase Agreement No. 03735 dated as of February 1, 2013, by and between American Airlines, Inc. and The Boeing Company.*
10.6	Supplemental Agreement No. 17, dated as of February 11, 2021, to Purchase Agreement No. 03735 dated as of February 1, 2013, by and between American Airlines, Inc. and The Boeing Company.*
10.7	Supplemental Agreement No. 18, dated as of March 12, 2021, to Purchase Agreement No. 03735 dated as of February 1, 2013, by and between American Airlines, Inc. and The Boeing Company.*
10.8	Letter Agreement No. AAL-LA-2100511, dated as of March 9, 2021, to Purchase Agreement No. 3219 by and between American Airlines, Inc. and The Boeing Company.*
10.9	Amendment 1, dated as of March 25, 2021, to the Letter Agreement No. AAL-LA-2100511, dated as of March 9, 2021, to Purchase Agreement No. 3219 by and between American Airlines, Inc. and The Boeing Company.*
10.10	Letter Agreement No. AAL LA 2100530, dated as of March 9, 2021, to Purchase Agreement No. 3219 by and between American Airlines, Inc. and The Boeing Company.*
31.1	Certification of AAG Chief Executive Officer pursuant to Rule 13a-14(a).
31.2	Certification of AAG Chief Financial Officer pursuant to Rule 13a-14(a).
31.3	Certification of American Chief Executive Officer pursuant to Rule 13a-14(a).
31.4	Certification of American Chief Financial Officer pursuant to Rule 13a-14(a).
32.1	AAG Certification pursuant to Rule 13a-14(b) and section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code).
32.2	American Certification pursuant to Rule 13a-14(b) and section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code).

Exhibit Number	Description
101.1	Interactive data files pursuant to Rule 405 of Regulation S-T, formatted in Inline XBRL (eXtensible Business Reporting Language).
104.1	Cover page interactive data file (formatted in Inline XBRL and contained in Exhibit 101.1).

* Certain confidential information contained in this agreement has been omitted because it (i) is not material and (ii) would be competitively harmful if publicly disclosed.

Pursuant to Item 601(a)(5) of Regulation S-K promulgated by the Securities and Exchange Commission, certain exhibits and schedules to this agreement have been omitted. Such exhibits and schedules are described in the referenced agreement. AAG and American hereby agree to furnish to the Securities and Exchange Commission, upon its request, any or all of such omitted exhibits or schedules.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

American Airlines Group Inc.

Date: April 22, 2021

By: /s/ Derek J. Kerr
Derek J. Kerr
Executive Vice President and Chief Financial Officer
(Duly Authorized Officer and Principal Financial Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

American Airlines, Inc.

Date: April 22, 2021

By: /s/ Derek J. Kerr
Derek J. Kerr
Executive Vice President and Chief Financial Officer
(Duly Authorized Officer and Principal Financial Officer)

Exhibit 4.3

Execution Version

INDENTURE

Dated as of March 24, 2021

Among

AADVANTAGE LOYALTY IP LTD. and

AMERICAN AIRLINES, INC.,
as Issuers

THE GUARANTORS FROM TIME TO TIME PARTY HERETO

and

WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Trustee and as Collateral Custodian

5.500% SENIOR SECURED NOTES DUE 2026
5.750% SENIOR SECURED NOTES DUE 2029

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Exhibit A-2 Form of 2029 Note
Exhibit B Form of Certificate of Transfer
Exhibit C Form of Certificate of Exchange
Exhibit D Form of Supplemental Indenture to be Delivered by Subsequent Guarantors
Exhibit E Form of Payment Date Statement

INDENTURE, dated as of March 24, 2021 among AAdvantage Loyalty IP Ltd., an exempted company incorporated with limited liability under the laws of the Cayman Islands ("Loyalty Co") and American Airlines, Inc., a Delaware corporation ("American", together with Loyalty Co, the "Issuers"), the Guarantors from time to time party hereto and Wilmington Trust, National Association, a national banking association, as Trustee and as Collateral Custodian.

W I T N E S S E T H

WHEREAS, the Issuers have duly authorized the execution and delivery of this Indenture to provide for the issuance of (i) $3,500,000,000 aggregate principal amount of 5.500% Senior Secured Notes due 2026 (the "2026 Notes"), (ii) $3,000,000,000 aggregate principal amount of 5.750% Senior Secured Notes due 2029 (the "2029 Notes" and, together with the 2026 Notes, the "Initial Notes") and (iii) any Additional Notes that may be issued after the Closing Date in compliance with this Indenture;

WHEREAS, the obligations of the Issuers with respect to the due and punctual payment of interest, principal and premium, if any, on the Notes and the performance and observation of each covenant and agreement under this Indenture on the part of the Issuers to be performed or observed will be unconditionally and irrevocably guaranteed by the Guarantors;

WHEREAS, all things necessary (i) to make the Notes, when executed and duly issued by the Issuers and authenticated and delivered hereunder, the valid obligations of the Issuers and (ii) to make this Indenture a valid agreement of the Issuers have been done; and

WHEREAS, the Guarantors party hereto have duly authorized the execution and delivery of this Indenture as guarantors of the Notes, and all things necessary (i) to make the Note Guarantee, when the Notes are executed and duly issued by the Issuers and authenticated and delivered hereunder, the valid obligations of such Guarantor and (ii) to make this Indenture a valid agreement of such Guarantor, in accordance with its terms, have been done.

NOW, THEREFORE, the Issuers, the Guarantors and the Trustee agree as follows for the benefit of each other and for the equal and ratable benefit of the Holders of the Notes.

ARTICLE 1

DEFINITIONS AND INCORPORATION BY REFERENCE

Section 1.01 Definitions.

"2026 Notes Make-Whole Amount" shall mean, an amount equal to the excess, to the extent positive, of (a) the sum of the present values of the remaining scheduled payments of principal and interest on the 2026 Notes to be redeemed (exclusive of interest accrued to the redemption date) discounted to the redemption date on a semi- annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 50 basis points over (b) 100% of the principal amount of the 2026 Notes to be redeemed. The 2026 Notes Make-Whole Amount shall be calculated by the Issuers and the Trustee shall have no duty or obligation to verify such calculation.

"2026 Notes Scheduled Principal Amortization Amount" shall mean the principal amount that is payable in quarterly installments commencing on July 20, 2023 and payable on each Payment Date thereafter, initially in an aggregate amount per Payment Date equal to 1/12th of the principal amount of the 2026 Notes, which is approximately $291,666,667 (as such amounts may be increased or reduced, on a *pro rata* basis, from time to time as provided in Section 2.01(d), Section 2.11, Section 3.07(e), Section 3.08(g), Section 3.09(k) and Section 4.34(f)). For the avoidance of doubt, any payment of premium due under this Indenture shall not reduce the 2026 Notes Scheduled Principal Amortization Amount.

"2029 Notes Make-Whole Amount" shall mean, an amount equal to the excess, to the extent positive, of (a) the sum of the present values of the remaining scheduled payments of principal and interest on the 2029 Notes to be redeemed (exclusive of interest accrued to the redemption date) discounted to the redemption date on a semi- annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 50 basis points over (b) 100% of the principal amount of the 2029 Notes to be redeemed. The 2029 Notes Make-Whole Amount shall be calculated by the Issuers and the Trustee shall have no duty or obligation to verify such calculation.

"2029 Notes Scheduled Principal Amortization Amount" shall mean the principal amount that is payable in quarterly installments commencing on July 20, 2026 and payable on each Payment Date thereafter, initially in an aggregate amount per Payment Date equal to 1/12th of the principal amount of the 2029 Notes, which is approximately $250,000,000 (as such amounts may be increased or reduced, on a *pro rata* basis, from time to time as provided in Section 2.01(d), Section 2.11, Section 3.07(e), Section 3.08(g), Section 3.09(k) and Section 4.34(f)). For the avoidance of doubt, any payment of premium due under this Indenture shall not reduce the 2029 Notes Scheduled Principal Amortization Amount.

"40 Act" shall mean the Investment Company Act of 1940, as amended.

"144A Global Note" shall mean a Global Note substantially in the form of Exhibit A-1 hereto for a 2026 Note or substantially in the form of Exhibit A-2 hereto for a 2029 Note, in each case bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of, and registered in the name of, the Notes Depositary or its nominee that will be issued in a denomination equal to the outstanding principal amount of the Notes sold in reliance on Rule 144A.

"AAdvantage Agreements" shall mean all currently existing, future and successor co-branding agreements, partnering agreements, airline-to-airline frequent flyer program agreements or similar agreements related to or entered into in connection with the AAdvantage Program, including each Material AAdvantage Agreement, but excluding (i) any American Airline Business Agreements and (ii) any Retained Agreements.

"AAdvantage Customer Data" shall mean all data owned or purported to be owned, or later developed or acquired and owned or purported to be owned, by American, Loyalty Co, Parent or its Subsidiaries and used, generated or produced, now or in the future, as part of the AAdvantage Program, including all of the following: (a) a list of all members of the AAdvantage Program; and (b) the AAdvantage Member Profile Data for each member of the AAdvantage

Program, but excluding American Traveler Related Data; provided that, for the avoidance of doubt, customer name, contact information (including name, mailing address, email address and phone numbers), passport information, customer login to the aa.com website or any successor website and any American mobile applications and communication consent preferences related to AAdvantage Program communications, in each case, solely for AAdvantage Program members as AAdvantage Program members, may be included in both AAdvantage Customer Data and American Traveler Related Data.

"AAdvantage Intellectual Property" shall mean (a) AAdvantage Customer Data and (b)(i) the proprietary source code set forth in a schedule to the Credit Agreement, (ii) certain registered trademarks and trademark applications set forth in a schedule to the Credit Agreement, (iii) the issued patents and patent applications set forth in a schedule to the Credit Agreement, (iv) the registered copyrights set forth in a schedule to the Credit Agreement, and (v) the other data, proprietary source code, registered trademarks, issued patents, registered copyrights and applications for the foregoing that are owned or purported to be owned, or later developed or acquired and owned or purported to be owned, by Loyalty Co, American, Parent or any of Parent's Subsidiaries that are used in the AAdvantage Program and which are required to be contributed to Loyalty Co from time to time as set forth in this Indenture. For the avoidance of doubt, the AAdvantage Intellectual Property set forth in clause (b) above shall exclude all Airlines Business Intellectual Property.

"AAdvantage Member Profile Data" shall mean, with respect to each member of the AAdvantage Program, such member's (a) name, mailing address, email address, and phone numbers, (b) communication and promotion opt-ins, (c) total miles balance, (d) third party engagement history, (e) accrual and redemption activity, (f) AAdvantage Program account number, ID number and/or login, and (g) annual member status (e.g., elite, etc.).

"AAdvantage Program" shall mean any Loyalty Program which is operated, owned or controlled, directly or indirectly by Loyalty Co, American, Parent or any of its subsidiaries, or principally associated with Loyalty Co, American, Parent or any of its subsidiaries, as in effect from time to time, whether under the "AAdvantage" name or otherwise, in each case including any successor program but excluding any Specified Minority Owned Program and any Permitted Acquisition Loyalty Program.

"AAdvantage Revenues" shall mean, with respect to any period, the aggregate amount of payments in cash payable to Parent or any of its Subsidiaries attributable to the AAdvantage Program during such period (including any payments in cash attributable to the Retained Agreements and the Intercompany Agreement).

"Account Control Agreements" shall mean each multi-party security and control agreement (including the Collateral Agency and Accounts Agreement) entered into by any Grantor to satisfy the obligation of such Grantor as set forth in any Notes Document, a financial institution which maintains one or more deposit accounts or securities accounts of such Grantor (including the Depositary or the Collateral Custodian, as applicable) and the Master Collateral Agent or Trustee, as applicable, that have been pledged as Collateral under the Collateral Documents or any other Notes Document, in each case giving the Master Collateral Agent or Trustee, as applicable,

"control" (as defined in Section 9-104 or 9-106 of the UCC) over the applicable account and in form and substance reasonably satisfactory to the Trustee and the Master Collateral Agent.

"Acquired Debt" shall mean, with respect to any specified Person:

(1) Indebtedness, Disqualified Stock or preferred stock of any other Person existing at the time such other Person is merged, consolidated or amalgamated with or into such specified Person, or became a Subsidiary of such specified Person, to the extent such Indebtedness is incurred or such Disqualified Stock or preferred stock is issued in connection with, or in contemplation of, such other Person merging, consolidating or amalgamating with or into, or becoming a Subsidiary of, such specified Person; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"Act of Required Debtholders" has the meaning ascribed to such term in the Collateral Agency and Accounts Agreement.

"Additional Notes" shall mean additional Notes (other than the Initial Notes) issued with respect to a Series of Notes under this Indenture in accordance with Section 2.01 and Section 4.23 hereof, as part of the same series as such Series of Notes.

"Administrative Agent" shall mean administrative agent under the Credit Agreement (including any replacement or refinancing thereof). The Administrative Agent as of the Closing Date is Barclays Bank PLC, it its capacity as administrative agent under the Credit Agreement.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings. No Person (other than the Parent or any Subsidiary of the Parent) in whom a Receivables Subsidiary makes an Investment in connection with a Qualified Receivables Transaction will be deemed to be an Affiliate of the Parent or any of its Subsidiaries solely by reason of such Investment. A specified Person shall not be deemed to control another Person solely because such specified Person has the right to determine the aircraft flights operated by such other Person under a code sharing, capacity purchase or similar agreement. No entity shall be deemed an Affiliate of any Issuer Party solely because Maples Corporate Services Limited or Walkers Fiduciary Limited or any of their Affiliates acts as administrator, registered office provider or share trustee or provides independent director services to such entity.

"Agent" shall mean each of the Trustee, the Master Collateral Agent, the Collateral Custodian and the Depositary.

"Aggregate Required Deposit Amount" shall have the meaning set forth in the Collateral Agency and Accounts Agreement.

"Aircraft Related Equipment" shall mean aircraft (including engines, airframes, propellers and appliances), engines, propellers, spare parts, aircraft parts, simulators and other training devices, quick engine change kits, passenger loading bridges or other flight or ground equipment and other operating assets.

"Aircraft Related Facilities" shall mean (i) airport terminal facilities, including without limitation, baggage systems, loading bridges and related equipment, building, infrastructure and maintenance facilities, tooling facilities, club rooms, apron, fueling systems or facilities, signage/ image systems, administrative offices, information technology systems and security systems, (ii) airline support facilities, including without limitation, cargo, catering, mail, ground service equipment, ramp control, deicing, hangars, aircraft parts/storage, training, office and reservations facilities and (iii) all equipment and tooling used in connection with the foregoing.

"Airline/Parent Merger" shall mean the merger or consolidation, if any, of Parent with any Subsidiary of Parent.

"Airlines Business Intellectual Property" shall mean any and all Intellectual Property used in the operation of the American airline business that, even if used in connection with the AAdvantage Program, would be required or necessary to operate the American airline business in the absence of a Loyalty Program, including the following Intellectual Property: (a) the AMERICAN, AMERICAN AIRLINES and CONCIERGE KEY marks, the flight symbol and AA as a stock symbol, together with any translations, logos or designs for the foregoing; (b) the aa.com domain name registration and website (including all content and source code that is not otherwise AAdvantage Intellectual Property) and American's social media accounts; (c) the American mobile application; (d) trademarks and domain names used in connection with American's Flagship lounges, Admirals' Clubs and any other lounges or clubs; and (e) the trademarks and domain names pledged or required to be pledged pursuant to the Brand Security Agreement between American and Wilmington Trust, National Association, dated September 25, 2020, as in effect on the Closing Date.

"Airlines Merger" shall mean the merger, asset transfer, consolidation or any similar transaction involving one or more airline Subsidiaries of Parent (including, without limitation, any such transaction that results in such Subsidiaries operating under a single operating certificate).

"Airport Authority" shall mean any city or any public or private board or other body or organization chartered or otherwise established for the purpose of administering, operating or managing airports or related facilities, which in each case is an owner, administrator, operator or manager of one or more airports or related facilities.

"Allocation Date" shall mean, with respect to any Payment Date and the Related Quarterly Reporting Period, the Business Day that is two (2) Business Days prior to such Payment Date.

"American Agreements" has the meaning given to such term in the definition of "American Case Milestones".

"American Airline Business Agreements" shall mean any agreements used to operate the airline business of Parent and its Subsidiaries (other than the SPV Parties) that, even if used in connection with the AAdvantage Program, would be used to operate the American airline business in the absence of a Loyalty Program (but excluding any credit card co-branding, partnering or similar agreements).

"American Case Milestones" shall mean that, after the commencement and during the continuance of any proceeding with respect to American under any Bankruptcy Law (the "Bankruptcy Case"):

(a) Each Issuer Party shall continue to perform its respective obligations under the Notes Documents, the American Intercompany Note, the Intercompany Agreement, the IP Agreements and all Material AAdvantage Agreements to which such Issuer Party is party (collectively, the "American Agreements") and there shall be no material interruption in the flow of funds under the American Agreements in accordance with the terms thereunder; provided that (i) the performance by the Issuer Parties under this clause (a) shall in all respects be subject to any applicable materiality qualifiers, cure rights and/or grace periods provided for under the respective American Agreements, and (ii) the Issuer Parties shall have forty-five (45) days from the Petition Date (as defined below) to cure any failure to perform that requires court authorization to perform;

(b) the debtors in respect of the Bankruptcy Case (the "Debtors") shall file with the applicable U.S. bankruptcy court (the "Bankruptcy Court"), within fifteen (15) days of the date of petition in respect of the Bankruptcy Case (the "Petition Date"), a customary and reasonable motion to assume the Intercompany Agreement, the IP Agreements and all Material AAdvantage Agreements to which such Issuer Party is party under section 365 of the Bankruptcy Code and continue to perform all obligations under all the American Agreements (such motion, the "Assumption Motion"), and shall thereafter pursue (including by contesting any objections to) the approval of the Assumption Motion;

(c) the Bankruptcy Court shall have entered a customary and reasonable final order (the "Assumption Order") granting the Assumption Motion, within sixty (60) days after the Petition Date, and such Assumption Order shall not be amended, stayed (unless the party seeking a stay has posted a cash bond pledged in favor of the Senior Secured Parties (the "Cash Bond") in an amount equal to or greater than the maximum amount of the License Termination Payment (as defined in the American IP License) that could be asserted if the American IP License were to terminate (without reduction for any potential mitigation)), vacated, or reversed;

(d) the parties agree and acknowledge that the Assumption Motion and Assumption Order shall be customary and reasonable and the Assumption Order shall provide, among other things, that: (i) the Debtors are authorized to assume the Intercompany Agreement, the IP Agreements and all Material AAdvantage Agreements to which such Debtor is party and perform all obligations under all of the American Agreements and implement actions contemplated thereby and, pursuant to the Assumption Order, will assume the Intercompany Agreement, the IP Agreements and all Material AAdvantage Agreements to which such Debtor is party pursuant to section 365 of the Bankruptcy Code; (ii) the American Agreements are binding and enforceable against the parties thereto in accordance with their terms, without exception or amendment; (iii) any amounts payable under the American Agreements are actual

and necessary costs and expenses of preserving the Debtors' estates and shall be entitled to priority as an allowed administrative expenses of the Debtors pursuant to sections 503(b) and 507(a)(2) of the Bankruptcy Code; (iv) the Debtors must cure any defaults under the American Agreements as a condition to assumption; and (v) the Debtors are authorized to take any action necessary to implement the terms of the Assumption Order;

(e) each of the Debtors and each other Issuer Party (i) shall not take any action to materially interfere with the assumption of or performance under the American Agreements, or support any other Person to take any such action; and (ii) shall take all steps commercially reasonably necessary, to contest any action that would materially interfere with the assumption or performance of the American Agreements, including, without limitation, litigating any objections and/or appeals;

(f) each of the Debtors and each other Issuer Party (i) shall not file any motion seeking to avoid, disallow, subordinate, or recharacterize any obligation under the American Agreements and (ii) shall take all steps commercially reasonably necessary, to contest any action that would seek to avoid, disallow, subordinate, or recharacterize any obligation under the American Agreements, including, without limitation, litigating any objections and/or appeals;

(g) in the event there is an appeal of the Assumption Order:

(i) if the appeal has not been dismissed within sixty (60) days, then (A) the Notes Reserve Account Required Balance shall increase by an amount equal to the product of (x) the Pro Rata Share and (y) $15.0 million per month as long as such appeal is pending, up to a cap in an amount equal to the product of (x) the Pro Rata Share and (y) $300.0 million, and (B) such additional amounts accrued pursuant to clause (A) shall be released to American within five (5) Business Days after the end of such appeal; and

(ii) the Debtors shall pursue a court order requiring any appellants to post a Cash Bond in an amount equal to or greater than the maximum amount of the License Termination Payment (as defined in the American IP License) that could be asserted if the American IP License were to terminate (without reduction for any potential mitigation), to an account held solely for the sole benefit of the Secured Parties and the secured parties in respect of any other Priority Lien Debt;

(h) the Bankruptcy Case shall not be, and is not converted into, a case under chapter 7 of the Bankruptcy Code; and

(i) any plan of reorganization filed or supported by any Debtor shall expressly provide for assumption or reinstatement, as applicable, of all of the American Agreements and reinstatement or replacement of each of the related obligations and/or guarantees, subject to applicable cure periods.

For the avoidance of doubt, notwithstanding the foregoing, during the pendency of and following any stay or appeal of the Assumption Order, each Issuer Party must continue to perform all obligations under the American Agreements, including making any and all payments under the American Agreements in accordance with the terms thereof and as described above and, in the event of any such payment default (subject to any applicable cure or grace periods

under the applicable American Agreements), nothing shall limit any of the Holders' rights and remedies including but not limited to any termination rights under the American Agreements.

"American Intercompany Loan" shall mean one or more loans made by Loyalty Co to American as borrower, and guaranteed by Parent, pursuant to the American Intercompany Note with the proceeds of the Term Loans and Notes issued under this Indenture that have been distributed to Loyalty Co.

"American Intercompany Note" shall mean that certain Intercompany Note, dated the Closing Date, executed by American as borrower, and Parent as guarantor, in favor of Loyalty Co, as amended, supplemented, restated or otherwise modified from time to time.

"American IP License" shall mean that certain Intellectual Property Sublicense Agreement between HoldCo2, as licensor, and American, as licensee, to be dated on or about the Closing Date, as amended, supplemented, restated or otherwise modified from time to time.

"American Security Agreement" shall mean that certain American Security Agreement, dated as of the Closing Date, among American and the Master Collateral Agent, as it may be amended, supplemented, restated or otherwise modified from time to time.

"American Traveler Related Data" shall mean (a) data generated, produced or acquired as a result of the issuance, modification or cancellation of customer tickets from American or for flights on American, including data in or derived from "Passenger Name Records" (including name and contact information) associated with flights on American, (b) payment-related information (other than payment-related information relating solely to the AAdvantage Program (such as the purchase of Miles)), and (c) data regarding a customer's flight-related experience, but excluding in the case of clause (a) through (c) information that would not have been generated, produced, acquired or collected in the absence of the AAdvantage Program; provided that for the avoidance of doubt, customer name, contact information (including name, mailing address, email address, and phone numbers), passport information, customer login to the aa.com website or any successor website and any American mobile applications and communication consent preferences related to AAdvantage Program communications, in each case, solely for AAdvantage Program members as AAdvantage Program members, may be included in both AAdvantage Customer Data and American Traveler Related Data.

"AMR Merger" shall mean the merger contemplated by the AMR Merger Agreement.

"AMR Merger Agreement" shall mean the Agreement and Plan of Merger, dated as of February 13, 2013, among Parent, AMR Merger Sub, Inc. and US Airways Group, Inc., as amended from time to time.

"Applicable Procedures" shall mean, with respect to any selection of Notes, transfer or exchange of or for beneficial interests in any Global Note, the rules and procedures of the Notes Depositary, Euroclear and/or Clearstream that apply to such selection, transfer or exchange.

"Approved Independent Director" shall mean, at any time, (i) if the Term Loans are outstanding, each individual listed on the "Approved Independent Director List" (as defined

in the Credit Agreement) at such time or who has otherwise been appointed in accordance with the provisions of the Credit Agreement as of such time and (ii) otherwise, each individual listed on the Approved Independent Director List at such time; provided that at least one Independent Director for each SPV Party must at all times be selected from part 1 of the Approved Independent Director List; provided further that if the ordinary shareholder(s) of an SPV Party reasonably believes that none of the individuals listed on the Approved Independent Director List (or, in the case of selecting a replacement for an Independent Director from part 1 of the Approved Independent Director List, part 1 of the Approved Independent Director List) (i) satisfy clause (c) in the definition of the Independent Director Criteria or (ii) are willing to act as Independent Director at a compensation level reasonably customary for directors of this type (it being agreed that the compensation level commensurate with that of the Independent Director the vacancy of which is being filled shall be deemed reasonably customary), then the ordinary shareholder(s) of the relevant SPV Party may, with the consent of the Master Collateral Agent (acting at the direction of the Collateral Controlling Party), appoint any other Person who meets the Independent Director Criteria as a replacement Independent Director.

"Approved Independent Director List" shall mean, (i) if the Term Loans are outstanding, the "Approved Independent Director List" (as defined in the Credit Agreement) as such list may be amended pursuant to the terms of the Credit Agreement and (ii) otherwise, the list of no fewer than four (4) individuals (with at least two (2) individuals listed under part 1 of such list) that are eligible to act as an Independent Director for the SPV Parties attached as Schedule I to this Indenture, which may be updated from time to time by the Master Collateral Agent (acting at the direction of the Collateral Controlling Party) by providing written notice to the Issuers; provided that, with respect to the individuals listed under part 1 of the initial list and any updates thereto made by the Master Collateral Agent (acting at the direction of the Collateral Controlling Party) thereafter, the relevant SPV Party may, upon providing thirty (30) days' prior written notice to the Master Collateral Agent, reject up to two (2) listed individuals for any reason, and the Master Collateral Agent (acting at the direction of the Collateral Controlling Party) may thereafter amend the list to replace such individuals, provided further that, with respect to the individuals listed under part 2 of the initial list and any updates thereto, the Issuers may (without the consent of any other Person) substitute the name of any such individual with the name of any individual customarily serving in the capacity of an independent member, independent director or independent manager and employed by Walkers Fiduciary Limited or another service provider customarily providing fiduciary services for entities incorporated in the Cayman Islands; provided further that in all cases, the Approved Independent Director List shall only include individuals who satisfy the Independent Director Criteria.

"Assigned AAdvantage Agreement Rights" shall mean (a) all of American's rights to receive payments under or with respect to each AAdvantage Agreement (other than the Intercompany Agreement) and all payments due and to become due thereunder (including all of American's present and future "accounts", "payment intangibles" and "general intangibles" (as each such term is defined in the UCC in effect from time to time in each relevant jurisdiction) arising under such AAdvantage Agreement), and (b) all of American's other rights, title and interest in, to and under each AAdvantage Agreement (but not its obligations thereunder except, in the case of the Barclays Co-Branded Agreement and the Citi Co-Branded Agreement, to the extent set forth in the applicable Co-Branded Consent) other than the Intercompany Agreement; *provided*, however, that in the case of clauses (a) and (b), such rights, title and interest in, to and

under each such AAdvantage Agreement shall be assigned only to the extent they are permitted to be assigned pursuant to the terms of the relevant AAdvantage Agreement (or any other agreement between American and the counterparty to such AAdvantage Agreement) or, if such assignment is not permitted pursuant to the terms of the relevant AAdvantage Agreement (or such other agreement), then to the extent such rights, title and interest in, to and under such AAdvantage Agreement may be assigned notwithstanding the terms of such AAdvantage Agreement pursuant to the applicable provisions of the UCC (including, without limitation, Sections 9-406 and 9-408) of any relevant jurisdiction.

"Available Funds" shall mean, with respect to any Payment Date, the sum of (i) the Notes' Pro Rata Share of funds allocated pursuant to the Collateral Agency and Accounts Agreement for such Payment Date and transferred from the Collection Account to the Notes Payment Account on or prior to such Payment Date pursuant to the Collateral Agency and Accounts Agreement, (ii) any amounts transferred to the Notes Payment Account from the Notes Reserve Account for application on such Payment Date and (iii) any other amount deposited into the Notes Payment Account by or on behalf of any Issuer on or prior to such Payment Date.

"Banking Product Obligations" shall mean, as applied to any Person, any direct or indirect liability, contingent or otherwise, of such Person in respect of any treasury, depository and cash management services, netting services and automated clearing house transfers of funds services, including obligations for the payment of fees, interest, charges, expenses, attorneys' fees and disbursements in connection therewith. Treasury, depository and cash management services, netting services and automated clearing house transfers of funds services include, without limitation: corporate purchasing, fleet and travel credit card and prepaid card programs, electronic check processing, electronic receipt services, lockbox services, cash consolidation, concentration, positioning and investing, fraud prevention services, and disbursement services.

"Bankruptcy Code" shall mean the Bankruptcy Reform Act of 1978, as heretofore and hereafter amended, and codified as 11 U.S.C. Section 101 et seq.

"Bankruptcy Law" shall mean the Bankruptcy Code or any similar federal, state or foreign law relating to reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other debtor relief, including, without limitation, Part V and sections 86-88 (inclusive) of the Companies Act (as amended) of the Cayman Islands and the Companies Winding Up Rules (as amended) of the Cayman Islands, each as amended from time to time, and any bankruptcy, insolvency, winding up, reorganization or similar law enacted under the laws of the Cayman Islands or any other applicable jurisdiction.

"Barclays Co-Branded Agreement" shall mean that certain Co-Branded Credit Card Program Agreement, dated as of July 8, 2016, by and between Barclays Bank Delaware and American (as the same has been or may be amended, amended and restated, supplemented or otherwise modified from time to time, including, without limitation, by the Barclays Co-Branded Consent).

"Barclays Co-Branded Consent" shall mean that certain Loyalty Partner Consent to Assignment and Pledge, dated as of the Closing Date, by and among Barclays Bank Delaware,

American and Loyalty Co, as amended, supplemented, restated or otherwise modified from time to time.

"Beneficial Owner" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms "Beneficially Owns" and "Beneficially Owned" have a corresponding meaning.

"Board of Directors" shall mean:

(1) with respect to a corporation or an exempted company, the board of directors of the corporation or exempted company, as applicable, or any committee thereof duly authorized to act on behalf of such board;

(2) with respect to a partnership, the board of directors or other governing body of the general partner of the partnership;

(3) with respect to a limited liability company, the managing member or members, manager or managers or any controlling committee of managing members or managers thereof; and

(4) with respect to any other Person, the board or committee of such Person serving a similar function.

"Business Day" shall mean any day other than a Saturday, Sunday or other day on which commercial banks in New York City, Wilmington, Delaware or such other domestic city in which the Corporate Trust Office of the Trustee, Master Collateral Agent, Collateral Custodian or Depositary is located (in each case, as such locations may be updated) are required or authorized to remain closed.

"Capital Markets Offering" shall mean any offering of "securities" (as defined under the Securities Act and including for the avoidance of doubt, any offering of pass-through certificates by any pass-through trust established by the Parent or any of its Restricted Subsidiaries) in (a) a public offering registered under the Securities Act, or (b) an offering not required to be registered under the Securities Act (including, without limitation, a private placement under Section 4(a)(2) of the Securities Act, an exempt offering pursuant to Rule 144A and/or Regulation S of the Securities Act and an offering of exempt securities).

"Capital Stock" shall mean:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association, exempted company or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person,

but excluding from all of the foregoing clauses (1) through (4) any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"Cash Equivalents" shall mean, as of the date acquired, purchased or made, as applicable:

(1) marketable securities or other obligations (a) issued or directly and unconditionally guaranteed as to interest and principal by the United States government or (b) issued or unconditionally guaranteed as to interest and principal by any agency or instrumentality of the United States the obligations of which are backed by the full faith and credit of the United States, in each case maturing within three years after such date;

(2) direct obligations issued by any state of the United States of America or any political subdivision of any such state or any instrumentality thereof, in each case maturing within three years after such date and having, at the time of acquisition thereof, a rating of at least A- (or the equivalent thereof) from S&P or A3 (or the equivalent thereof) from Moody's;

(3) obligations of domestic or foreign companies and their subsidiaries (including, without limitation, agencies, sponsored enterprises or instrumentalities chartered by an Act of Congress, which are not backed by the full faith and credit of the United States), including, without limitation, bills, notes, bonds, debentures, and mortgage-backed securities; provided that, in each case, the security has a maturity or weighted average life of three years or less from such date;

(4) investments in commercial paper maturing no more than one year after such date and having, on such date, a rating of at least A-2 from S&P or at least P-2 from Moody's;

(5) certificates of deposit (including investments made through an intermediary, such as the certificated deposit account registry service), bankers' acceptances, time deposits, Eurodollar time deposits and overnight bank deposits maturing within three years from such date and issued or guaranteed by or placed with, and any money market deposit accounts issued or offered by, any lender under the Credit Facilities or by any commercial bank organized under the laws of the United States or any state thereof or the District of Columbia that has a combined capital and surplus and undivided profits of not less than $250,000,000;

(6) fully collateralized repurchase agreements with counterparties whose long term debt is rated not less than A- by S&P and A3 by Moody's and with a term of not more than six months from such date;

(7) Investments in money in an investment company registered under the 40 Act or in pooled accounts or funds offered through mutual funds, investment advisors, banks and

brokerage houses which invest its assets in obligations of the type described in clauses (1) through (6) above, in each case, as of such date, including, but not be limited to, money market funds or short-term and intermediate bonds funds;

(8) shares of any money market mutual fund that, as of such date, (a) complies with the criteria set forth in SEC Rule 2a-7 under the 40 Act and (b) is rated AAA (or the equivalent thereof) by S&P and Aaa (or the equivalent thereof) by Moody's;

(9) auction rate preferred securities that, as of such date, have the highest rating obtainable from either S&P or Moody's and with a maximum reset date at least every 30 days;

(10) investments made pursuant to Parent's or any of its Restricted Subsidiaries' investment guidelines;

(11) deposits available for withdrawal on demand with commercial banks organized in the United States having capital and surplus in excess of $100,000,000;

(12) securities with maturities of three years or less from such date issued or fully guaranteed by any state, commonwealth or territory of the United States, by any political subdivision or taxing authority of any such state, commonwealth or territory or by any foreign government, the securities of which state, commonwealth, territory, political subdivision, taxing authority or foreign government (as the case may be) are rated at least A by S&P or A2 by Moody's; and

(13) any other securities or pools of securities that are classified under GAAP as cash equivalents or short-term investments on a balance sheet as of such date.

"Cayman Share Mortgages" shall mean (i) the equitable mortgage over shares in Loyalty Co, dated the Closing Date, between HoldCo 2 and the Master Collateral Agent, (ii) the equitable mortgage over shares in HoldCo2, dated the Closing Date, between HoldCo 1 and the Master Collateral Agent, (iii) the equitable mortgage over shares in HoldCo 1, dated the Closing Date, between American and the Master Collateral Agent and (iv) each equitable mortgage over shares in any Subsidiary of Loyalty Co, entered into after the Closing Date, between the immediate parent of such Subsidiary and the Master Collateral Agent, in each case as amended, supplemented, restated or otherwise modified from time to time.

"CFC" shall mean "controlled foreign corporation" within the meaning of Section 957(a) of the Code; *provided*, for the avoidance of doubt, that no SPV Party shall be considered to be a CFC.

"Citi Co-Branded Agreement" shall mean that certain Co-Branded Credit Card Program Agreement, dated as of June 30, 2016, by and between Citibank, N.A. and American (as the same has been or may be amended, amended and restated, supplemented or otherwise modified from time to time, including, without limitation, by the Citi Co-Branded Consent).

"Citi Co-Branded Consent" shall mean that certain Loyalty Partner Consent to Assignment and Pledge, dated as of the Closing Date, by and among Citibank, N.A., American and Loyalty Co, as amended, supplemented, restated or otherwise modified from time to time.

"Clearstream" shall mean Clearstream Banking S.A. and its successors.

"Closing Date" shall mean the date of original issuance of the Notes.

"Closing Date AAdvantage Agreement" shall mean each AAdvantage Agreement in effect as of the Closing Date (including the Barclays Co-Branded Agreement and the Citi Co-Branded Agreement).

"Co-Branded Card Agreement(s)" shall mean that certain America West Co-Branded Card Agreement, dated as of January 25, 2005, between US Airways (as successor in interest to America West Airlines, Inc.) and Barclays Bank Delaware (as successor in interest to Juniper Bank), as amended, restated, supplemented or otherwise modified from time to time, including pursuant to that certain Assignment and First Amendment to the America West Co-Branded Card Agreement, dated as of August 8, 2005, among US Airways, America West Airlines, Inc. and Barclays Bank Delaware (as successor in interest to Juniper Bank) and any other similar agreements entered into by Parent or any of its Subsidiaries from time to time.

"Co-Branded Consent" shall mean each of the Barclays Co-Branded Consent and the Citi Co-Branded Consent.

"Code" shall mean the United States Internal Revenue Code of 1986, as amended from time to time.

"Collateral" shall mean the assets and properties of the Grantors upon which Liens have been granted to the Master Collateral Agent or the Trustee to secure the obligations under the Notes Documents, including without limitation all of the "Collateral" as defined in the Collateral Documents, but excluding all such assets and properties released from such Liens pursuant to the applicable Collateral Document or otherwise constituting Excluded Property.

"Collateral Administrator" shall mean Wilmington Trust National Association, as collateral administrator under the Credit Agreement or, its permitted successors and assigns in such capacity.

"Collateral Agency and Accounts Agreement" shall mean that certain Collateral Agency and Accounts Agreement dated as of the Closing Date, among the Issuers, each Grantor from time to time party thereto, the Depositary, the Collateral Administrator, the Trustee, each other Senior Secured Debt Representative from time to time party thereto and the Master Collateral Agent, as amended, supplemented, restated or otherwise modified from time to time.

"Collateral Controlling Party" shall mean (i) so long as the Term Loans are outstanding, the Collateral Administrator (acting at the direction of the Administrative Agent or the required lenders under the Credit Agreement, as applicable) and (ii) otherwise, the Required Debtholders (acting through the applicable Senior Secured Debt Representatives).

"Collateral Custodian" shall mean Wilmington Trust, National Association, as account bank with respect to the Notes Payment Account and the Notes Reserve Account, together with its permitted successors and assigns in such capacity.

"Collateral Documents" shall mean, collectively, any Account Control Agreements, the Security Agreement, the American Security Agreement, each IP Security Agreement, the Collateral Agency and Accounts Agreement, the Cayman Share Mortgages and other agreements, instruments or documents that create or purport to create a Lien in favor of the Master Collateral Agent or the Trustee for the benefit of the secured parties under this Indenture, in each case, as may be amended, supplemented, restated or otherwise modified from time to time, and so long as such agreement, instrument or document shall not have been terminated in accordance with its terms.

"Collateral Sale" shall mean the Disposition of any Collateral.

"Collection Account" shall mean the account of Loyalty Co held at Depositary with the account name of "AAdvantage Loyalty Card Program Collection Account" that is established and maintained at the New York office of the Depositary and under the control of the Master Collateral Agent pursuant to an Account Control Agreement.

"Collections" has the meaning ascribed to such term in the Collateral Agency and Accounts Agreement.

"Comparable Treasury Issue" shall mean the United States Treasury security selected by the Quotation Agent as having an actual or interpolated maturity comparable to the remaining term of the 2026 Notes or 2029 Notes, as applicable, to be redeemed (the "Remaining Life"), that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the Remaining Life.

"Comparable Treasury Price" shall mean, with respect to any redemption date for a Series of Notes, the average of the Reference Treasury Dealer Quotations for such Series of Notes for such redemption date.

"Composite Marks" shall mean (i) the Intellectual Property set forth on a schedule to the Credit Agreement as being Composite Marks and (ii) any new marks that include at least one element of a mark owned by American and at least one element of an existing mark owned directly or indirectly by an SPV Party or one of its Subsidiaries or to which Loyalty Co is exclusively licensed under the Madrid IP License.

"Consolidated EBITDAR" shall mean, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period plus, without duplication:

(1) an amount equal to any extraordinary loss plus any net loss realized by such Person or any of its Restricted Subsidiaries in connection with any Disposition of assets, to the extent such losses were deducted in computing such Consolidated Net Income; plus

(2) provision for taxes based on income or profits of such Person and its Restricted Subsidiaries, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; plus

(3) the Fixed Charges of such Person and its Restricted Subsidiaries, to the extent that such Fixed Charges were deducted in computing such Consolidated Net Income; plus

(4) any foreign currency translation losses (including losses related to currency remeasurements of Indebtedness) of such Person and its Restricted Subsidiaries for such period, to the extent that such losses were deducted in computing such Consolidated Net Income; plus

(5) depreciation, amortization (including amortization of intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash charges and expenses (excluding any such non-cash charge or expense to the extent that it represents an accrual of or reserve for cash charges or expenses in any future period or amortization of a prepaid cash charge or expense that was paid in a prior period) of such Person and its Restricted Subsidiaries to the extent that such depreciation, amortization and other non-cash charges or expenses were deducted in computing such Consolidated Net Income; plus

(6) the amortization of debt discount to the extent that such amortization was deducted in computing such Consolidated Net Income; plus

(7) deductions for grants to any employee of Parent or its Restricted Subsidiaries of any Equity Interests during such period to the extent deducted in computing such Consolidated Net Income; plus

(8) any net loss arising from the sale, exchange or other disposition of capital assets by Parent or its Restricted Subsidiaries (including any fixed assets, whether tangible or intangible, all inventory sold in conjunction with the disposition of fixed assets and all securities) to the extent such loss was deducted in computing such Consolidated Net Income; plus

(9) any losses arising under fuel hedging arrangements entered into prior to the Closing Date and any losses actually realized under fuel hedging arrangements entered into after the Closing Date, in each case to the extent deducted in computing such Consolidated Net Income; plus

(10) proceeds from business interruption insurance for such period, to the extent not already included in computing such Consolidated Net Income; plus

(11) any expenses and charges that are covered by indemnification or reimbursement provisions in connection with any permitted acquisition, merger (including the AMR Merger, any Airlines Merger or any Airline/Parent Merger), disposition, incurrence of Indebtedness, issuance of Equity Interests or any investment to the extent (a) actually indemnified or reimbursed and (b) deducted in computing such Consolidated Net Income; minus

(12) non-cash items, other than the accrual of revenue in the Ordinary Course of Business, to the extent such amount increased such Consolidated Net Income; minus

(13) the sum of (A) income tax credits and (B) interest income included in computing such Consolidated Net Income;

in each case, determined on a consolidated basis in accordance with GAAP.

"Consolidated Net Income" shall mean, with respect to any specified Person for any period, the aggregate of the net income (or loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis (excluding the net income (or loss) of any Unrestricted Subsidiary of such Person), determined in accordance with GAAP and without any reduction in respect of preferred stock dividends; provided that:

(1) all (a) extraordinary, nonrecurring, special or unusual gains and losses or income or expenses, including, without limitation, any expenses related to a facilities closing and any reconstruction, recommissioning or reconfiguration of fixed assets for alternate uses; any severance or relocation expenses; executive recruiting costs; restructuring or reorganization costs (whether incurred before or after the effective date of any applicable reorganization plan, including, the Parent's reorganization plan in connection with the AMR Merger, any Airline/Parent Merger or Airlines Merger); curtailments or modifications to pension and post-retirement employee benefit plans; (b) any expenses (including, without limitation, transaction costs, integration or transition costs, financial advisory fees, accounting fees, legal fees and other similar advisory and consulting fees and related out of pocket expenses), cost savings, costs or charges incurred in connection with any issuance of securities (including the Notes), Permitted Investment, acquisition, disposition, recapitalization or incurrences or repayment of Indebtedness permitted under this Indenture, including a refinancing thereof (in each case whether or not successful) (including but not limited to any one or more of the AMR Merger, any Airlines Merger and any Airline/Parent Merger) and (c) gains and losses realized in connection with any sale of assets, the disposition of securities, the early extinguishment of Indebtedness or associated with Hedging Obligations, together with any related provision for taxes on any such gain, will be excluded;

(2) the net income (but not loss) of any Person that is not the specified Person or a Restricted Subsidiary or that is accounted for by the equity method of accounting will be included for such period only to the extent of the amount of dividends or similar distributions paid in cash to the specified Person or a Restricted Subsidiary of the specified Person;

(3) the net income (but not loss) of any Restricted Subsidiary will be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that net income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders;

(4) the cumulative effect of a change in accounting principles on such Person will be excluded;

(5) the effect of non-cash gains and losses of such Person resulting from Hedging Obligations, including attributable to movement in the mark-to-market valuation of Hedging Obligations pursuant to Financial Accounting Standards Board Accounting Standards Codification 815—Derivatives and Hedging will be excluded;

(6) any non-cash compensation expense recorded from grants by such Person of stock appreciation or similar rights, stock options or other rights to officers, directors or employees, will be excluded;

(7) the effect on such Person of any non-cash items resulting from any write-up, write-down or write-off of assets (including intangible assets, goodwill and deferred financing costs) in connection with any acquisition, disposition, merger, consolidation or similar transaction (including but not limited to any one or more of the AMR Merger, any Airlines Merger and any Airline/Parent Merger) or any other non-cash impairment charges incurred subsequent to the Closing Date resulting from the application of Financial Accounting Standards Board Accounting Standards Codifications 205—Presentation of Financial Statements, 350—Intangibles—Goodwill and Other, 360—Property, Plant and Equipment and 805—Business Combinations (excluding any such non-cash item to the extent that it represents an accrual of or reserve for cash expenditures in any future period except to the extent such item is subsequently reversed), will be excluded;

(8) any provision for income tax reflected on such Person's financial statements for such period will be excluded to the extent such provision exceeds the actual amount of taxes paid in cash during such period by such Person and its consolidated Subsidiaries; and

(9) any amortization of deferred charges resulting from the application of Financial Accounting Standards Board Accounting Standards Codifications 470-20 Debt With Conversion and Other Options that may be settled in cash upon conversion (including partial cash settlement) will be excluded.

"Consolidated Tangible Assets" shall mean, as of any date of determination, Consolidated Total Assets of Parent and its consolidated Restricted Subsidiaries excluding goodwill, patents, trade names, trademarks, copyrights, franchises and any other assets properly classified as intangible assets, in accordance with GAAP.

"Consolidated Total Assets" shall mean, as of any date of determination, the sum of the amounts that would appear on a consolidated balance sheet of Parent and its consolidated Restricted Subsidiaries as the total assets of Parent and its Restricted Subsidiaries in accordance with GAAP.

"Contingent Payment Event" shall mean any indemnity, termination payment or liquidated damages under an AAdvantage Agreement, an IP Agreement or the Intercompany Agreement.

"Contribution Agreements" shall mean each of the agreements set forth on a schedule to the Credit Agreement and each other contribution, assignment or transfer agreement entered into after the date hereof pursuant to which American, HoldCo 1 or HoldCo 2 contributes, assigns or transfers (i) all of its rights, title and interest in and to the AAdvantage Intellectual Property that it owns or purports to own, or later develops (and owns) or acquires (excluding the Composite Marks, the Specified Intellectual Property and the Madrid IP except as provided therein), (ii) all of its rights to establish, create, organize, initiate, participate, operate, assist, benefit from, promote or otherwise be involved in or associated with, in any capacity, the AAdvantage Program or any other customer loyalty miles program or any similar customer

loyalty program (other than with respect to a Specified Minority Owned Program or a Permitted Acquisition Loyalty Program), and (iii) all of its Assigned AAdvantage Agreement Rights, in each case, directly or indirectly to Loyalty Co (it being understood that any such contributed property will be transferred subject to existing third party use rights to such contributed property under the AAdvantage Agreements), in each case as amended, supplemented, restated or otherwise modified from time to time.

"Convertible Indebtedness" shall mean Indebtedness of Parent or a Restricted Subsidiary of Parent (which may be Guaranteed by American) permitted to be incurred under the terms of this Indenture that is either (a) convertible or exchangeable into common stock of Parent or a parent company of the Parent (and cash in lieu of fractional shares) and/or cash (in an amount determined by reference to the price of such common stock) or (b) sold as units with call options, warrants or rights to purchase (or substantially equivalent derivative transactions) that are exercisable for common stock of Parent or a parent company of the issuer and/or cash (in an amount determined by reference to the price of such common stock).

"Corporate Trust Office" shall be at the address of the Trustee, specified in Section 12.02 hereof or such other address as to which the Trustee may give notice to the Holders and the Issuers.

"Credit Agreement" shall mean the Term Loan Credit and Guaranty Agreement, dated as of the Closing Date, by and among the Issuers, the Guarantors, the lenders party thereto, the Administrative Agent, Goldman Sachs Lending Partners LLC, Barclays Bank PLC and Citibank N.A. as joint lead arrangers and joint bookrunners, and Wilmington Trust, National Association as collateral administrator, as amended, restated, modified, renewed, extended, refunded, replaced in any manner (whether upon or after termination or otherwise) or refinanced in whole or in part from time to time.

"Credit Card" shall mean any agreement or plan relating to a credit card, debit card, charge card, purchasing card or other similar system.

"Credit Facilities" shall mean, one or more debt facilities, commercial paper facilities, reimbursement agreements, credit agreements or other agreements providing for the extension of credit, or securities purchase agreements, indentures or similar agreements, whether secured or unsecured, in each case, with banks, insurance companies, financial institutions or other lenders or investors providing for, or acting as initial purchasers of, revolving credit loans, term loans, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables), letters of credit, surety bonds, insurance products or the issuance and sale of securities, in each case, as amended, restated, modified, renewed, extended, refunded, replaced in any manner (whether upon or after termination or otherwise) or refinanced (including by means of sales of debt securities) in whole or in part from time to time.

"Currency" shall mean miles, points and/or other units that are a medium of exchange constituting a convertible, virtual and private currency that is tradable property and that can be sold or issued to Persons.

"Data Protection Laws" shall mean all laws, rules and regulations applicable to each applicable Issuer, Party or Subsidiary thereof regarding privacy, data protection and data security, including with respect to the collection, storage, transmission, transfer (including cross-border transfers), processing, encryption, security, safeguarding, loss, disclosure and use of Personal Data (including Personal Data of employees, contractors, customers, loan applicants and third parties), On-line Tracking Data, and email and mobile communications, including any approvals or notices required in connection therewith.

"Day Count Fraction" shall mean the number of days elapsed in such period on a 30/360 basis.

"Deeds of Undertaking" shall mean (i) the deed of undertaking to be entered into on or about the Closing Date among Loyalty Co, HoldCo 2, the Master Collateral Agent and Walkers Fiduciary Limited, (ii) the deed of undertaking to be entered into on or about the Closing Date among HoldCo 2, HoldCo 1, the Master Collateral Agent and Walkers Fiduciary Limited, (iii) the deed of undertaking to be entered into on or about the Closing Date among HoldCo 1, American, the Master Collateral Agent and Walkers Fiduciary Limited and (iv) each deed of undertaking to be entered into after the Closing Date between any Subsidiary of Loyalty Co, the immediate parent of such Subsidiary, the Master Collateral Agent and Walkers Fiduciary Limited, in each case as amended, supplemented, restated or otherwise modified from time to time.

"Default" shall mean any event that, unless cured or waived, is, or with the passage of time or the giving of notice or both would be an Event of Default.

"Definitive Note" shall mean a certificated Note registered in the name of the Holder thereof and issued in accordance with Section 2.06 hereof, substantially in the form of Exhibit A-1 hereto for a 2026 Note or substantially in the form of Exhibit A-2 hereto for a 2029 Note, in each case except that such Note shall not bear the Global Note Legend and shall not have the "Schedule of Exchanges of Interests in the Global Note" attached thereto.

"Depositary" shall mean Wilmington Trust, National Association in its capacity as Depositary under the Collateral Agency and Accounts Agreement.

"Determination Date" means, with respect to any Payment Date and the Related Quarterly Reporting Period, the third (3rd) Business Day preceding such Payment Date.

"Direction of Payment" shall mean a notice to a counterparty of an AAdvantage Agreement (other than the Intercompany Agreement), substantially in the form attached to the Credit Agreement, which shall include instructions to such counterparty to pay all amounts due to American, Loyalty Co or any of their respective Affiliates under the applicable AAdvantage Agreement directly to the Collection Account.

"Director Services Agreements" shall mean (i) the director and share trustee services agreement dated on or about the Closing Date among American, Loyalty Co and Walkers Fiduciary Limited, (ii) the director services agreement dated on or about the Closing Date among Loyalty Co, the Loan Party Director (as defined therein) party thereto and American, (iii) the director services agreement dated on or about the Closing Date among HoldCo 2, the Loan Party Director (as defined therein) party thereto and Loyalty Co and (iv) the

director services agreement dated on or about the Closing Date among HoldCo 1, the Loan Party Director (as defined therein) party thereto and Loyalty Co, in each case as amended, supplemented, restated or otherwise modified from time to time.

"Discharge of Senior Secured Debt Obligations" has the meaning ascribed to such term in the Collateral Agency and Accounts Agreement.

"Disposition" shall mean, with respect to any property, any sale, lease, sale and leaseback, conveyance, transfer or other disposition thereof. The terms "Dispose" and "Disposed of" shall have correlative meanings.

"Disqualified Stock" shall mean any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise (other than as a result of a change of control or asset sale), is convertible or exchangeable for Indebtedness or Disqualified Stock, or is redeemable at the option of the holder of the Capital Stock, in whole or in part (other than as a result of a change of control or asset sale), on or prior to the date that is 91 days after the Latest Maturity Date then in effect. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require Parent or any of its Restricted Subsidiaries to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that Parent or such Restricted Subsidiary may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the requirements of Section 4.22. The amount of Disqualified Stock deemed to be outstanding at any time for purposes of this Indenture will be the maximum amount that Parent and its Restricted Subsidiaries may become obligated to pay upon the maturity of, or pursuant to any mandatory redemption provisions of, such Disqualified Stock, exclusive of accrued dividends.

"DTC" shall mean The Depository Trust Company.

"Early Amortization Cure" shall be deemed to occur on, (a) in the case of an Early Amortization Event that arises under Section 6.01(a)(i), the earlier of (i) the date Cure Amounts related to the Early Amortization Event have been deposited to the Collection Account and (ii) the first day of the Quarterly Reporting Period following the Quarterly Reporting Period related to the Determination Date on which the Peak Debt Service Coverage Ratio has been satisfied for two consecutive Determination Dates following the Determination Date on which the Early Amortization Event was triggered, (b) in the case of an Early Amortization Event that arises under Section 6.01(a)(ii), the date on which the balance in the Notes Reserve Account is at least equal to the Notes Reserve Account Required Balance, and (c) in the case of an Early Amortization Event that arises under Section 6.01(a)(iii) or Section 6.01(a)(iv), the date that the applicable Event of Default under this Indenture or "Early Amortization Event" under the Credit Agreement or other Senior Secured Debt Document, as applicable, shall not exist or be continuing.

"Early Amortization Payment" shall mean, with respect to any Payment Date, if an Early Amortization Period was in effect as of the last day of the Related Quarterly Reporting Period, an amount equal to the lesser of

(i) 50% of the excess of

(A) the Notes' Pro Rata Share of the sum of (1) the aggregate amount of Collections received in the Collection Account during such Quarterly Reporting Period *minus* (2) if such Early Amortization Period was not in effect on the first day of such Quarterly Reporting Period, the aggregate amount of Collections received in the Collection Account during such Quarterly Reporting Period prior to the first day of such Early Amortization Period *plus* (3) any Cure Amounts attributable to such Quarterly Reporting Period deposited in the Collection Account on or prior to the related Determination Date,

over

(B) the amount as most recently estimated by American to be distributed pursuant to clauses (a) through (h) of Section 4.01 on the related Payment Date;

and

(ii) the amount necessary to pay the outstanding principal balance of the Notes (and accrued interest thereon, if any) in full.

"Early Amortization Period" shall mean the period commencing on the occurrence of an Early Amortization Event, and ending on the earlier of (a) the date (if any) on which the Early Amortization Cure is consummated and (b) the date all Obligations (other than contingent obligations not due and owing) have been paid in full in cash.

"Eligible Deposit Account" shall mean (a) a segregated deposit account maintained with a depository institution or trust company whose short term unsecured debt obligations are rated at least, if rated by S&P, A-1 by S&P, if rated by Moody's, P-1 by Moody's, and, if rated by Fitch, F-1 by Fitch, (b) a segregated account which is maintained with a depository institution or trust company whose long term unsecured debt obligations are rated at least, if rated by S&P, A by S&P, if rated by Moody's, A2 by Moody's and, if rated by Fitch, BBB- by Fitch or (c) a segregated trust account maintained in the corporate trust department of a federally or state chartered depository institution whose long-term unsecured debt obligations are rated at least, if rated by S&P, A by S&P, if rated by Moody's, A2 by Moody's and, if rated by Fitch, BBB- by Fitch, subject to regulations regarding fiduciary funds on deposit substantially similar to 12 C.F.R. §9.10(b) in effect on the Closing Date.

"Equity Interests" shall mean Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated thereunder.

"ERISA Affiliate" shall mean any trade or business (whether or not incorporated) that, together with American, is treated as a single employer under Section 414(b) or (c) of the Code, or solely for purposes of Section 302 of ERISA and Section 412 and 430 of the Code, is treated as a single employer under Section 414 of the Code.

"Escrow Accounts" shall mean accounts of American or any Subsidiary, solely to the extent any such accounts hold funds set aside by American or any Subsidiary to manage the collection and payment of amounts collected, withheld or incurred by American or such Subsidiary for the benefit of third parties relating to: (a) federal income tax withholding and backup withholding tax, employment taxes, transportation excise taxes and security related charges; (b) any and all state and local income tax withholding, employment taxes and related charges and fees and similar taxes, charges and fees, including, but not limited to, state and local payroll withholding taxes, unemployment and supplemental unemployment taxes, disability taxes, workman's or workers' compensation charges and related charges and fees; (c) state and local taxes imposed on overall gross receipts, sales and use taxes, fuel excise taxes and hotel occupancy taxes; (d) passenger facility fees and charges collected on behalf of and owed to various administrators, institutions, authorities, agencies and entities; (e) other similar federal, state or local taxes, charges and fees (including without limitation any amount required to be withheld or collected under applicable law); or (f) other funds held in trust for, or otherwise pledged to or segregated for the benefit of, an identified beneficiary.

"Euroclear" shall mean Euroclear Bank SA/NV and its successors, as operator of the Euroclear System.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

"Exchange Rate" shall mean, on any day, the rate at which the currency other than the Required Currency may be exchanged into the Required Currency at approximately 11:00 a.m., New York City time, on such date on the Bloomberg Key Cross Currency Rates Page for the relevant currency. To the extent that such rate does not appear on any Bloomberg Key Cross Currency Rate Page, the Exchange Rate shall be determined by American in good faith.

"Excluded Accounts" has the meaning ascribed to such term in the Collateral Agency and Accounts Agreement.

"Excluded Contributions" shall mean net cash proceeds received by Parent after the Closing Date from:

(1) contributions to its common equity capital (other than from any Subsidiary); or

(2) the sale (other than to a Subsidiary or to any management equity plan or stock option plan or any other management or employee benefit plan or agreement of Parent or any Subsidiary) of Qualifying Equity Interests,

in each case designated as Excluded Contributions pursuant to an Officer's Certificate executed on or around the date such capital contributions are made or the date such

Equity Interests are sold, as the case may be. Excluded Contributions will not be considered to be net proceeds of Qualifying Equity Interests for purposes of clause (ii) of Section 4.22(a).

"Excluded Intellectual Property" shall mean all (a) Intellectual Property other than the AAdvantage Intellectual Property and (b) American Traveler Related Data.

"Excluded Property" shall mean (a) with respect to Collateral granted by an SPV Party, the meaning set forth in the Security Agreement, and (b) with respect to Collateral granted by American, the meaning set forth in the American Security Agreement; *provided* that, notwithstanding anything to the contrary in any Notes Document, Excluded Property shall include any assets of any CFC or FSHCO and any equity interests in excess of 65% of the voting equity interests of any CFC or FSHCO.

"Existing Indebtedness" shall mean all Indebtedness of the Parent and its Subsidiaries (other than the SPV Parties) (other than Indebtedness incurred under clauses (1) or (3) of the definition of Permitted Debt under Section 4.29) in existence on the Closing Date until such amounts are repaid.

"Existing Notes" shall mean (1) the 5.000% Senior Notes due 2022, issued by the Parent and guaranteed by American, (2) the 3.75% Senior Notes due 2025, issued by the Parent and guaranteed by American, (3) the 11.75% Senior Secured Notes due 2025, issued by American and guaranteed by the Parent, (4) the 10.75%/12.00% PIK Senior Secured Notes due 2026, issued by American and guaranteed by the Parent, (5) the 10.75%/12.00% PIK Senior Secured IP Notes due 2026, issued by American and guaranteed by the Parent and (6) the promissory note, dated April 20, 2020, issued by Parent in connection with the Coronavirus Aid, Relief, and Economic Security Act and the promissory note, dated January 15, 2021, issued by Parent in connection with the Consolidated Appropriations Act, 2021.

"Fair Market Value" shall mean the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress or necessity of either party, determined in good faith by an Officer of American or Parent (unless otherwise provided in this Indenture); *provided* that any such Officer of American or Parent shall be permitted to consider the circumstances existing at such time (including, without limitation, economic or other conditions affecting the United States airline industry generally and any relevant legal compulsion, judicial proceeding or administrative order or the possibility thereof) in determining such Fair Market Value in connection with such transaction.

"Fees" shall mean (i) to the Trustee, the fees set forth in the fee letter between the Trustee and the Issuers, and (ii) to the Collateral Administrator and the Master Collateral Agent, the fees set forth in the applicable fee letters, among the Collateral Administrator, the Master Collateral Agent and the Issuers, in each case at the times set forth therein.

"Finance Lease Obligation" shall mean, at the time any determination is to be made, the amount of the liability in respect of a lease that would at that time be required to be accounted for as a financing or capital lease (and, for the avoidance of doubt, not a straight-line or operating lease) on both the balance sheet and income statement for financial reporting purposes in accordance with GAAP as in effect prior to giving effect to the adoption of

Accounting Standards Update ("ASU") No. 2016-02 "Leases (Topic 842)" and ASU No. 2018-11 "Leases (Topic 842)," and the Scheduled Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

"Fitch" shall mean Fitch Ratings, Inc., also known as Fitch Ratings, and its successors.

"Fixed Charge Coverage Ratio" shall mean with respect to any specified Person for any specified period, the ratio of the Consolidated EBITDAR of such Person for such period to the Fixed Charges of such Person for such period. If the specified Person or any of its Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems Disqualified Stock or preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "Calculation Date"), then the Fixed Charge Coverage Ratio will be calculated giving pro forma effect (as determined in good faith by a responsible financial or accounting officer of the Parent) to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period.

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) acquisitions that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations, or any Person or any of its Restricted Subsidiaries acquired by the specified Person or any of its Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given pro forma effect (as determined in good faith by a responsible financial or accounting officer of the Parent and certified in an officers' certificate delivered to the Trustee, and including any operating expense reductions for such period resulting from such acquisition that have been realized or for which all of the material steps necessary for realization have been taken) as if they had occurred on the first day of the four-quarter reference period;

(2) the Consolidated EBITDAR attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period;

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period; and

(6) if any Indebtedness bears a floating rate of interest, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months).

"Fixed Charges" shall mean, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the consolidated interest expense (net of interest income) of such Person and its Restricted Subsidiaries for such period to the extent that such interest expense is payable in cash (and such interest income is receivable in cash); plus

(2) the interest component of Finance Lease Obligations of such Person and its Restricted Subsidiaries for such period to the extent that such interest component is related to lease payments payable in cash; plus

(3) any interest expense actually paid in cash for such period by such specified Person on Indebtedness of another Person that is guaranteed by such specified Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such specified Person or one of its Restricted Subsidiaries; plus

(4) the product of (A) all cash dividends accrued on any series of preferred stock of such Person or any of its Restricted Subsidiaries for such period, other than to Parent or a Restricted Subsidiary of Parent, times (B) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of such Person, expressed as a decimal, in each case, determined on a consolidated basis in accordance with GAAP; plus

(5) the aircraft rent expense of such Person and its Restricted Subsidiaries for such period to the extent that such aircraft rent expense is payable in cash,

all as determined on a consolidated basis in accordance with GAAP.

"Flyer Miles Obligations" shall mean, at any date of determination, all payment and performance obligations of American under any card marketing agreement with respect to credit cards co-branded by American and a financial institution which may include obligations in respect of the pre-purchase by third parties of frequent flyer miles and any other similar agreements entered into by Parent or any of its Subsidiaries with any bank from time to time.

"Foreign Subsidiary" shall mean any direct or indirect Subsidiary of Parent that was not formed under the laws of the United States or any state of the United States or the District of Columbia.

"FSHCO" shall mean any Subsidiary substantially all the assets of which consist of equity interests (including, for this purpose, any debt or other instrument treated as equity for U.S. federal income tax purposes) in one or more (a) CFCs and/or (b) other Subsidiaries substantially all the assets of which consist (directly or indirectly) of equity interests (including, for this purpose, any debt or other instrument treated as equity for U.S. federal income tax purposes) in one or more CFCs; provided that no SPV Party shall be considered to be a FSHCO.

"GAAP" shall mean generally accepted accounting principles in the United States of America, which, unless otherwise stated in connection with a particular metric are in effect from time to time, including those set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants, statements and pronouncements of the Financial Accounting Standards Board, such other statements by such other entity as have been approved by a significant segment of the accounting profession and the rules and regulations of the SEC governing the inclusion of financial statements in periodic reports required to be filed pursuant to Section 13 of the Exchange Act, including opinions and pronouncements in staff accounting bulletins and similar written statements from the accounting staff of the SEC.

"Global Note Legend" shall mean the legend set forth in Section 2.06(g)(ii) hereof, which is required to be placed on all Global Notes issued under this Indenture.

"Global Notes" shall mean, individually and collectively, each of the Restricted Global Notes and the Unrestricted Global Notes, substantially in the form of Exhibit A-1 hereto for a 2026 Note or substantially in the form of Exhibit A-2 hereto for a 2029 Note, in each case, issued in accordance with Section 2.01, Section 2.06(b) or Section 2.06(d) hereof.

"Government Securities" shall mean securities that are:

(1) direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged; or

(2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the Person thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act), as custodian with respect to any such Government Securities or a specific payment of principal of or interest on any such Government Securities held by such custodian for the account of the holder of such depository receipt; *provided*, that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the Government Securities or the specific payment of principal of or interest on the Government Securities evidenced by such depository receipt.

"Governmental Authority" shall mean the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank organization, or other entity exercising executive, legislative, judicial, taxing or regulatory powers or functions of or pertaining to government. Governmental Authority shall not include any Person in its capacity as an Airport Authority.

"Grantor" shall mean each Issuer and Guarantor that shall at any time pledge Collateral under a Collateral Document.

"Guarantee" shall mean a guarantee (other than (a) by endorsement of negotiable instruments for collection or (b) customary contractual indemnities, in each case in the Ordinary Course of Business), direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take or pay or to maintain financial statement conditions).

"Guaranteed Obligations" means the due and punctual payment, of the principal of (and premium, if any) and interest (including default interest), if any, on the Notes, when and as the same shall become due and payable, whether at the Stated Maturity, upon redemption, upon acceleration, upon tender for repurchase at the option of any Holder or otherwise, according to the terms thereof and of this Indenture and all other obligations of the Issuers or any other entity that becomes a Guarantor pursuant to Section 4.12 with respect to the Notes or the Agents.

"Guarantors" shall mean, collectively, Parent, HoldCo 1 and HoldCo 2, each Permitted Loyalty Subsidiary, and each Subsidiary of Parent that becomes a Guarantor pursuant to Section 4.12.

"Hedging Obligations" shall mean, with respect to any Person, all obligations and liabilities of such Person under:

(1) interest rate swap agreements, interest rate cap agreements and interest rate collar agreements;

(2) other agreements or arrangements designed to manage interest rates or interest rate risk; and

(3) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates, fuel prices or other commodity prices, but excluding (x) clauses in purchase agreements and maintenance agreements pertaining to future prices and (y) fuel purchase agreements and fuel sales that are for physical delivery of the relevant commodity.

For the avoidance of doubt, any Permitted Convertible Indebtedness Call Transaction will not constitute Hedging Obligations.

"HoldCo 1" shall mean AAdvantage Holdings 1, Ltd., an exempted company incorporated with limited liability under the laws of the Cayman Islands, and its successors.

"HoldCo 2" shall mean AAdvantage Holdings 2, Ltd., an exempted company incorporated with limited liability under the laws of the Cayman Islands, and its successors.

"HoldCo IP License" shall mean that certain Intellectual Property License Agreement between Loyalty Co, as licensor, and HoldCo 2, as licensee, dated on or about the Closing Date, as amended, supplemented, restated or otherwise modified from time to time.

"Holder" shall mean the Person in whose name a Note is registered on the Registrar's books, which shall initially be the respective nominee of DTC.

"Incremental Priority Amount" shall mean, at any time, (a) if American has (1) completed the merger and consolidation of a Loyalty Program of a Specified Acquisition Entity or one of its Subsidiaries or of an entity principally associated with such Specified Acquisition Entity or any of its Subsidiaries (a "Specified Loyalty Program") into the AAdvantage Program and (2) to the extent not effected pursuant to clause (1), caused such Specified Loyalty Program's payments in cash (which excludes airline revenues such as ticket sales and baggage fees), accounts in which such payments in cash are deposited, Intellectual Property and member data (but solely to the extent that such Intellectual Property and member data would be included in the definition of AAdvantage Intellectual Property, substituting references to the AAdvantage Program with references to such other Specified Loyalty Program) and all material third-party co-branding, partnering and similar agreements, including airline-to-airline frequent flyer program agreements, related to or entered into in connection with such Specified Loyalty Program (but solely to the extent that such agreements would be included in the definition of AAdvantage Agreements (e.g., Retained Agreements are excluded from all of the foregoing so long as such agreements remain Retained Agreements or again become Retained Agreements), substituting references to the AAdvantage Program with references to such other Specified Loyalty Program) and intercompany agreements concerning the operation of such Specified Loyalty Program to be pledged as Collateral on a first lien basis (except to the extent constituting Excluded Property), subject to third-party rights, applicable law and other Permitted Liens, an amount equal to the excess of (i) 1.4 *multiplied by* the aggregate amount of Transaction Revenues for the most recently completed four Quarterly Reporting Periods *over* (ii) $10,000,000,000 and otherwise (b) zero.

"Indebtedness" shall mean, with respect to any specified Person, any indebtedness of such Person (excluding air traffic liability, accrued expenses and trade payables), whether or not contingent:

(1) in respect of borrowed money;

(2) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);

(3) in respect of banker's acceptances;

(4) representing Finance Lease Obligations;

(5) representing the balance deferred and unpaid of the purchase price of any property or services due more than six months after such property is acquired or such services

are completed, but excluding in any event trade payables arising in the Ordinary Course of Business; or

(6) representing any Hedging Obligations,

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with GAAP. In addition, the term "Indebtedness" includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person. Indebtedness shall be calculated without giving effect to the effects of Financial Accounting Standards Board Accounting Standards Codification 815—Derivatives and Hedging and related interpretations to the extent such effects would otherwise increase or decrease an amount of Indebtedness for any purpose under this Indenture as a result of accounting for any embedded derivatives created by the terms of such Indebtedness.

Notwithstanding the foregoing, solely with respect to any Person that is not an SPV Party, none of the following will constitute Indebtedness: (a) Banking Product Obligations, (b) obligations under leases (other than leases determined to be Finance Lease Obligations under GAAP as in effect on the Closing Date), (c) obligations to fund pension plans and retiree liabilities, (d) Disqualified Stock and preferred stock, (e) Flyer Miles Obligations and other obligations in respect of the pre-purchase by others of frequent flyer miles, (f) maintenance deferral agreements, (g) an amount recorded as indebtedness in the Parent's financial statements solely by operation of Financial Accounting Standards Board Accounting Standards Codification 840-40-55 or any successor provision of GAAP but which does not otherwise constitute Indebtedness as defined hereinabove, (h) obligations under any of the Co-Branded Card Agreements, (i) a deferral of pre-delivery payments relating to the purchase of Aircraft Related Equipment, (j) obligations under any of the flyer miles participation agreements, (k) air traffic liability, (l) payment obligations in connection with health or other types of social security benefits, (m) lease maintenance return conditions on leased aircraft, (n) reserves for capital tax obligations and (o) reserves for obligations under land leases; *provided*, that for purposes of Section 4.23 and Section 4.29, Flyer Miles Obligations and other obligations in respect of the pre-purchase by others of frequent flyer miles obligations under Co-Branded Card Agreements and obligations under flyer miles participation agreements shall constitute "Indebtedness".

"Indenture" shall mean this Indenture, as amended, supplemented, restated or otherwise modified from time to time.

"Independent Director" shall mean, at any time with respect to any SPV Party, a director of such SPV Party that (1)(a) is appointed as Independent Director on the Closing Date and satisfies the Independent Director Criteria at such time or (b) is an Approved Independent Director that has been selected by the ordinary shareholder(s) of such SPV Party and (2) is a duly appointed "Independent Director" under and as defined in the Specified Organization Documents of such SPV Party.

"Independent Director Criteria" shall mean criteria that shall be satisfied only in respect of a natural person that (a) is a director who has prior experience as an independent director, independent manager or independent member with at least three years of employment experience; (b) either is approved by both American and the Collateral Controlling Party (or the Administrative Agent) or is provided by a company nationally recognized in the United States or the Cayman Islands for providing professional independent managers or directors, that is not an Affiliate of any Issuer Party or the Master Collateral Agent and that provides professional independent managers or directors and other corporate services in the ordinary course of its business, and which individual is duly appointed as an Independent Director; and (c) is not, and has never been, and will not while serving as Independent Director be, any of the following: (i) a member, partner, equityholder, manager, director, officer or employee of Loyalty Co or any of its equityholders, the Master Collateral Agent or any Affiliates of the foregoing (other than (A) equity ownership in American which (x) constitutes an immaterial amount of American stock and (y) is not material to the net worth of such Independent Director or (B) as an Independent Director of any SPV Party or any other Affiliate of Loyalty Co that is required by a creditor to be a single purpose bankruptcy-remote entity, *provided* that such Person either is approved by the Collateral Controlling Party (or the Administrative Agent) or is employed by a company that routinely provides professional independent managers or directors); (ii) a creditor, supplier or service provider (including provider of professional services) to Loyalty Co, the Master Collateral Agent or any of their respective equityholders or Affiliates (other than a nationally recognized company that routinely provides professional independent managers or directors and other corporate services to Loyalty Co, the Master Collateral Agent or any of their respective equityholders or Affiliates in the ordinary course of business); (iii) a family member of any such member, partner, equityholder, manager, director, officer, employee, creditor, supplier or service provider; or (iv) a Person that controls (whether directly, indirectly or otherwise) any of clause (i), (ii) or (iii) above.

"Indirect Participant" shall mean a Person who holds a beneficial interest in a Global Note through a Participant.

"Initial Purchasers" shall mean the persons named as initial purchasers in the Purchase Agreement, dated as of March 10, 2021.

"Insolvency or Liquidation Proceeding" shall mean:

(a) any case commenced by or against any Issuer or Guarantor under the Bankruptcy Code or any similar foreign, federal or state law for the relief of debtors, any other proceeding for the reorganization, recapitalization or adjustment or marshalling of the assets or liabilities of such Issuer or Guarantor, any receivership or assignment for the benefit of creditors relating to such Issuer or Guarantor or any similar case or proceeding relative to such Issuer or Guarantor or its creditors, as such, in each case whether or not voluntary;

(b) any liquidation, dissolution, marshalling of assets or liabilities or other winding up of or relating to an Issuer or Guarantor, in each case whether or not voluntary and whether or not involving bankruptcy or insolvency; or

(c) any other proceeding of any type or nature in which substantially all claims of creditors of an Issuer or Guarantor are determined and any payment or distribution is or may be made on account of such claims.

"Intellectual Property" shall mean all issued patents and patent applications, registered trademarks or service marks and applications to register any trademarks or service marks, brand names, trade dress, registered copyrights and applications for registration of copyrights, Trade Secrets, domain names, social media accounts and other intellectual property, whether registered or unregistered, including unregistered copyrights in software and source code and applications to register any of the foregoing, as amended, supplemented, restated or otherwise modified from time to time.

"Intercompany Agreement" shall mean the Intercompany Agreement, dated as of the Closing Date, between American and Loyalty Co, as amended, supplemented, restated or otherwise modified from time to time.

"Intercreditor Agreements" shall mean each of the Junior Lien Intercreditor Agreement and the Collateral Agency and Accounts Agreement.

"Interest Distribution Amount" means, with respect to each Payment Date, the sum of the amount equal to (1) the sum of the amount equal to (a) the product of (i) the Interest Rate for the 2026 Notes for the related Interest Period, multiplied by (ii) the Day Count Fraction, and multiplied by (iii) the outstanding principal amount of the 2026 Notes as of the first day of the related Interest Period, plus (b) any unpaid Interest Distribution Amount in respect thereof from prior Payment Dates plus, to the extent permitted by law, interest thereon at the applicable Interest Rate for the 2026 Notes for the related Interest Period, *plus* (2) the sum of the amount equal to (a) the product of (i) the Interest Rate for the 2029 Notes for the related Interest Period, multiplied by (ii) the Day Count Fraction, and multiplied by (iii) the outstanding principal amount of the 2029 Notes as of the first day of the related Interest Period, *plus* (b) any unpaid Interest Distribution Amount in respect thereof from prior Payment Dates plus, to the extent permitted by law, interest thereon at the applicable Interest Rate for the 2029 Notes for the related Interest Period.

"Interest Period" shall mean, for each Payment Date, the period from and including the Payment Date immediately preceding such Payment Date (or, with respect to the initial Payment Date, the Closing Date) to but excluding such Payment Date.

"Interest Rate" shall mean 5.500% per annum with respect to the 2026 Notes and 5.750% per annum with respect to the 2029 Notes, in each case plus, if applicable pursuant to Section 2.12, interest, to the extent permitted by law, on all overdue amounts up to (but not including) the date of actual payment (after as well as before judgment) at a rate equal to the rate then applicable plus 2.0%.

"Investments" shall mean with respect to any Person, all direct or indirect investments made from and after the Closing Date by such Person in other Persons (including Affiliates) in the forms of loans (including Guarantees), capital contributions or advances (but excluding advance payments and deposits for goods and services and commission, travel and

similar advances to officers, employees and consultants made in the Ordinary Course of Business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities of other Persons, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP. If Parent or any Restricted Subsidiary of Parent sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary of Parent after the Closing Date such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary of Parent, Parent will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of Parent's Investments in such Subsidiary that were not sold or disposed of in an amount determined as provided in Section 4.22(e). Notwithstanding the foregoing, any Equity Interests retained by Parent or any of its Subsidiaries after a disposition or dividend of assets or Capital Stock of any Person in connection with any partial "spin off" of a Subsidiary or similar transactions shall not be deemed to be an Investment. The acquisition by Parent or any Restricted Subsidiary of Parent after the Closing Date of a Person that holds an Investment in a third Person will be deemed to be an Investment by Parent or such Restricted Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investments held by the acquired Person in such third Person in an amount determined as provided in Section 4.22(e). Except as otherwise provided in this Indenture, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value.

"IP Agreements" shall mean (a) the Contribution Agreements, (b) the IP Licenses, (c) the IP Management Agreement and (d) each other contribution agreement, license or sublicense related to the AAdvantage Intellectual Property that is required to be entered into after the Closing Date pursuant to the terms of the Notes Documents, in each case as amended, supplemented, restated or otherwise modified from time to time.

"IP Licenses" shall mean (a) the HoldCo IP License, (b) the American IP License and (c) the Madrid IP License, as applicable, as amended, supplemented, restated or otherwise modified from time to time.

"IP Management Agreement" shall mean that certain Management Agreement, to be dated on or about the Closing Date, among Loyalty Co, HoldCo 2, IP Manager and the Master Collateral Agent pursuant to which the IP Manager will provide certain services to Loyalty Co and HoldCo 2 with respect to AAdvantage Intellectual Property, as amended, supplemented, restated or otherwise modified from time to time.

"IP Manager" shall mean American (or any of its affiliates to the extent a permitted successor or assign) in its capacity as IP Manager under the IP Management Agreement, or any Successor Manager (as such term is defined under the IP Management Agreement).

"IP Security Agreements" shall have the meaning set forth in the Security Agreement.

"Issuer Order" shall mean a written request or order signed on behalf of each Issuer by an Officer of such Issuers and delivered to the Trustee.

"Issuer Parties" shall mean the Issuers and the Guarantors.

"Issuers" has the meaning set forth in the preamble hereto until a successor replaces the applicable entity in accordance with the applicable provisions of this Indenture and, thereafter, includes such successor.

"Junior Lien Debt" shall mean, any Indebtedness owed to any other Person, so long as (i) solely with respect to the Collateral, such Indebtedness is expressly subordinated in right of payment to the Priority Lien Debt in the agreement, indenture or other instrument governing such Indebtedness and in a Junior Lien Intercreditor Agreement, (ii) the Liens on the Collateral securing such Indebtedness are subordinated to the Liens on the Collateral securing the Notes, and such Indebtedness of the Issuer Parties shall be subordinated to the Notes, pursuant to a Junior Lien Intercreditor Agreement, (iii) the Weighted Average Life to Maturity of such Indebtedness shall be no shorter than the remaining Weighted Average Life to Maturity of the Notes, (iv) the maturity date for such Indebtedness shall be at least 91 days after the Latest Maturity Date, and (v) the terms and conditions governing such Indebtedness of the Issuer Parties shall (a) meet the requirements of the corresponding provision of the Credit Agreement or (b) not be materially more restrictive, when taken as a whole, on the SPV Parties (as determined in good faith by the Issuers), than the terms of the then-outstanding Notes (except for (x) terms that are conformed (or added) in the Notes Documents for the benefit of the Holders holding then-outstanding Notes pursuant to an amendment thereto, (y) covenants, events of default and guarantees applicable only to periods after the Latest Maturity Date (as of the date of the incurrence of such Junior Lien Debt) and (z) pricing, fees, rate floors, premiums, optional repurchase or redemption terms) unless the Holders under the then-outstanding Notes, receive the benefit of such more restrictive terms; provided that (i) in no event shall such Junior Lien Debt be subject to events of default, mandatory repurchase or acceleration resulting (either directly or through a cross-default or cross-acceleration provision) from the occurrence of any event described in the definition of "Parent Bankruptcy Event" (or the occurrence of any such event with respect to any Subsidiary of Parent other than any SPV Party) except on the same terms as the then-outstanding Notes and (ii) any such Indebtedness shall include separateness provisions regarding each SPV Party substantially similar to the provisions set forth in Section 4.08.

"Junior Lien Debt Documents" shall mean any documents, instruments, notes, credit agreements, purchase agreements or other agreements entered into in connection with the incurrence or issuance of any Junior Lien Debt.

"Junior Lien Intercreditor Agreement" has the meaning ascribed to such term in the Collateral Agency and Accounts Agreement.

"Latest Maturity Date" shall mean, at any date of determination, the latest maturity date of any then outstanding Notes or other Priority Lien Debt.

"Lien" shall mean, with respect to any asset, any mortgage, lien, pledge, charge, security interest or similar encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law (but excluding any lease, sublease, use or license agreement or swap agreement or similar arrangement by any Grantor described in the definition of "Permitted Disposition"), including any conditional sale or other title retention agreement, any option or other agreement to sell or give a security interest in and, except in

connection with any Qualified Receivables Transaction, any agreement to give any financing statement under the UCC (or equivalent statutes) of any jurisdiction.

"Liquidity" shall mean the sum of (i) all unrestricted cash and Cash Equivalents of Parent and its Restricted Subsidiaries, (ii) cash and Cash Equivalents of Parent and its Restricted Subsidiaries restricted in favor of any Senior Secured Debt, (iii) the aggregate principal amount committed and available to be drawn by Parent and its Restricted Subsidiaries (taking into account all borrowing base limitations or other restrictions) under all revolving credit or other facilities of Parent and its Restricted Subsidiaries and (iv) the scheduled net proceeds (after giving effect to any expected repayment of existing Indebtedness using such proceeds) of any Capital Markets Offering of Parent or any of its Restricted Subsidiaries that has priced but has not yet closed (until the earliest of the closing thereof, the termination thereof without closing or the date that falls five (5) Business Days after the initial scheduled closing date thereof).

"Loyalty Program" shall mean any customer loyalty program available to individuals (i.e., natural persons) that grants members in such program Currency based on a member's purchasing behavior and that entitles a member to accrue and redeem such Currency for a benefit or reward, including flights and/or other goods and services. For clarity, American's AirPass program, Business Extra program and ConciergeKey program and any successors to those programs that are substantially similar and American's Flagship lounges, Admirals' Clubs and any other lounges or clubs and any memberships related thereto shall not constitute, and shall not be deemed to constitute, "Loyalty Programs."

"Luxembourg Guarantor" shall mean any Guarantor organized under the laws of Luxembourg.

"Madrid IP" shall mean (i) International Registration No. 1240856 for the trademark AADVANTAGE registered with the World Intellectual Property Organization, (ii) International Registration No. 1330760 for the trademark AADVANTAGE registered with the World Intellectual Property Organization, (iii) International Registration No. 1321874 for the trademark AADVANTAGE PLATINUM PRO registered with the World Intellectual Property Organization, (iv) International Registration No.1321705 for the trademark PLATINUM PRO registered with the World Intellectual Property Organization, (v) any other AAdvantage Intellectual Property registered or pending for registration, as of the Closing Date or thereafter, due to the Madrid System of the World Intellectual Property Organization and (vi) any national extensions thereof.

"Madrid IP License" shall mean that certain license agreement between American, as licensor, and Loyalty Co, as licensee, dated on or prior to the Closing Date, as amended, supplemented, restated or otherwise modified from time to time.

"Madrid SPV" shall mean Madrid IP Lux Holdco, Madrid IP Lux Holdco 2, Alternative Madrid SPV and any other special purpose vehicle created to implement the Madrid Protocol Holding Structure or the Alternative Madrid Structure.

"Marketing and Service Agreements" shall mean those certain business, marketing and service agreements among an Issuer Party and/or any of its Subsidiaries and any franchises,

including Republic Airlines Inc., SkyWest Airlines, Inc., Mesa Airlines, Inc. and the Regional Airlines, and such other parties or agreements from time to time that include, but are not limited to, code-sharing, pro-rate, capacity purchase, service, frequent flyer, ground handling, marketing, alliance and joint business agreements that are entered into in the Ordinary Course of Business.

"Master Collateral Agent" shall mean Wilmington Trust, National Association, in its capacity as master collateral agent for the Senior Secured Parties under the Collateral Agency and Accounts Agreement.

"Material AAdvantage Agreements" shall mean (a) the Intercompany Agreement, (b) the Citi Co-Branded Agreement, together with the Citi Co-Branded Consent, (c) the Barclays Co-Branded Agreement, together with the Barclays Co-Branded Consent, (d) each Permitted Replacement AAdvantage Agreement, and (e) as of any date, each other AAdvantage Agreement that generated Transaction Revenues equal to 10% or more of Transaction Revenues from AAdvantage Agreements received over the twelve months prior to such date, in each case, as amended, restated, supplemented, or otherwise modified from time to time as permitted by the Notes Documents.

"Material Adverse Effect" shall mean a material adverse effect on (a) the consolidated business, operations or financial condition of Parent and its Restricted Subsidiaries, taken as a whole, (b) the validity or enforceability of any Notes Document or the rights or remedies of the Secured Parties, (c) the ability of Loyalty Co to pay the Obligations, (d) the validity, enforceability or collectability of the Material AAdvantage Agreements, the IP Licenses or the Contribution Agreements generally or any material portion of the Material AAdvantage Agreements, the IP Licenses or the Contribution Agreements, taken as a whole, (e) the business and operations of the AAdvantage Program or (f) the ability of the Issuer Parties to perform their material obligations under the IP Agreements, the American Intercompany Loan, or the Material AAdvantage Agreements to which it is a party; *provided*, that no condition or event that has been disclosed in the public filings for American on or prior to the Closing Date shall be considered to be a "Material Adverse Effect" under this Indenture.

"Material Indebtedness" shall mean Indebtedness of any Issuer Party (other than the Notes) outstanding under the same agreement in a principal amount exceeding $200,000,000.

"Material Modification" shall mean:

(1) any amendment or waiver of, or modification or supplement to, a Material AAdvantage Agreement (other than the Intercompany Agreement) executed or effected on or after the Closing Date which: (a) extends, waives, delays or contractually or structurally subordinates one or more payments due to any Issuer Party with respect to such Material AAdvantage Agreement; (b) reduces the rate or amount of payments due to any Issuer Party with respect to such Material AAdvantage Agreement; (c) gives any Person other than Issuer Parties party to such Material AAdvantage Agreement additional or improved termination rights with respect to such Material AAdvantage Agreement; (d) shortens the term of such Material AAdvantage Agreement or expands or improves any counterparty's rights or remedies following a termination; or (e) imposes new financial obligations on any Issuer Party under such Material

AAdvantage Agreement, in each case, to the extent such amendment, waiver, modification or supplement would reasonably be expected to result in a Payment Material Adverse Effect; and

(2) any amendment or waiver of, or modification or supplement to, the Intercompany Agreement or the American Intercompany Loan which: (a) sets or shortens the scheduled maturity or term of the Intercompany Agreement to a date earlier than the Latest Maturity Date then in effect, (b) (i) sets or shortens the scheduled maturity of the American Intercompany Loan to a date earlier than the Latest Maturity Date then in effect, (ii) changes the obligor on the American Intercompany Loan, (iii) reduces the outstanding principal amount of the American Intercompany Loan held by Loyalty Co to be less than the aggregate outstanding principal amount of the Senior Secured Debt outstanding, or (iv) changes the ability of American to repay the American Intercompany Loan or the payee under the American Intercompany Loan to demand payment in a manner that would result in the outstanding principal amount of the American Intercompany Loan held by Loyalty Co to be less than the aggregate outstanding principal amount of the Senior Secured Debt outstanding (c) amends, modifies or otherwise changes (i) the EBITDA Margin (as defined in the Intercompany Agreement) for Miles payments payable by American to Loyalty Co as specified in Section 3.3 of the Intercompany Agreement (including changes to the definitions of "EBITDA Margin" and "Excluded Miles" in the Intercompany Agreement or Exhibit 1 thereof) in a manner reducing the amount payable to Loyalty Co, (ii) the Intercompany Agreement in a manner that materially reduces any other amounts payable to Loyalty Co pursuant to Section 3.3 of the Intercompany Agreement or (iii) reduces the frequency of payments under the Intercompany Agreement to be less frequent than monthly and that, in each case, would reasonably be expected to result in a Payment Material Adverse Effect (provided, that in the case of this clause (c), any change to the 20% EBITDA Margin or any change to the inclusion of redemption cost or operating expense in EBITDA Margin, or any change to the Intercompany Agreement that reduces any other amounts payable to Loyalty Co pursuant to Section 3 of the Intercompany Agreement, will not be subject to a Payment Material Adverse Effect qualification), (d) amends, modifies or otherwise changes the calculation or rate of fees, expenses or termination payments due and owing under the Intercompany Agreement except to the extent addressed in clause (c) above, in a manner reducing the amount owed to Loyalty Co and that would reasonably be expected to result in a Payment Material Adverse Effect, (e) changes the contractual subordination of payments thereunder, in a manner materially adverse to the Holders of the Notes, (f) changes the ability for the Master Collateral Agent to demand payment under the American Intercompany Loan in a manner that would reasonably be expected to result in a Payment Material Adverse Effect, (g) permits payments due to Loyalty Co to be deposited to an account other than the Collection Account, (h) changes the amendment standards applicable to the Intercompany Agreement or the American Intercompany Loan (other than changes affecting rights of the Trustee or the Master Collateral Agent to consent to amendments, which is covered by clause (i)) in a manner that would reasonably be expected to result in a Payment Material Adverse Effect, (i) materially impairs the rights of the Trustee or the Master Collateral Agent to enforce or consent to amendments to any provisions of any such agreement in accordance therewith, (j) changes Section 2.8 of the Intercompany Agreement such that Loyalty Co no longer has the exclusive right to issue and create Miles (*provided* that, for the avoidance of doubt, American shall be permitted to credit or transfer Miles purchased and/or transferred from Loyalty Co to American's customers and counterparties to any AAdvantage Agreement, American Airline Business Agreement or Retained Agreement) or (k) amends, modifies or otherwise changes Section 2.1 of the Intercompany Agreement in any manner that materially and adversely affects Loyalty Co's

ability to perform its obligations under the AAdvantage Agreements or any other agreement related to the AAdvantage Program.

Notwithstanding anything to the contrary in this definition, the entrance into a Permitted Replacement AAdvantage Agreement shall not constitute a Material Modification.

"Maximum Amortization Amount" shall mean, as of any day of determination, an amount equal to the greatest Senior Secured Amortization Amount for any Payment Date occurring on or after such day of determination until (and including) the Latest Maturity Date at such time.

"Maximum Quarterly Debt Service" shall mean, for any Determination Date, an amount equal to the sum of:

(1) the Maximum Amortization Amount at such time;

(2) the Interest Distribution Amount that is or will be due on the related Payment Date; and

(3) the sum of the "Interest Distribution Amounts" (as such term, or such similar or analogous term, is defined in the other applicable Senior Secured Debt Documents) that are or will be due on the related Payment Date for each Series of Senior Secured Debt (other than the Notes).

"Miles" shall mean the Currency under the AAdvantage Program.

"Moody's" shall mean Moody's Investors Service, Inc. and its successors.

"Net Proceeds" shall mean (a) with respect to any Collateral Sale, Recovery Event or Contingent Payment Event, the aggregate cash proceeds and Cash Equivalents received by Parent or any of its Restricted Subsidiaries in respect thereof, net of: (i) the direct costs and expenses relating to such Collateral Sale, Recovery Event or Contingent Payment Event, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Collateral Sale, Recovery Event or Contingent Payment Event, taxes paid or payable as a result of the Collateral Sale, Recovery Event or Contingent Payment Event, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements; (ii) any reserve for adjustment or indemnification obligations in respect of the sale price of such asset or assets established or to be established, in each case, in accordance with GAAP and (iii) any portion of the purchase price from a Collateral Sale placed in escrow pursuant to the terms of such Collateral Sale (either as a reserve for adjustment of the purchase price, or for satisfaction of indemnities in respect of such Collateral Sale) until the termination of such escrow; and (b) with respect to any issuance or incurrence of Indebtedness (including Indebtedness under the Credit Agreement or Permitted Pre-paid Miles Purchases), the cash proceeds thereof, net of (i) any fees, underwriting discounts and commissions, premiums, and other taxes, costs and expenses incurred in connection with such issuance and (ii) attorney's fees, investment banking fees, survey costs, title insurance premiums, and related search and recording charges, transfer taxes, deed or mortgage recording taxes, other customary expenses, and brokerage, consultant, accountant, and other customary fees.

"Non-Control Investment" shall mean an investment in an airline in which Parent and its Subsidiaries do not possess, directly or indirectly, (a) more than 50% of the voting power of the ownership interests of such airline or the entity that operates any Loyalty Program thereof or (b) the ability to appoint a majority of the members of the Board of Directors (or equivalent governing body) of such airline or the entity that operates the loyalty program thereof.

"Non-Recourse Debt" shall mean Indebtedness:

(1) as to which neither Parent nor any of its Restricted Subsidiaries (i) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness) or (ii) is directly or indirectly liable as a guarantor or otherwise; and

(2) as to which the holders of such Indebtedness do not otherwise have recourse to the stock or assets of Parent or any of its Restricted Subsidiaries (other than the Equity Interests of any Unrestricted Subsidiary).

"Non-Recourse Financing Subsidiary" means any Unrestricted Subsidiary that (a) has no Indebtedness other than Non-Recourse Debt and (b) engages in no activities other than those relating to the financing of specified assets and other activities incidental thereto.

"Notes" shall mean the Initial Notes and more particularly means any Note authenticated and delivered under this Indenture. For all purposes of this Indenture, the term "Notes" shall also include any Additional Notes that may be issued under a supplemental indenture.

"Notes Depositary" shall mean, with respect to the Notes issuable or issued in whole or in part in global form, the Person specified in Section 2.03 hereof as the Notes Depositary with respect to the Notes, and any and all successors thereto appointed as Notes Depositary hereunder and having become such pursuant to the applicable provision of this Indenture.

"Notes Documents" shall mean the Notes, the guarantees thereof, this Indenture, the Collateral Documents, the Intercreditor Agreements, any supplemental indentures and any other instrument or agreement (which is designated as a Notes Document therein) executed and delivered by any Issuer or any Guarantor to the Trustee or the Master Collateral Agent.

"Notes Reserve Account Required Balance" shall mean, with respect to any date, an amount equal to the Interest Distribution Amount that was due with respect to the Notes on the most recent Payment Date; *provided* that (i) at any time prior to the second Payment Date following the Closing Date, the Notes Reserve Account Required Balance shall be an amount equal to the Interest Distribution Amount that would be payable on the next occurring Payment Date assuming the day count fraction is determined using an elapsed period of 90 days and (ii) for the avoidance of doubt, on each Payment Date (other than the first Payment Date following the Closing Date) the Notes Reserve Account Required Balance shall be the Interest Distribution Amount that is due on such Payment Date.

"Obligations" shall mean the unpaid principal of and interest on (including interest accruing after the maturity of the Notes and interest accruing after the filing of any petition of bankruptcy, or the commencement of any insolvency, winding up, reorganization or

like proceeding, relating to any Issuer, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) the Notes and all other obligations and liabilities of the Issuers to any Agent or any Holder, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which arise under this Indenture or any other Notes Documents, whether on account of principal, interest, reimbursement obligations, fees, indemnities, out-of-pocket costs, and expenses (including all fees, charges and disbursements of counsel to any Agent or any Holder that are required to be paid by the Issuers pursuant to this Indenture or under any other Notes Document) or otherwise.

"Offering Memorandum" shall mean the Offering Memorandum, dated March 10, 2021 relating to the offering of the Notes.

"Officer" shall mean, (i) with respect to any Person, the Chairman of the Board of Directors, the Vice Chairman of the Board of Directors, any Director of the Board of Directors, the President, the Chief Financial Officer, any Executive Vice President, any Senior Vice President, any Vice President, the Secretary, any Assistant Corporate Secretary, the Treasurer or any Assistant Treasurer.

"Officer's Certificate" shall mean a certificate delivered by an Issuer on its own behalf or on behalf of an Affiliate of an Issuer or Parent signed by any Officer of such Issuer or (at the Issuer's option) Parent.

"On-line Tracking Data" shall mean any information or data collected in relation to on-line activities that can reasonably be associated with a particular user or computer or other device.

"Opinion of Counsel" shall mean a written opinion from legal counsel. Such counsel may be an employee of or counsel to the Issuer Parties.

"Ordinary Course of Business" shall mean with respect to Parent or any of its Subsidiaries, (a) in the ordinary course of business of, or in furtherance of an objective that is in the ordinary course of business of, Parent and its Subsidiaries, as applicable, (b) customary and usual in the commercial airline industry in the United States or (c) consistent with the past or current practice of one or more commercial air carriers in the United States.

"Parent" shall mean American Airlines Group Inc., or its successors.

"Parent Bankruptcy Event" shall mean (a) American or Parent (i) commences a voluntary case or proceeding under any Bankruptcy Law, (ii) consents to the entry of an order for relief against it in an involuntary case under any Bankruptcy Law or (iii) consents to the appointment of a receiver, trustee, liquidator, provisional liquidator, custodian, conservator or other similar official of it or for all or substantially all of its property or (b) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that (i) is for relief against American or Parent, (ii) appoints a receiver, trustee, liquidator, provisional liquidator, custodian, conservator or other similar official of American or Parent or for all or substantially all of the property of American or Parent, or (iii) orders the liquidation of American or Parent, and in each case under clause (b) of this definition, the order or decree remains unstayed and in effect for sixty (60) consecutive days.

"Parent Change of Control" shall mean the occurrence of any of the following:

(1) the sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of Parent and its Subsidiaries taken as a whole, or American and its Subsidiaries taken as a whole, to any Person (including any "person" (as that term is used in Section 13(d)(3) of the Exchange Act)) (other than Parent or any of its Subsidiaries); or

(2) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that any Person (including any "person" (as defined above)) becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of Parent (measured by voting power rather than number of shares), other than, in the case of clause (1) above or this clause (2), (A) any such transaction where the Voting Stock of Parent (measured by voting power rather than number of shares) outstanding immediately prior to such transaction constitutes or is converted into or exchanged for a majority of the outstanding shares of the Voting Stock of such Person or Beneficial Owner (measured by voting power rather than number of shares) or (B) any sale, transfer, conveyance or other disposition to, or any merger or consolidation of Parent with or into any Person (including any "person" (as defined above)) which owns or operates (directly or indirectly through a contractual arrangement) a Permitted Business (a "Permitted Person") or a Subsidiary of a Permitted Person, in each case under this clause (B), if immediately after such transaction no Person (including any "person" (as defined above)) is the Beneficial Owner, directly or indirectly, of more than 50% of the total Voting Stock of such Permitted Person (measured by voting power rather than number of shares).

For the avoidance of doubt, any Airline/Parent Merger and any Airlines Merger will not be a Parent Change of Control under this Indenture.

"Parent Change of Control Offer" has the meaning assigned to that term in Section 4.34.

"Parent Change of Control Payment" has the meaning assigned to that term in Section 4.34.

"Parent Change of Control Payment Date" has the meaning assigned to that term in Section 4.34.

"Participant" shall mean, with respect to the Notes Depositary, Euroclear or Clearstream, a Person who has an account with the Notes Depositary, Euroclear or Clearstream, respectively (and, with respect to DTC, shall include Euroclear and Clearstream).

"Payment Date" shall mean (a) the 20th calendar day of January, April, July and October of each year, or if such day is not a Business Day, the next succeeding Business Day, commencing July 20, 2021, and (b) the Termination Date.

"Payment Date Statement" shall mean a written statement substantially in the form attached in Exhibit E hereto.

"Payment Material Adverse Effect" shall mean a material adverse effect on (a) the ability of Loyalty Co to pay the Obligations, (b) the validity or enforceability of the Notes Document or the rights or remedies of the secured parties under this Indenture, or (c) the validity, enforceability or collectability of the AAdvantage Agreements, the IP Licenses or the Contribution Agreements generally or any material portion of the AAdvantage Agreements, the IP Licenses or the Contribution Agreements, taken as a whole; *provided* that no condition or event that has been disclosed in the public filings for American on or prior to the Closing Date shall be considered a "Payment Material Adverse Effect" under this Indenture.

"Payroll Accounts" shall mean depository accounts used only for payroll.

"Peak Debt Service Coverage Ratio" shall mean, with respect to any Determination Date, the ratio obtained by dividing (i) the sum (without duplication) of (x) the aggregate amount of Collections deposited to the Collection Account during the Related Quarterly Reporting Period and (y) Cure Amounts deposited to the Collection Account on or prior to such Determination Date (and which remain on deposit in the Collection Account on such Determination Date) by (ii) the Maximum Quarterly Debt Service for such Determination Date; *provided*, *however*, that any amounts due during a Quarterly Reporting Period but deposited into the Collection Account no later than the Determination Date related to such Quarterly Reporting Period may at either Issuer's option upon notice to the Master Collateral Agent and the Trustee, be treated as if such amounts were on deposit in the Collection Account as of the end of such Quarterly Reporting Period and if so treated, such amounts shall not be considered Collections for any other Payment Date for purposes of the Peak Debt Service Coverage Ratio calculation.

"Peak Debt Service Coverage Ratio Test" shall be satisfied as of any Determination Date if the Peak Debt Service Coverage Ratio is not less than (i) for the Determination Dates in July 2021, October 2021 and January 2022, 0.75 to 1.00; (ii) for the Determination Dates in April 2022, July 2022 and October 2022, 1.00 to 1.00; (iii) for the Determination Dates in January 2023 and April 2023, 1.50 to 1.00; and (iv) for any Determination Date thereafter, 2.00 to 1.00.

"Permitted Acquisition Loyalty Program" shall mean a Loyalty Program owned, operated or controlled, directly or indirectly by a Specified Acquisition Entity or any of its Subsidiaries, or principally associated with such Specified Acquisition Entity or any of its Subsidiaries so long as: (1) the Specified Acquisition Entity's Loyalty Program is operated so that it is not more competitive, taken as a whole, than the AAdvantage Program (as determined by American in good faith), (2) American, Parent and its Subsidiaries do not take any action that would reasonably be expected to disadvantage the AAdvantage Program relative to the Specified Acquisition Entity's Loyalty Program, (3) no members of the AAdvantage Program are targeted for membership in the Specified Acquisition Entity's Loyalty Program; provided that this clause (3) shall not prohibit general advertisements, promotions or similar general marketing activities related to the Specified Acquisition Entity, (4) except as attributable to market or business conditions as determined in good faith by American, American will devote substantially similar resources to the AAdvantage Program, including to American distribution and marketing channels, as were applicable immediately prior to the consummation of the acquisition of the Specified Acquisition Entity; and (5) American, Parent and its Subsidiaries do not announce to the public, the members of the AAdvantage Program or the members of the Specified

Acquisition Entity's Loyalty Program that the Specified Acquisition Entity's Loyalty Program is the primary Loyalty Program for American, Parent or its Subsidiaries.

"Permitted Bond Hedge Transaction" shall mean any call or capped call option (or substantively equivalent derivative transaction) on Parent's common stock (or a parent company of the Parent's common stock) purchased by the issuer of any Convertible Indebtedness in connection with the issuance of any such Convertible Indebtedness; provided that the purchase price for such Permitted Bond Hedge Transaction, less the proceeds received by the issuer of such Convertible Indebtedness from the sale of any related Permitted Warrant Transaction, does not exceed the net proceeds received by such issuer from the sale of such Convertible Indebtedness issued in connection with the Permitted Bond Hedge Transaction.

"Permitted Business" shall mean, (a) with respect to Parent and its Restricted Subsidiaries any business that is similar, or reasonably related, ancillary, supportive or complementary to, or any reasonable extension of the businesses in which Parent and its Restricted Subsidiaries are engaged on the Closing Date, and (b) with respect to the SPV Parties, any business that is similar, or reasonably related, ancillary, supportive or complementary to, or any reasonable extension of the businesses in which the SPV Parties are engaged (including the operation of the AAdvantage Program) on the Closing Date.

"Permitted Convertible Indebtedness Call Transaction" shall mean any Permitted Bond Hedge Transaction and any Permitted Warrant Transaction.

"Permitted Deposit Amounts" has the meaning ascribed to such term in the Collateral Agency and Accounts Agreement.

"Permitted Disposition" shall mean any of the following:

(a) the Disposition of Collateral permitted under the applicable Collateral Documents;

(b) the licensing or sub-licensing or granting of similar rights of Intellectual Property or other general intangibles pursuant to any AAdvantage Agreement or as otherwise permitted by (or pursuant to) the IP Agreements;

(c) the abandonment or cancellation of Intellectual Property in the Ordinary Course of Business;

(d) any transfer, deletion, de-identification or purge of any Personal Data that is required or permitted under applicable privacy laws, under any of the Issuer Parties' public-facing privacy policies or in the Ordinary Course of Business (including in connection with terminating inactive AAdvantage Program member accounts) pursuant to the applicable Issuer Party's privacy and data retention policies consistent with past practice;

(e) the Disposition of cash or Cash Equivalents constituting Collateral in exchange for other cash or Cash Equivalents constituting Collateral and having reasonably equivalent value therefor;

(f) to the extent constituting a Disposition, (i) the incurrence of Liens that are permitted to be incurred pursuant to Section 4.25, (ii) the making of (x) any Restricted Payment that is permitted to be made, and is made, pursuant to Section 4.22 or (y) any Permitted Investment or (iii) the re-designation of any AAdvantage Agreement as a Retained Agreement (and the corresponding release thereof from the Collateral) in accordance with the applicable provisions of this Indenture;

(g) Dispositions in connection with the Intercompany Agreement or any IP Agreement;

(h) condemnation, expropriation or any similar action on assets or other dispositions required by a Governmental Authority or casualty or insured damage to assets;

(i) surrender or waive contractual rights and settle, release, surrender or waive contractual or litigation claims (or other Disposition of assets in connection therewith);

(j) the expiration of the following registered Intellectual Property: (A) any copyright, the term of which has expired under applicable law; (B) any patent, the term of which has expired under applicable law, taking into account all patent term adjustments and extensions, and provided that all maintenance fees are paid; and (C) any trademark or service mark, the term of which has expired under applicable law because a declaration or statement of use to maintain the registration cannot be submitted to, or has been rejected by, the relevant governmental authority because such trademark or service mark is no longer in use; in each case, subject to the terms and conditions of the IP Management Agreement;

(k) the sale of Miles in the Ordinary Course of Business under the terms of the AAdvantage Agreements;

(l) the disposition or discount of inventory, accounts receivable, or notes receivable in the Ordinary Course of Business or the conversion of accounts receivable to notes receivable, in each case other than in respect of (A) the Intercompany Agreement and (B) the AAdvantage Agreements;

(m) any disposition of (I) obsolete, negligible, uneconomical, worn out or surplus property or (II) other property (including any leasehold property interest) that is no longer (A) economically practical in its business, (B) commercially desirable to maintain or (C) used or useful in its business;

(n) contributions of Collateral (i) from HoldCo1 to HoldCo2, (ii) HoldCo2 to Loyalty Co, and (iii) solely with respect the assets of a Permitted Acquisition Loyalty Program, from Loyalty Co to a Permitted Loyalty Subsidiary; and

(o) the sale, lease or other transfer of any Currency in the Ordinary Course of Business or in accordance with any AAdvantage Agreement as in existence on the Closing Date (or any (i) permitted successor agreement thereto or (ii) new AAdvantage Agreement permitted under this Indenture, in each case that is included in the Collateral), or subsequently approved by the administrative agent under the Credit Agreement or any other Priority Lien Debt.

"Permitted Investments" shall mean:

(1) with respect to any SPV Party:

(a) to the extent constituting an Investment, Investments in any SPV Party arising from the transactions contemplated in any Notes Document;

(b) any Investment in cash, Cash Equivalents and any foreign equivalents;

(c) any Investments received in a good faith compromise or resolution of (i) obligations of trade creditors or customers that were incurred in the Ordinary Course of Business, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer or (ii) litigation, arbitration or other disputes;

(d) prepayment or repurchase of any Senior Secured Debt in accordance with the terms and conditions of the Senior Secured Debt Documents;

(e) any guarantee of Indebtedness of the SPV Parties to the extent otherwise permitted under this Indenture;

(f) accounts receivable arising in the Ordinary Course of Business; and

(g) Investments in connection with outsourcing initiatives in the Ordinary Course of Business; and

(2) with respect to Parent and its Restricted Subsidiaries (other than the SPV Parties):

(a) any Investment in Parent or in a Restricted Subsidiary of Parent;

(b) any Investment in cash, Cash Equivalents and any foreign equivalents;

(c) any Investment by Parent or any Restricted Subsidiary of Parent (other than the SPV Parties) in a Person, if as a result of such Investment:

(i) such Person becomes a Restricted Subsidiary of Parent; or

(ii) such Person, in one transaction or a series of related and substantially concurrent transactions, is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, Parent or a Restricted Subsidiary of Parent;

(d) any Investment made as a result of the receipt of non-cash consideration from a Disposition of assets;

(e) any acquisition of assets or Capital Stock in exchange for the issuance of Qualifying Equity Interests;

(f) any Investments received in compromise or resolution of (A) obligations of trade creditors or customers that were incurred in the Ordinary Course of Business of Parent or any of its Restricted Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer or (B) litigation, arbitration or other disputes;

(g) Investments represented by Hedging Obligations or made in connection therewith (including any cash collateral or other collateral that does not constitute Collateral provided to or by Parent or any of its Restricted Subsidiaries in connection with any Hedging Obligation);

(h) loans or advances to officers, directors or employees made in the Ordinary Course of Business in an aggregate principal amount not to exceed $30,000,000 at any one time outstanding;

(i) redemption, purchase, prepayment or repayment of the Notes;

(j) any Guarantee of Indebtedness permitted to be incurred by Section 4.29 other than a Guarantee of Indebtedness of an Affiliate of the Parent that is not a Restricted Subsidiary of the Parent;

(k) any Investment existing on, or made pursuant to binding commitments existing on, the Closing Date and any Investment consisting of an extension, modification or renewal of any Investment existing on, or made pursuant to a binding commitment existing on, the Closing Date (including, for avoidance of doubt, all AAdvantage Agreements); provided that the amount of any such Investment may be increased (A) as required by the terms of such Investment as in existence on the Closing Date or (B) as otherwise permitted under this Indenture;

(l) Investments or commitments to make Investments acquired after the Closing Date and any other Investments consisting of extensions, modifications or renewals of such Investments as a result of the acquisition by Parent or any Restricted Subsidiary of Parent (other than the SPV Parties) of another Person, including by way of a merger, amalgamation or consolidation with or into Parent or any of its Restricted Subsidiaries (other than the SPV Parties) in a transaction that is not prohibited under Section 4.28 after the Closing Date to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;

(m) the acquisition by a Receivables Subsidiary in connection with a Qualified Receivables Transaction of Equity Interests of a trust or other Person established by such Receivables Subsidiary to effect such Qualified Receivables Transaction; and any other Investment by Parent or a Subsidiary of Parent (other than the SPV Parties) in a Receivables Subsidiary or any Investment by a Receivables Subsidiary in any other Person in connection with a Qualified Receivables Transaction;

(n) Receivables arising in the Ordinary Course of Business, and Investments in Receivables and related assets including pursuant to a Receivables Repurchase Obligation;

(o) Investments in connection with outsourcing initiatives in the Ordinary Course of Business;

(p) Permitted Bond Hedge Transactions which constitute Investments;

(q) Investments having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value other than a reduction for all returns of principal in cash and capital dividends in cash), when taken together with all Investments made pursuant to this clause (q) that are at the time outstanding, not to exceed 30% of the Consolidated Total Assets of Parent and its Restricted Subsidiaries at the time of such Investment;

(r) Investments consisting of reimbursable extensions of credit; provided that any such Investment made pursuant to this clause (r) shall not be permitted if unreimbursed within 90 days of any such extension of credit;

(s) Investments in connection with financing any pre delivery, progress or other similar payments relating to the acquisition of Aircraft Related Equipment;

(t) Investments in any Non-Recourse Financing Subsidiary (other than Receivables Subsidiaries in connection with Qualified Receivables Transactions), in an aggregate amount outstanding at any time not to exceed $300,000,000;

(u) Investments consisting of payments to or on behalf of any Person (including without limitation any third-party service provider) for purposes of improving or reconfiguring aircraft or Aircraft Related Equipment owned or operated by such Person in order to enhance or improve the brand under which Parent or any of its Affiliates operate, in an aggregate amount outstanding at any time not to exceed $300,000,000;

(v) Investments in travel or airline related businesses made in connection with Marketing and Service Agreements, alliance agreements, distribution agreements, agreements relating to flight training, agreements relating to insurance arrangements, agreements relating to spare parts management systems and other similar agreements which Investments under this clause (v) (excluding Investments existing on the Closing Date) shall not exceed $300,000,000 at any time outstanding;

(w) Investments consisting of payroll advances and advances for business and travel expenses in the Ordinary Course of Business;

(x) Investments made by way of any endorsement of negotiable instruments received in the Ordinary Course of Business and presented to any bank for collection or deposit;

(y) Investments consisting of stock, obligations or securities received in settlement of amounts owing to Parent or any Restricted Subsidiary in the Ordinary Course of Business or in a distribution received in respect of an Investment permitted hereunder;

(z) Investments made in Unrestricted Subsidiaries not to exceed $30,000,000 in any fiscal year in the aggregate;

(aa) Investments (including through special-purpose subsidiaries or Unrestricted Subsidiaries) in fuel and credit card consortia and in connection with agreements with respect to fuel consortia, credit card consortia and fuel supply and sales, in each case, in the Ordinary Course of Business;

(bb) Investments consisting of advances and loans to Affiliates of Parent or any of its Restricted Subsidiaries, in an aggregate amount outstanding at any time not to exceed $300,000,000;

(cc) Investments in connection with outsourcing initiatives in the Ordinary Course of Business;

(dd) Guarantees incurred in the Ordinary Course of Business of obligations that do not constitute Indebtedness of any regional air carrier doing business with any of Parent's Restricted Subsidiaries in connection with the regional air carrier's business with such Restricted Subsidiary; advances to airport operators of landing fees and other customary airport charges for carriers on behalf of which Parent or any of its Restricted Subsidiaries provides ground handling services;

(ee) so long as no Default has occurred and is continuing, any Investment by Parent and/or any Restricted Subsidiary of Parent;

(ff) Investments consisting of guarantees of Indebtedness of any Person to the extent that such Indebtedness is incurred by such Person in connection with activities related to the business of Parent or any Restricted Subsidiary of Parent and Parent has determined that the incurrence of such Indebtedness is beneficial to the business of Parent or any of its Restricted Subsidiaries, in an aggregate amount outstanding at any time not to exceed $300,000,000; and

(gg) Investments in connection with outsourcing initiatives in the Ordinary Course of Business.

For the avoidance of doubt, any Investment by an SPV Party that is not a Permitted Investment pursuant to clause (a) in the definition of "Permitted Investment" above shall be a Restricted Investment.

"Permitted Liens" shall mean

(a) Liens securing the Priority Lien Debt, including pursuant to this Indenture and the Collateral Documents, so long as such Indebtedness and such Liens are subject to the Collateral Agency and Accounts Agreement;

(b) Liens securing Junior Lien Debt; *provided* that such Liens secured by the Collateral shall (i) rank junior to the Liens secured by the Collateral securing the Obligations and (ii) be subject to a Junior Lien Intercreditor Agreement;

(c) Liens of a collection bank arising under Section 4-208 of the New York Uniform Commercial Code or any comparable or successor provision on items in the course of collection;

(d) (i) any overdrafts and related liabilities arising from treasury, netting, depository and cash management services or in connection with any automated clearing house transfers of funds, in each case as it relates to cash or Cash Equivalents, if any, (ii) Liens in favor of depositary banks or a securities intermediary arising as a matter of law or that are contractual rights of set off encumbering deposits and that are within the general parameters customary in the banking or finance industry and (iii) other than with respect to the SPV Parties, attaching to commodity trading accounts or other commodity brokerage accounts incurred in the Ordinary Course of Business;

(e) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently pursued; provided that any reserve or other appropriate provision as is required in conformity with GAAP has been made therefor;

(f) Liens imposed by law, including carriers' vendors', materialmen's, warehousemen's, landlord's mechanics', repairmen's, employees' or other like Liens, in each case, incurred in the Ordinary Course of Business;

(g) Liens arising by operation of law in connection with judgments, attachments or awards which do not constitute an Event of Default under this Indenture;

(h) to the extent constituting Liens, the rights granted by any Issuer Party to another Issuer Party or the Master Collateral Agent pursuant to the Intercompany Agreement or any IP Agreement (other than any rights granted thereunder following any amendment or modification thereof that is not permitted by the terms of such agreement or this Indenture);

(i) (i) leases and subleases by any Grantor as they relate to any Collateral and to the extent such leases or subleases (A) do not interfere in any material respect with the business of such Grantor and (B) do not relate to Intellectual Property or AAdvantage Agreements or (ii) to the extent constituting Liens, licenses, sub-licenses and similar rights as they relate to any AAdvantage Intellectual Property (A) granted to any third-party counterparty of any AAdvantage Agreements pursuant to the terms of such agreement or (B) as otherwise expressly permitted by the IP Licenses and the Collateral Documents to be granted to any Person (other than any sub-license or similar right granted thereunder following any amendment or modification thereof that is not permitted by the terms of such agreement or this Indenture);

(j) Liens on cash and Cash Equivalents that are earmarked to be used to satisfy or discharge Priority Lien Debt or Junior Lien Debt in connection with a permitted repayment thereof and in favor of the Master Collateral Agent (in the case of Priority Lien Debt) or the collateral agent, administrative agent or trustee in respect of such Junior Lien Debt; *provided* that (a) such cash and/or Cash Equivalents are deposited into an account from which payment is to be made, directly or indirectly, to the Person or Persons holding the Indebtedness that is to be satisfied or discharged, (b) such Liens extend solely to the account in which such cash and/or Cash Equivalents are deposited and are solely in favor of the Person or Persons holding the Indebtedness (or any agent or trustee for such Person or Persons) that is to be satisfied or discharged, and (c) the satisfaction or discharge of such Indebtedness is expressly permitted under this Indenture;

(k) Liens consisting of an agreement to dispose of any property pursuant to a Disposition permitted hereunder;

(l) rights reserved or vested in any Person by the terms of any lease, license, franchise, grant, or permit held by any Grantor or by a statutory provision, to terminate any such lease, license, franchise, grant, or permit, or to require annual or periodic payments as a condition to the continuance thereof, in each case so long as such rights (A) do not interfere in any material respect with the business of such Grantor and (B) do not relate to Intellectual Property or AAdvantage Agreements except as provided in the Collateral Documents;

(m) Liens in favor of issuers of performance, surety, bid, indemnity, warranty, release, appeal, or similar bonds or with respect to other regulatory requirements in connection therewith or (ii) letters of credit or bankers' acceptances issued, and completion guarantees provided for, in each case pursuant to the request of and for the account of such Person in the Ordinary Course of Business;

(n) Liens in favor of banking or other financial institutions or other electronic payment service providers arising as a matter of law or customary contract encumbering deposits, including deposits in "pooled deposit" or "sweep" accounts (including the right of set-off) and which are within the general parameters customary in the banking or finance industry;

(o) Liens existing on the Closing Date;

(p) Liens arising in connection with the Intercompany Agreement or any IP Agreements;

(q) Liens (including all rights) of counterparties to AAdvantage Agreements arising under the terms thereof; and

(r) any extension, modification, renewal, refinancing or replacement of the Liens described in clauses (a) through (q) above, provided that such extension, modification, renewal or replacement does not increase the amount of Indebtedness associated therewith.

"Permitted Loyalty Subsidiary" shall mean, at any time, a Subsidiary of an SPV Party formed after the Closing Date (a) in connection with the transactions contemplated under clauses (e) and/or (i) of Section 4.16 and designated as a Permitted Loyalty Subsidiary by the Issuers in accordance with the Section 4.16(l) or (b) that is a Madrid SPV; provided that any such Subsidiary shall only be a Permitted Loyalty Subsidiary so long as (1) such Subsidiary is an exempted company incorporated with limited liability under the laws of the Cayman Islands or, solely in the case of a Madrid SPV, an entity formed under the laws of Luxembourg or, in the case of the Alternative Madrid SPV, such other jurisdiction as the Issuers may reasonably determine, (2) such Subsidiary satisfies each of the requirements set forth in Section 4.08, (3) such Subsidiary is a wholly-owned Subsidiary of Loyalty Co (or, in the case of an Alternative Madrid SPV, a wholly-owned Subsidiary of another SPV Party), (4) 100% of the Equity Interests in such Subsidiary are pledged as Collateral, (5) such Subsidiary is a "Grantor" (as defined in the Security Agreement) under and in accordance with the Security Agreement and (6) such Subsidiary is a Guarantor and guarantees the Guaranteed Obligations in accordance with this Indenture and the other Notes Documents.

"Permitted Noteholders" shall mean, at any time, Holders holding more than 50% of the aggregate outstanding principal amount of any Series of Notes.

"Permitted Pre-paid Miles Purchases" shall mean Pre-paid Miles Purchases permitted by Section 4.23.

"Permitted Refinancing Indebtedness" shall mean any Indebtedness (or commitments in respect thereof) of Parent or any of its Restricted Subsidiaries (other than the SPV Parties) incurred in exchange for, or the net proceeds of which are used to renew, refund, extend, refinance, replace, defease or discharge all or a portion of other Indebtedness of any of Parent or any of its Restricted Subsidiaries (other than intercompany Indebtedness); provided that:

(1) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the original principal amount (or accreted value, if applicable) when initially incurred of the Indebtedness renewed, refunded, extended, refinanced, replaced, defeased or discharged (plus all accrued interest on the Indebtedness (whether or not capitalized or accreted or payable on a current basis) and the amount of all fees and expenses, including premiums, incurred in connection therewith (such original principal amount plus such amounts described above, collectively, for purposes of this clause (1), the "preceding amount")); provided that with respect to any such Permitted Refinancing Indebtedness that is refinancing secured Indebtedness and is secured by all or a portion of the same collateral, the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness shall not exceed the greater of the preceding amount and the Fair Market Value of the assets securing such Permitted Refinancing Indebtedness (which Fair Market Value may, at the time of an advance commitment, be determined to be the Fair Market Value at the time of such commitment or (at the option of the issuer of such Indebtedness) the Fair Market Value projected for the time of incurrence of such Indebtedness);

(2) if such Permitted Refinancing Indebtedness has a maturity date that is after the maturity date of the Notes (with any amortization payment comprising such Permitted Refinancing Indebtedness being treated as maturing on its amortization date), such Permitted Refinancing Indebtedness has a Weighted Average Life to Maturity that is (A) equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being renewed, refunded, extended, refinanced, replaced, defeased or discharged or (B) more than 60 days after the final maturity date of the Notes;

(3) if the Indebtedness being renewed, refunded, extended, refinanced, replaced, defeased or discharged is subordinated in right of payment to the Notes, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes on terms at least as favorable to the Holders of the Notes as those contained in the documentation governing the Indebtedness being renewed, refunded, extended, refinanced, replaced, defeased or discharged; and

(4) notwithstanding that the Indebtedness being renewed, refunded, refinanced, extended, replaced, defeased or discharged may have been repaid or discharged by Parent or any of its Restricted Subsidiaries prior to the date on which the new Indebtedness is incurred, Indebtedness that otherwise satisfies the requirements of this definition may be

designated as Permitted Refinancing Indebtedness so long as such renewal, refunding, refinancing, extension, replacement, defeasance or discharge occurred not more than 36 months prior to the date of such incurrence of Permitted Refinancing Indebtedness.

"Permitted Replacement AAdvantage Agreement" shall mean any AAdvantage Agreement entered into by any Issuer Party to replace any Material AAdvantage Agreement (other than the Intercompany Agreement) that has been (or will be) terminated, cancelled or expired; *provided* that:

(1) the Rating Agency Condition has been met;

(2) the counterparty to such Permitted Replacement AAdvantage Agreement shall have a corporate rating from at least two of S&P, Moody's and Fitch of not lower than BBB (or the equivalent thereof), Baa2 (or the equivalent thereof) and BBB (or the equivalent thereof), respectively;

(3) the projected cash payments (as determined in good faith by the Issuer Parties) under such Permitted Replacement AAdvantage Agreement for the immediately succeeding 12 months shall equal no less than 85% of the actual cash payments of the Material AAdvantage Agreement that it is replacing for the 12 months preceding the termination of such Material AAdvantage Agreement;

(4) such Permitted Replacement AAdvantage Agreement shall expressly permit American or the applicable Issuer Party to pledge its rights thereunder to the Master Collateral Agent;

(5) such Permitted Replacement AAdvantage Agreement shall have confidentiality obligations that are not materially more restrictive (taken as a whole) than the confidentiality obligations in the Material AAdvantage Agreements in existence on the date hereof (as determined in good faith by American and the SPV Parties);

(6) such Permitted Replacement AAdvantage Agreement shall not have a scheduled termination date prior to the scheduled termination date of the AAdvantage Agreement being replaced; and

(7) no Early Amortization Event or Event of Default would result therefrom.

It being acknowledged and agreed that so long as the conditions in clauses (1) through (7) of this definition are satisfied, an amendment and restatement, amendment and/or extension of a then existing Material AAdvantage Agreement with an existing counterparty shall constitute a Permitted Replacement AAdvantage Agreement.

"Permitted Warrant Transaction" shall mean any call option, warrant or right to purchase (or substantively equivalent derivative transaction) on Parent's common stock (or a parent company of the Parent's common stock) sold by Parent substantially concurrently with any purchase of a related Permitted Bond Hedge Transaction.

"Person" shall mean any natural person, corporation, division of a corporation, partnership, limited liability company, exempted company, trust, joint venture, association, company, estate, unincorporated organization, Airport Authority or Governmental Authority or any agency or political subdivision thereof.

"Personal Data" shall mean (i) any information or data that alone or together with any other data or information can be used to identify, directly or indirectly, a natural person or otherwise relates to an identified or identifiable natural person and (ii) any other information or data considered to be personally identifiable information or data under applicable law.

"Plan" shall mean a single employer plan, as defined in Section 4001(a)(15) of ERISA, that is a pension plan subject to the provisions of Title IV of ERISA, Sections 412 or 430 of the Code or Section 302 of ERISA.

"Pre-paid Miles Purchases" shall mean the sale by any Issuer Party of pre-paid Miles to a counterparty of an AAdvantage Agreement or another co-brand, partnering or similar agreement relating to the AAdvantage Program or any similar transaction involving a counterparty of such an agreement advancing funds to Parent or any of its Subsidiaries against future payments to Parent or any of its Subsidiaries by such counterparty under such agreement for the purchase of Miles.

"Priority Lien Cap" shall mean, at any time, an amount equal to the sum of (a) $10,000,000,000 *plus* (b) the Incremental Priority Amount at such time (if any).

"Priority Lien Debt" shall mean (i) the Term Loans outstanding under the Credit Agreement on the Closing Date; (ii) the Notes issued and outstanding on the Closing Date; and (iii) any incremental Term Loans incurred or additional notes (including Additional Notes) issued under the Indenture or one or more other indenture(s) or any other Indebtedness incurred, in each case, incurred or issued after the Closing Date pursuant to and in accordance with Section 4.23(c).

"Priority Lien Debt Documents" shall mean any documents, instruments, notes, credit agreements, purchase agreements or other agreements entered into in connection with the incurrence or issuance of any Priority Lien Debt (including the Notes Documents and the Term Loan Documents).

"Private Placement Legend" shall mean the legend set forth in Section 2.06(g)(i) hereof to be placed on all Notes issued under this Indenture, except where otherwise permitted by the provisions of this Indenture.

"Pro Rata Share" shall mean, on any date, a proportion equal to (a) the aggregate principal amount of the Notes (or applicable Series of Notes, as the case may be) outstanding on such date divided by (b) the aggregate principal amount of Priority Lien Debt outstanding on such date.

"proceeds" shall mean all "proceeds" as such term is defined in Article 9 of the UCC, including, without limitation, payments or distributions made with respect to any investment property, whatever is receivable or received when Collateral or proceeds are sold,

leased, licensed, exchanged, collected or otherwise disposed of, whether such disposition is voluntary or involuntary, and any and all proceeds of loans.

"Property" shall mean any interest in any kind of property or asset, whether real, personal or mixed, and whether tangible or intangible.

"QIB" shall mean a "qualified institutional buyer" as defined in Rule 144A.

"Qualified Receivables Transaction" shall mean any transaction or series of transactions entered into by Parent or any of its Subsidiaries (other than the SPV Parties) pursuant to which Parent or any of its Subsidiaries (other than the SPV Parties) sells, conveys or otherwise transfers to (a) a Receivables Subsidiary or any other Person other than any SPV Party (in the case of a transfer by Parent or any of its Subsidiaries) and (b) any other Person other than any SPV Party (in the case of a transfer by a Receivables Subsidiary), or grants a security interest in, any Receivables (whether now existing or arising in the future) of Parent or any of its Subsidiaries (other than any SPV Party), and any assets related thereto including, without limitation, all Equity Interests and other investments in the Receivables Subsidiary, all collateral securing such Receivables, all contracts and all guarantees or other obligations in respect of such Receivables, proceeds of such Receivables and other assets which are customarily transferred or in respect of which security interests are customarily granted in connection with asset securitization transactions involving Receivables, other than assets that constitute Collateral or proceeds of Collateral. For the avoidance of doubt, in no event shall (i) any SPV Party be permitted to enter into any Qualified Receivables Transaction or (ii) any assets that constitute Collateral be pledged, sold, conveyed or otherwise transferred under or in connection with any Qualified Receivables Transaction.

"Qualified Replacement Assets" shall mean assets used or useful in the business of any Issuer Party that shall be pledged as Collateral on a first lien basis.

"Qualifying Equity Interests" shall mean Equity Interests of Parent other than Disqualified Stock.

"Quarterly Reporting Period" shall mean (a) initially, the period commencing on the Closing Date and ending on June 30, 2021, and (b) thereafter, each successive period of three consecutive months.

"Quotation Agent" shall mean one of the Reference Treasury Dealers appointed by the Issuers.

"Rating Agency" shall mean (1) each of Fitch, Moody's, and S&P, and (2) if any of Fitch, Moody's, or S&P ceases to rate the Notes or fails to make a rating of the Notes publicly available for reasons outside of American's control, a "nationally recognized statistical rating organization" as defined in Section 3 (a)(62) of the Exchange Act, selected by American (as certified by a resolution of American's Board of Directors) as a replacement agency for Fitch, Moody's, or S&P, or all of them, as the case may be.

"Rating Agency Condition" shall mean, with respect to any then-outstanding Notes and any applicable action, the Issuers have provided evidence to the Trustee that each Rating Agency that has provided a rating for the Notes at such time has provided a written

confirmation that such action will not result in either (A) a withdrawal of its credit ratings on the then-outstanding Notes or (B) the assignment of credit ratings on the then-outstanding Notes below the lower of (x) the then-current credit ratings on such Notes and (y) the initial credit ratings assigned to such Notes (in each case, without negative implications); *provided* that any time that there are no Notes rated by a Rating Agency, references to any condition or requirement that the "Rating Agency Condition" shall have been satisfied shall have no effect and no such action shall be required.

"Receivables" shall mean Accounts, and shall also include ticket receivables, sales of frequent flyer miles and other present and future revenues and receivables that may be the subject of a Qualified Receivables Transaction.

"Receivables Repurchase Obligation" shall mean any obligation of a seller of Receivables in a Qualified Receivables Transaction to repurchase Receivables and related assets arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a Receivable or portion thereof becoming subject to any asserted defense, dispute, offset or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"Receivables Subsidiary" shall mean (x) a Subsidiary of Parent (other than the SPV Parties) which engages in no activities other than in connection with the financing or securitization of Receivables and which is designated by the Board of Directors of American or of Parent (as provided below) as a Receivables Subsidiary (a) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (1) is guaranteed by Parent or any Restricted Subsidiary of Parent (other than comprising a pledge of the Capital Stock or other interests in such Receivables Subsidiary (an "incidental pledge"), and excluding any guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to representations, warranties, covenants and indemnities entered into in the Ordinary Course of Business in connection with a Qualified Receivables Transaction), (2) is recourse to or obligates Parent or any Restricted Subsidiary of Parent in any way other than through an incidental pledge or pursuant to representations, warranties, covenants and indemnities entered into in the Ordinary Course of Business in connection with a Qualified Receivables Transaction or (3) subjects any property or asset of Parent or any Subsidiary of Parent (other than accounts receivable and related assets as provided in the definition of "Qualified Receivables Transaction"), directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to representations, warranties, covenants and indemnities entered into in the Ordinary Course of Business in connection with a Qualified Receivables Transaction, (b) with which neither Parent nor any Subsidiary of Parent has any material contract, agreement, arrangement or understanding (other than pursuant to the Qualified Receivables Transaction) other than (i) on terms no less favorable to Parent or such Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of Parent, and (ii) fees payable in the Ordinary Course of Business in connection with servicing accounts receivable and (c) with which neither Parent nor any Subsidiary of Parent has any obligation to maintain or preserve such Subsidiary's financial condition, other than a minimum capitalization in customary amounts, or to cause such Subsidiary to achieve certain levels of operating results or (y) any Subsidiary of a Receivables Subsidiary. Any such designation by the Board of Directors of American or of Parent will be evidenced to the Trustee by filing with the Trustee a certified copy of the resolution of the Board of Directors of American or of Parent giving effect to such designation and an Officer's

Certificate certifying that such designation complied with the foregoing conditions. For the avoidance of doubt, (A) Parent and any Restricted Subsidiary of Parent (other than any SPV Party) may enter into Standard Securitization Undertakings for the benefit of a Receivables Subsidiary, and (B) in no event shall any SPV Party (i) be a Receivables Subsidiary, (ii) be permitted to enter into any Qualified Receivables Transaction or (iii) have any obligations (whether contingent or otherwise) under, with respect to or in connection with any Qualified Receivables Transaction (including any Standard Securitization Undertakings) in any manner whatsoever.

"Recovery Event" shall mean any settlement of or payment in respect of any property or casualty insurance claim or any condemnation proceeding relating to any Collateral.

"Reference Treasury Dealer" shall mean each of Goldman Sachs & Co. LLC, Barclays Capital Inc. and Citibank, N.A. or one of their respective affiliates; provided, however, that if any of the foregoing shall cease to be a primary U.S. Government securities dealer in New York City (a "Primary Treasury Dealer"), the Issuers will substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" shall mean, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Issuers, of the bid and asked prices for the Comparable Treasury Issue for the applicable Series of Notes (expressed in each case as a percentage of its principal amount) quoted in writing to us and the Trustee by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such redemption date.

"Regional Airline" shall mean Envoy Aviation Group Inc., Piedmont Airlines, Inc. and PSA Airlines, Inc. and their respective Subsidiaries.

"Regulation S" shall mean Regulation S promulgated under the Securities Act.

"Regulation S Global Note" shall mean a Regulation S Temporary Global Note or Regulation S Permanent Global Note, as applicable.

"Regulation S Permanent Global Note" shall mean a permanent Global Note in the form of Exhibit A-1 hereto for a 2026 Note or substantially in the form of Exhibit A-2 hereto for a 2029 Note, in each case bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of and registered in the name of the Notes Depositary or its nominee, issued in a denomination equal to the outstanding principal amount of the Regulation S Temporary Global Note upon expiration of the Restricted Period.

"Regulation S Temporary Global Note" shall mean a temporary Global Note in the form of Exhibit A-1 hereto for a 2026 Note or substantially in the form of Exhibit A-2 hereto for a 2029 Note, in each case bearing the Global Note Legend, the Private Placement Legend and the Regulation S Temporary Global Note Legend and deposited with or on behalf of and registered in the name of the Notes Depositary or its nominee, issued in a denomination equal to the outstanding principal amount of the Notes initially sold in reliance on Rule 903.

"Regulation S Temporary Global Note Legend" shall mean the legend set forth in Section 2.06(g)(iii) hereof.

"Related Quarterly Reporting Period" shall mean, with respect to any Allocation Date, Determination Date or Payment Date, the most recently completed Quarterly Reporting Period.

"Required Debtholders" has the meaning ascribed to such term in the Collateral Agency and Accounts Agreement.

"Required Number of Independent Directors" shall mean, (x) with respect to HoldCo 1 and HoldCo 2, one (1) Independent Director, and (y) with respect to each other SPV Party, two (2) Independent Directors.

"Requirement of Law" shall mean, with respect to any Person, the common law and any federal, state, local, foreign, multinational or international laws, statutes, codes, treaties, standards, rules and regulations, ordinances, orders, judgments, writs, injunctions, decrees (including administrative or judicial precedents or authorities) and the interpretation or administration thereof by, and other determinations, directives, or requirements of, any Governmental Authority, in each case having the force of law and that are applicable to or binding upon such Person or any of its Property or to which such Person or any of its Property is subject.

"Responsible Officer" shall mean, with respect to any Person other than the Trustee or the Collateral Custodian, the Chairman of the Board of Directors, the Vice Chairman of the Board of Directors, any Director of the Board of Directors, the President, the Chief Financial Officer, any Executive Vice President, any Senior Vice President, any Vice President, the Secretary, any Assistant Corporate Secretary, the Treasurer or any Assistant Treasurer and, with respect to the Trustee of the Collateral Custodian, any officer within the Corporate Trust Office of the Trustee of the Collateral Custodian (or any successor division, unit, or group of the trustee or the Collateral Custodian) who shall have direct responsibility for the administration of this Indenture.

"Restricted Definitive Note" shall mean a Definitive Note bearing the Private Placement Legend.

"Restricted Global Note" shall mean a Global Note bearing the Private Placement Legend.

"Restricted Investment" shall mean an Investment other than a Permitted Investment.

"Restricted Period" shall mean the 40-day distribution compliance period as defined in Regulation S.

"Restricted Subsidiary" of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary.

"Retained Agreements" shall mean, at any time, all currently existing co-branding agreements, partnering agreements, airline-to-airline frequent flyer program agreements or similar agreements related to or entered into in connection with the AAdvantage Program, in each case, as amended, restated, extended, replaced, supplemented or otherwise modified from time to time, and with respect to which the rights therein have not been transferred to Loyalty Co to the extent permitted under Section 4.16(j), but excluding the American Airline Business Agreements.

"Rule 144" shall mean Rule 144 promulgated under the Securities Act.

"Rule 144A" shall mean Rule 144A promulgated under the Securities Act.

"Rule 903" shall mean Rule 903 promulgated under the Securities Act.

"Rule 904" shall mean Rule 904 promulgated under the Securities Act.

"S&P" shall mean Standard & Poor's Ratings Services and its successors.

"Sale of a Grantor" shall mean, with respect to any Collateral, an issuance, sale, lease, conveyance, transfer or other disposition of:

(i) in the case where the Grantor that owns such Collateral is an SPV Party, the Equity Interests of such Grantor, or

(ii) in the case of any other Grantor, the Capital Stock of the applicable Grantor that owns such Collateral,

other than (1) an issuance of Equity Interests by a Grantor to Parent or another Restricted Subsidiary of Parent and (2) an issuance of directors' qualifying shares.

"Sanctions" shall mean economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by the United States government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State.

"Scheduled Maturity" shall mean, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the Closing Date, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"Scheduled Principal Amortization Amount" shall mean the 2026 Notes Scheduled Principal Amortization Amount or the 2029 Notes Scheduled Principal Amortization Amount, as applicable.

"SEC" shall mean the U.S. Securities and Exchange Commission.

"Securities Act" shall mean the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

"Security Agreement" shall mean that certain Security Agreement, dated on or prior to the Closing Date, among Loyalty Co, HoldCo 1, HoldCo 2, certain other grantors party thereto from time to time and the Master Collateral Agent, as it may be amended, supplemented, restated or otherwise modified from time to time.

"Senior Secured Amortization Amount" shall mean, with respect to any Payment Date, the sum of:

(a) the Scheduled Principal Amortization Amount that will be due on such Payment Date for each Series of Notes; and

(b) the sum of the "Scheduled Principal Amortization Amounts" (as such term, or such similar or analogous term, is defined in the other applicable Senior Secured Debt Documents) that will be due on such Payment Date for each Series of Senior Secured Debt (other than the Notes) (but excluding, for the avoidance of doubt, any balloon or bullet payments of the principal amount thereof at final maturity thereof).

"Senior Secured Debt" has the meaning ascribed to such term in the Collateral Agency and Accounts Agreement.

"Senior Secured Debt Documents" has the meaning ascribed to such term in the Collateral Agency and Accounts Agreement.

"Senior Secured Debt Event of Default" has the meaning ascribed to such term in the Collateral Agency and Accounts Agreement.

"Senior Secured Debt Obligations" has the meaning ascribed to such term in the Collateral Agency and Accounts Agreement.

"Senior Secured Debt Representative" has the meaning ascribed to such term in the Collateral Agency and Accounts Agreement.

"Senior Secured Parties" has the meaning ascribed to such term in the Collateral Agency and Accounts Agreement.

"Series" shall mean any series of Notes established pursuant to this Indenture.

"Series of Senior Secured Debt" has the meaning ascribed to such term in the Collateral Agency and Accounts Agreement.

"Specified Acquisition Entity" shall mean any entity that is (x) acquired by American or any of its Subsidiaries (other than any SPV Party) after the Closing Date (whether such entity becomes wholly or less than 100% owned by American or any of its Subsidiaries (other than any SPV Party)) or (y) another commercial airline (including any business lines or divisions thereof) with which American or such a Subsidiary of American merges or enters into an acquisition transaction

"Specified Intellectual Property" shall mean (i) any AAdvantage Intellectual Property (A) listed in any Contribution Agreement entered into on the Closing Date as being Specified Intellectual Property, or (B) consisting of trademarks developed or acquired after the Closing Date, in each case, which cannot be transferred or contributed due to applicable law or regulation in any applicable jurisdictions, applicable privacy policy restrictions, domain registrar restrictions or existing contractual restrictions; or (ii) Composite Marks that must, by determination of an applicable trademark office for a particular country, be owned by an entity that otherwise owns the related contributed property.

"Specified Minority Owned Program" shall mean the primary Loyalty Program operated by China Southern Airlines or any other airline (or entity that operates the loyalty program thereof) in which Parent and its applicable Subsidiaries have a Non-Control Investment, in each case only so long as such entity remains a Non-Control Investment of Parent and its applicable Subsidiaries.

"Specified Organization Documents" shall mean (i) the Amended and Restated Memorandum and Articles of Association of Loyalty Co, dated the Closing Date, (ii) the Amended and Restated Memorandum and Articles of Association of HoldCo2, dated the Closing Date, (iii) the Amended and Restated Memorandum and Articles of Association of HoldCo1, dated the Closing Date and (iv) the Memorandum and Articles of Association of each Permitted Loyalty Subsidiary (if any), in each case as amended from time to time.

"SPV Guarantors" shall mean HoldCo1, HoldCo2 and any Permitted Loyalty Subsidiaries.

"SPV Parties" shall mean Loyalty Co, HoldCo1, HoldCo2 and any Permitted Loyalty Subsidiaries.

"SPV Party Change of Control" shall mean the occurrence of any of the following:

(i) the failure of American to directly own 100% of the Equity Interests in HoldCo 1 (excluding any special share(s) issued to Walkers Fiduciary Limited);

(ii) the failure of HoldCo 1 to directly own 100% of the Equity Interests in HoldCo 2 (excluding any special share(s) issued to Walkers Fiduciary Limited); or

(iii) the failure of HoldCo 2 to directly own 100% of the Equity Interests in Loyalty Co (excluding any special share(s) issued to Walkers Fiduciary Limited).

"SPV Provisions" shall mean the definitions and articles specified in the definition of "Prohibited Resolutions" (or comparable term) in the Specified Organization Documents of each SPV Party.

"Standard Securitization Undertakings" means all representations, warranties, covenants, indemnities, performance Guarantees and servicing obligations entered into by Parent or any Subsidiary (other than a Receivables Subsidiary), which are customary in connection with any Qualified Receivables Transaction.

"Stated Maturity" shall mean, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the Closing Date, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"Subsidiary" shall mean, with respect to any Person:

(1) any corporation, association or other business entity (other than a partnership, joint venture or limited liability company) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders' agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person (or a combination thereof); and

(2) any partnership, joint venture or limited liability company of which (A) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise and (B) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"Subsidiary Guarantor" shall mean each Guarantor (other than Parent and the SPV Guarantors).

"Taxes" shall mean any and all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees, or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Term Loan Documents" shall mean the Credit Agreement, the Collateral Documents, and all other documents designated as "Loan Documents" (or similar terms) in or pursuant to the Credit Agreement.

"Term Loans" shall mean all term loans made pursuant to the Credit Agreement (including any term loan refinancings or replacements thereof).

"Termination Date" shall mean, (1) for the 2026 Notes, the earlier to occur of (a) April 20, 2026 and (b) the date of acceleration of the 2026 Notes in accordance with the terms of this Indenture and (2) for the 2029 Notes, the earlier to occur of (a) April 20, 2029 and (b) the date of acceleration of the 2029 Notes in accordance with the terms of this Indenture.

"Third-Party Processors" shall mean a third-party provider or other third party that accesses, collects, stores, transmits, transfers, processes, discloses or uses Personal Data on behalf of an Issuer.

"Trade Secrets" shall mean confidential and proprietary information, including trade secrets (as defined under the Uniform Trade Secrets Act or the federal Defend Trade Secrets Act of 2016, or as otherwise defined in the applicable jurisdiction) and proprietary know-how, which may include all inventions (whether or not patentable), invention disclosures, methods, processes, designs, algorithms, source code, customer lists and data (including AAdvantage Customer Data), databases, compilations, collections of data, practices, processes, specifications, test procedures, flow diagrams, research and development, and formulas.

"Transaction Documents" shall mean the Notes Documents, the IP Agreements, the Intercompany Agreement, the American Intercompany Note, the Deeds of Undertaking, the Co-Branded Consents and the Specified Organization Documents.

"Transaction Revenue" shall mean, without duplication, (a) all payments in cash paid to any Issuer Party under the AAdvantage Agreements other than the Intercompany Agreement, (b) all payments in cash paid to Loyalty Co under the Intercompany Agreement and the IP Licenses and (c) all other payments in cash received by Loyalty Co. For the avoidance of doubt, Transaction Revenues shall not include (i) payments made by any SPV Party to any other SPV Party, (ii) any Permitted Deposit Amounts and (iii) any taxes paid to Loyalty Co that Loyalty Co collects for, or on behalf of, any Governmental Authority.

"Treasury Rate" shall mean, with respect to any redemption date for either Series of Notes, (1) the yield, under the heading which represents the average for the immediately preceding week, as reported on the most recent H.15 page available through the website of the Board of Governors of the Federal Reserve System, or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities," for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the maturity date of the applicable Series of Notes to be redeemed, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined, and the Treasury Rate shall be interpolated or extrapolated from such yields on a straight-line basis, rounding to the nearest month) or (2) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue for the applicable Series of Notes, calculated using a price for the Comparable Treasury Issue for the applicable Series of Notes (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for the applicable Series of Notes for such redemption date. The Treasury Rate will be calculated by the Issuers on the third Business Day preceding the redemption date.

"Trust Indenture Act" shall mean the Trust Indenture Act of 1939, as amended, and the rules and regulations thereunder as in effect on the date hereof.

"Trustee" shall mean Wilmington Trust, National Association, as trustee, until a successor replaces it in accordance with the applicable provisions of this Indenture and thereafter means the successor serving hereunder.

"UCC" shall mean the Uniform Commercial Code as in effect from time to time in any applicable jurisdiction.

"Unrestricted Definitive Note" shall mean one or more Definitive Notes that do not bear and are not required to bear the Private Placement Legend.

"Unrestricted Global Note" shall mean a permanent Global Note, substantially in the form of Exhibit A-1 hereto for a 2026 Note or substantially in the form of Exhibit A-2 hereto for a 2029 Note, in each case that bears the Global Note Legend and that has the "Schedule of Exchanges of Interests in the Global Note" attached thereto, and that is deposited with or on behalf of and registered in the name of the Notes Depositary, representing Notes that do not bear the Private Placement Legend.

"Unrestricted Subsidiary" shall mean any Subsidiary of Parent (other than American or any SPV Party) that is designated by an Officer of Parent or American as an Unrestricted Subsidiary in compliance with Section 4.04 or any Subsidiary of an Unrestricted Subsidiary, but only if such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt;

(2) except to the extent permitted under the comparable provision of the Credit Agreement, is not party to any agreement, contract, arrangement or understanding with Parent or any Restricted Subsidiary of Parent unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to Parent or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of Parent;

(3) is a Person with respect to which neither Parent nor any of its Restricted Subsidiaries has any direct or indirect obligation (A) to subscribe for additional Equity Interests or (B) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results;

(4) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of Parent or any of its Restricted Subsidiaries; and

(5) does not own any assets or properties that constitute Collateral.

"US Airways" shall mean US Airways, Inc., a Delaware corporation, which merged with and into American with American as the surviving entity, or such entity's successor.

"U.S. Person" shall mean a U.S. person as defined in Rule 902(k) under the Securities Act.

"Voting Stock" of any specified person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"Weighted Average Life to Maturity" shall mean, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(x) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(y) the then-outstanding principal amount of such Indebtedness.

Section 1.02 Other Definitions.

Term	Defined in Section
"Agreed Guarantee Principles"	4.12(c)
"Alternative Madrid SPV"	4.31(g)
"Alternative Madrid Structure"	4.31(g)
"American"	Preamble
"American Agreements"	Definition of "American Case Milestones"
"Applicable Mandatory Repurchase Offer Proceeds"	3.09(e)
"Applicable Mandatory Prepayment Amount"	3.08(d)
"Assumption Motion"	Definition of "American Case Milestones"
"Assumption Order"	Definition of "American Case Milestones"
"Authentication Order"	2.02
"Bankruptcy Case"	Definition of "American Case Milestones"
"Bankruptcy Court"	Definition of "American Case Milestones"
"Cash Bond"	Definition of "American Case Milestones"
"Covenant Defeasance"	8.03
"CP Excess Proceeds"	3.09(c)
"CP Mandatory Repurchase Offer"	3.09(c)

Term	Defined in Section
“CP Mandatory Repurchase Offer Proceeds”	3.09(c)
“CP Threshold Amount”	3.09(c)
“CS Excess Proceeds”	3.09(b)
“CS Mandatory Repurchase Offer”	3.09(b)
“CS Mandatory Repurchase Offer Proceeds”	3.09(b)
“CS Threshold Amount”	3.09(b)
“Cure Amounts”	4.33
“Debtors”	Definition of “American Case Milestones”
“Early Amortization Event”	6.01(a)
“Event of Default”	6.02(a)
“Excess PPM Net Proceeds”	3.08(b)
“Fraudulent Transfer Laws”	12.01(a)
“guarantor”	Definition of “Guarantee”
“Initial Notes”	Recitals
“Issuance Mandatory Prepayment Amount”	3.08(a)
“Issuance Prepayment Date”	3.08(a)
“Issuers”	Preamble
“Legal Defeasance”	8.02(a)
“Loyalty Co”	Preamble
“Madrid IP Lux Holdco”	4.31(f)
“Madrid IP Lux Holdco 2”	4.31(f)
“Madrid Protocol Holding Structure”	4.31(f)
“Mandatory Repurchase Offer Price”	3.09(f)
“Mandatory Prepayment Event”	3.08(d)
“Mandatory Repurchase Date”	3.09(f)
“Mandatory Repurchase Offer”	3.09(e)
“Mandatory Repurchase Offer Notices”	3.09(h)
“Mandatory Repurchase Offer Period”	3.09(f)
“Note Guarantees”	10.01(a)
“Note Register”	2.03
“Notes Payment Account”	4.18(a)
“Notes Reserve Account”	4.17(a)
“parent”	Definition of “Subsidiary”
“Parent Change of Control Offer”	4.34(a)
“Parent Change of Control Payment”	4.34(a)
“Parent Change of Control Payment Date”	4.34(a)
“Petition Date”	Definition of “American Case Milestones”

Term	Defined in Section
"PPM Mandatory Prepayment Amount"	3.08(b)
"PPM Mandatory Prepayment Event"	3.08(b)
"PPM Prepayment Date"	3.08(b)
"Prepayment Date"	3.08(d)
"Prepayment Record Date"	3.08(e)
"primary obligor"	Definition of "Guarantee"
"RE Excess Proceeds"	3.09(a)
"RE Mandatory Repurchase Offer"	3.09(a)
"RE Mandatory Repurchase Offer Proceeds"	3.09(a)
"RE Threshold Amount"	3.09(a)
"Redemption Date"	3.07(a)
"Registrar"	2.03
"Required Currency"	12.18
"Restricted Payments"	4.22(a)
"Shortfall Period"	4.33
"AAdvantage Customer Database"	4.31(e)
"Specified Loyalty Program"	Definition of "Incremental Priority Amount"
"Trustee"	8.05(a)

Section 1.03 [Reserved].

Section 1.04 Rules of Construction.

Unless the context otherwise requires:

(a) a term has the meaning assigned to it;

(b) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(c) "or" is not exclusive;

(d) words in the singular include the plural, and in the plural include the singular;

(e) "will" shall be interpreted to express a command;

(f) provisions apply to successive events and transactions;

(g) references to sections of, or rules under, the Securities Act shall be deemed to include substitute, replacement or successor sections or rules adopted by the SEC from time to time;

(h) unless the context otherwise requires, any reference to an "Article," "Section," "clause" or "Exhibit" refers to an Article, Section, clause or Exhibit, as the case may be, of this Indenture; and

(i) the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not any particular Article, Section, clause, other subdivision or Exhibit.

Section 1.05 Acts of Holders.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments or records of substantially similar tenor signed by such Holders in person or by an agent duly appointed in writing. Except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments or record or both are delivered to the Trustee and, where it is hereby expressly required, to the Issuers. Proof of execution of any such instrument or of a writing appointing any such agent, or the holding by any Person of a Note, shall be sufficient for any purpose of this Indenture and (subject to Section 7.01) conclusive in favor of the Trustee and the Issuers, if made in the manner provided in this Section 1.05.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by or on behalf of any legal entity other than an individual, such certificate or affidavit shall also constitute proof of the authority of the Person executing the same. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner that the Trustee deems sufficient.

(c) The ownership of Notes shall be proved by the Note Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other action by the Holder of any Note shall bind every future Holder of the same Note and the Holder of every Note issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof, in respect of any action taken, suffered or omitted by the Trustee or the Issuers in reliance thereon, whether or not notation of such action is made upon such Note.

(e) The Issuers may, in the circumstances permitted by the Trust Indenture Act, set a record date for purposes of determining the identity of Holders entitled to give any request, demand, authorization, direction, notice, consent, waiver or take any other act, or to vote or consent to any action by vote or consent authorized or permitted to be given or taken by Holders. Unless otherwise specified, if not set by the Issuers prior to the first solicitation of a Holder made by any Person in respect of any such action, or in the case of any such vote, prior to such vote, any such

record date shall be the later of 30 days prior to the first solicitation of such consent or the date of the most recent list of Holders furnished to the Trustee prior to such solicitation.

(f) Without limiting the foregoing, a Holder entitled to take any action hereunder with regard to any particular Note may do so with regard to all or any part of the principal amount of such Note or by one or more duly appointed agents, each of which may do so pursuant to such appointment with regard to all or any part of such principal amount. Any notice given or action taken by a Holder or its agents with regard to different parts of such principal amount pursuant to this Section 1.05(f) shall have the same effect as if given or taken by separate Holders of each such different part.

(g) Without limiting the generality of the foregoing, a Holder, including a Notes Depositary as the Holder of a Global Note, may make, give or take, by a proxy or proxies duly appointed in writing, any request, demand, authorization, direction, notice, consent, waiver or other action provided in this Indenture to be made, given or taken by Holders, and such Notes Depositary may provide its proxy or proxies to the beneficial owners of interests in any such Global Note through such depositary's standing instructions and customary practices.

(h) The Issuers may fix a record date for the purpose of determining the Persons who are beneficial owners of interests in any Global Note held by a Notes Depositary entitled under the Applicable Procedures to make, give or take, by a proxy or proxies duly appointed in writing, any request, demand, authorization, direction, notice, consent, waiver or other action provided in this Indenture to be made, given or taken by Holders. If such a record date is fixed, the Holders on such record date or their duly appointed proxy or proxies, and only such Persons, shall be entitled to make, give or take such request, demand, authorization, direction, notice, consent, waiver or other action, whether or not such Holders remain Holders after such record date. No such request, demand, authorization, direction, notice, consent, waiver or other action shall be valid or effective if made, given or taken more than 90 days after such record date.

ARTICLE 2

THE NOTES

Section 2.01 Form and Dating; Terms.

(a) General. The Notes and the Trustee's certificate of authentication shall be substantially in the form of Exhibit A-1 hereto for a 2026 Note or substantially in the form of Exhibit A-2 hereto for a 2029 Note. The Notes may have notations, legends or endorsements required by law, stock exchange rules or usage. Each Note shall be dated the date of its authentication. The Notes shall be in minimum denominations of $2,000 and integral multiples of $1.00 in excess thereof.

(b) Global Notes. Notes issued in global form shall be substantially in the form of Exhibit A-1 hereto for a 2026 Note or substantially in the form of Exhibit A-2 hereto for a 2029 Note (including the Global Note Legend thereon and the "Schedule of Exchanges of Interests in the Global Note" attached thereto). Notes issued in definitive form shall be substantially in the form of Exhibit A-1 hereto for a 2026 Note or substantially in the form of

Exhibit A-2 hereto for a 2029 Note (but without the Global Note Legend thereon and without the "Schedule of Exchanges of Interests in the Global Note" attached thereto). Each Global Note shall represent such of the outstanding Notes as shall be specified in the "Schedule of Exchanges of Interests in the Global Note" attached thereto and each shall provide that it shall represent up to the aggregate principal amount of Notes from time to time endorsed thereon and that the aggregate principal amount of outstanding Notes represented thereby may from time to time be reduced or increased, as applicable, to reflect prepayments, repurchases, exchanges and redemptions. Any endorsement of a Global Note to reflect the amount of any increase or decrease in the aggregate principal amount of outstanding Notes represented thereby resulting from exchange from one Global Note to another shall be made by the Trustee in accordance with instructions given by the Holder thereof as required by Section 2.06 hereof.

(c) Temporary Global Notes. Notes offered and sold in reliance on Regulation S shall be issued initially in the form of the Regulation S Temporary Global Note, which shall be deposited on behalf of the purchasers of the Notes represented thereby with the Trustee, as custodian for the Notes Depositary, and registered in the name of the Notes Depositary or the nominee of the Notes Depositary for the accounts of designated agents holding on behalf of Euroclear or Clearstream, duly executed by the Issuers and authenticated by the Trustee as hereinafter provided.

Following the termination of the Restricted Period, beneficial interests in the Regulation S Temporary Global Note shall be exchanged for beneficial interests in the Regulation S Permanent Global Note pursuant to the Applicable Procedures. Simultaneously with the authentication of the Regulation S Permanent Global Note, the Trustee shall cancel the Regulation S Temporary Global Note. The aggregate principal amount of the Regulation S Temporary Global Note and the Regulation S Permanent Global Note may from time to time be increased or decreased by adjustments made on the records of the Trustee and the Notes Depositary or its nominee, as the case may be, in connection with transfers of interest, exchanges, prepayments, repurchases and redemption as hereinafter provided.

(d) Terms. The aggregate principal amount of Notes that may be authenticated and delivered under this Indenture is unlimited.

The terms and provisions contained in the Notes in Exhibit A-1 and Exhibit A-2 attached hereto shall constitute, and are hereby expressly made, a part of this Indenture and the Issuers, the Guarantors and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby. However, to the extent any provision of any Note conflicts with the express provisions of this Indenture, the provisions of this Indenture shall govern and be controlling.

The Notes shall be subject to repurchase by the Issuers pursuant to a Mandatory Repurchase Offer as provided in Section 3.09 hereof or a Parent Change of Control Offer as provided in Section 4.34 hereof. The Notes shall not be redeemable or prepayable, other than as provided in Article 3.

Additional Notes ranking *pari passu* with the 2026 Notes or the 2029 Notes, as applicable, may be created and issued from time to time by the Issuers without notice to or consent of the Holders and shall be consolidated with and form a single class with such

applicable Initial Notes and shall have identical terms and conditions (other than the issue price, issuance date, first Payment Date, the date from which interest will accrue, CUSIP and/or other securities numbers and, to the extent necessary, certain temporary securities law transfer restrictions) as such Initial Notes; *provided*, that the Issuers' ability to issue Additional Notes shall be subject to the Issuers' compliance with Section 4.23 hereof. Any Additional Notes shall be issued with the benefit of an indenture supplemental to this Indenture. Upon issuance of Additional Notes, the remaining applicable Scheduled Principal Amortization Amounts shall be increased on a *pro rata* basis to reflect such issuance, which increase will occur automatically upon the issuance of such Additional Notes.

(e) Euroclear and Clearstream Procedures Applicable. The provisions of the "Operating Procedures of the Euroclear System" and "Terms and Conditions Governing Use of Euroclear" and the "General Terms and Conditions of Clearstream Banking" and "Customer Handbook" of Clearstream shall be applicable to transfers of beneficial interests in the Regulation S Temporary Global Note and the Regulation S Permanent Global Notes that are held by Participants through Euroclear or Clearstream.

Section 2.02 Execution and Authentication.

One or more Responsible Officers of each Issuer shall sign the Notes on behalf of the Issuers by manual or facsimile signature.

If an Officer whose signature is on a Note no longer holds that office at the time a Note is authenticated, the Note shall nevertheless be valid.

A Note shall not be valid until authenticated by the manual signature of the Trustee or an authenticating agent. The signature shall be conclusive evidence that the Note has been authenticated under this Indenture. A Note shall be dated the date of its authentication unless otherwise provided by resolution of the Board of Directors of the Issuers, a supplemental indenture or an Officer's Certificate. On the Closing Date, the Trustee shall, upon receipt of an Issuer Order (an "Authentication Order"), authenticate and deliver the Initial Notes. In addition, at any time, from time to time, the Trustee shall upon receipt of an Authentication Order authenticate and deliver any Additional Notes for an aggregate principal amount specified in such Authentication Order for such Additional Notes issued hereunder.

The Trustee may appoint an authenticating agent acceptable to the Issuers to authenticate Notes. An authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as any Registrar, Paying Agent or agent of services of notices and demands.

Section 2.03 Registrar and Paying Agent.

The Issuers shall maintain an office or agency where Notes may be presented for registration of transfer or for exchange ("Registrar") and an office or agency where Notes may be presented for payment ("Paying Agent"). The Registrar shall keep a register of the Notes ("Note Register") and of their transfer and exchange. The Issuers may have one or more co-registrars

and one or more additional paying agents. The term "Registrar" includes any co-registrar and the term "Paying Agent" includes any additional paying agent. The Issuers may change any Paying Agent or Registrar without prior notice to any Holder. If the Issuers fail to appoint or maintain another entity as Registrar or Paying Agent, the Trustee shall act as such. The Issuers hereby appoint the Trustee at its Corporate Trust Office as Registrar and Paying Agent for the Notes unless another Registrar or Paying Agent, as the case may be, is appointed prior to the time the Notes are first issued. The Issuers shall notify the Trustee of the name and address of any Agent not a party to this Indenture.

The Issuers initially appoint DTC to act as Notes Depositary with respect to the Global Notes.

Section 2.04 Paying Agent to Hold Money in Trust.

The Issuers shall require each Paying Agent other than the Trustee to agree in writing that the Paying Agent shall hold in trust for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of interest, principal and premium, if any, on the Notes, and shall notify the Trustee of any default by the Issuers in making any such payment. While any such default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee. The Issuers at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than the Issuers or a Subsidiary) shall have no further liability for the money. If the Issuers or a Subsidiary acts as Paying Agent, it shall segregate and hold in a separate trust fund for the benefit of the Holders all money held by it as Paying Agent. Upon any bankruptcy or reorganization proceedings relating to the Issuers, the Trustee shall serve as Paying Agent for the Notes.

Section 2.05 Holder Lists.

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Holders. If the Trustee is not the Registrar, the Issuers shall furnish to the Trustee at least five Business Days before each Payment Date and at such other times as the Trustee may reasonably request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of the Holders of Notes.

Section 2.06 Transfer and Exchange.

(a) Transfer and Exchange of Global Notes. Except as otherwise set forth in this Section 2.06, a Global Note may be transferred, in whole and not in part, only to another nominee of the Notes Depositary or to a successor Notes Depositary or a nominee of such successor Notes Depositary. A beneficial interest in a Global Note may not be exchanged for a Definitive Note unless (i) the Notes Depositary (x) notifies the Issuers that it is unwilling or unable to continue as Depositary for such Global Note or (y) has ceased to be a clearing agency registered under the Exchange Act and, in either case, a successor Notes Depositary is not appointed by the Issuers within 120 days or (ii) there shall have occurred and be continuing a Default or Event of Default with respect to the Notes. Upon the occurrence of any of the preceding events in (i) or (ii) above, Definitive Notes delivered in exchange for any Global Note

or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by or on behalf of the Notes Depositary (in accordance with its customary procedures). Global Notes also may be exchanged or replaced, in whole or in part, as provided in Section 2.07 and Section 2.10 hereof. Every Note authenticated and delivered in exchange for, or in lieu of, a Global Note or any portion thereof, pursuant to this Section 2.06 or Section 2.07 or Section 2.10 hereof, shall be authenticated and delivered in the form of, and shall be, a Global Note, except for Definitive Notes issued subsequent to any of the preceding events in (i) or (ii) above and pursuant to Section 2.06(b)(ii)(B) and Section 2.06(c) hereof. A Global Note may not be exchanged for another Note other than as provided in this Section 2.06(a); *provided*, *however*, beneficial interests in a Global Note may be transferred and exchanged as provided in Section 2.06(b) or Section 2.06(c) hereof.

(b) Transfer and Exchange of Beneficial Interests in the Global Notes. The transfer and exchange of beneficial interests in the Global Notes shall be effected through the Notes Depositary, in accordance with the provisions of this Indenture and the Applicable Procedures. Beneficial interests in the Restricted Global Notes shall be subject to restrictions on transfer comparable to those set forth herein to the extent required by the Securities Act. Transfers of beneficial interests in the Global Notes also shall require compliance with either subparagraph (i) or (ii) below, as applicable, as well as one or more of the other following subparagraphs, as applicable:

(i) Transfer of Beneficial Interests in the Same Global Note. Beneficial interests in any Restricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Restricted Global Note in accordance with the transfer restrictions set forth in the Private Placement Legend; *provided*, *however*, that prior to the expiration of the Restricted Period, transfers of beneficial interests in the Regulation S Temporary Global Note may not be made to a U.S. Person or for the account or benefit of a U.S. Person (other than an Initial Purchaser). Beneficial interests in any Unrestricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note. No written orders or instructions shall be required to be delivered to the Registrar to effect the transfers described in this Section 2.06(b)(i).

(ii) All Other Transfers and Exchanges of Beneficial Interests in Global Notes. In connection with all transfers and exchanges of beneficial interests that are not subject to Section 2.06(b)(i) hereof but otherwise comply with the terms of this Indenture, including Section 2.06(a) hereof, the transferor of such beneficial interest must deliver to the Registrar either (A) (1) a written order from a Participant or an Indirect Participant given to the Notes Depositary in accordance with the Applicable Procedures directing the Notes Depositary to credit or cause to be credited a beneficial interest in another Global Note in an amount equal to the beneficial interest to be transferred or exchanged and (2) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase or (B) (1) subsequent to any of the events in clauses (i) or (ii) of Section 2.06(a), a written order from a Participant or an Indirect Participant given to the Notes Depositary in accordance with the Applicable Procedures directing the Notes Depositary to cause to be issued a Definitive Note in an amount equal to the beneficial interest to be transferred or exchanged and (2) instructions given by the Notes Depositary to the Registrar containing

information regarding the Person in whose name such Definitive Note shall be registered to effect the transfer or exchange referred to in (1) above; *provided*, that in no event shall Definitive Notes be issued upon the transfer or exchange of beneficial interests in the Regulation S Temporary Global Note prior to (A) the expiration of the Restricted Period and (B) the receipt by the Registrar of the certificates in the form of Exhibit B hereto. Upon satisfaction of all of the requirements for transfer or exchange of beneficial interests in Global Notes contained in this Indenture and the Notes or otherwise applicable under the Securities Act, the Trustee shall adjust the principal amount of the relevant Global Note(s) pursuant to Section 2.06(h) hereof.

(iii) Transfer of Beneficial Interests to Another Restricted Global Note. A beneficial interest in any Restricted Global Note may be transferred to a Person who takes delivery thereof in the form of a beneficial interest in another Restricted Global Note if the transfer complies with the requirements of Section 2.06(b)(ii) hereof and the Registrar receives the following:

(A) if the transferee will take delivery in the form of a beneficial interest in the 144A Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof; or

(B) if the transferee will take delivery in the form of a beneficial interest in the Regulation S Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof.

(iv) Transfer and Exchange of Beneficial Interests in a Restricted Global Note for Beneficial Interests in an Unrestricted Global Note. A beneficial interest in any Restricted Global Note may be exchanged by any Holder thereof for a beneficial interest in an Unrestricted Global Note or transferred to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note if the exchange or transfer complies with the requirements of Section 2.06(b)(ii) hereof and the Registrar receives the following:

(A) if the Holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a beneficial interest in an Unrestricted Global Note, a certificate from such Holder substantially in the form of Exhibit C hereto, including the certifications in item (1)(a) thereof; or

(B) if the Holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this Section 2.06(b)(iv), if the Registrar or Issuers so requests or if the Applicable Procedures so require, an Opinion of Counsel in

form reasonably acceptable to the Registrar and Issuers to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

If any such transfer is effected pursuant to this Section 2.06(b)(iv) at a time when an Unrestricted Global Note has not yet been issued, the Issuers shall issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the aggregate principal amount of beneficial interests transferred pursuant to this Section 2.06(b)(iv).

Beneficial interests in an Unrestricted Global Note cannot be exchanged for, or transferred to Persons who take delivery thereof in the form of, a beneficial interest in a Restricted Global Note.

(c) Transfer or Exchange of Beneficial Interests for Definitive Notes.

(i) Beneficial Interests in Restricted Global Notes to Restricted Definitive Notes. If any Holder of a beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Restricted Definitive Note, then, upon the occurrence of any of the events in clauses (i) or (ii) of Section 2.06(a) hereof and receipt by the Registrar of the following documentation:

(A) if the Holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note, a certificate from such Holder substantially in the form of Exhibit C hereto, including the certifications in item (2)(a) thereof;

(B) if such beneficial interest is being transferred to a QIB in accordance with Rule 144A, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such beneficial interest is being transferred to a non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (2) thereof;

(D) if such beneficial interest is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (3)(a) thereof;

(E) if such beneficial interest is being transferred to the Issuers, the Guarantors or any of their respective Subsidiaries, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (3)(b) thereof; or

(F) if such beneficial interest is being transferred pursuant to an effective registration statement under the Securities Act, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (3)(c) thereof,

the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(h) hereof, and the Issuers shall execute and upon receipt of an Authentication Order, the Trustee shall authenticate and mail to the Person designated in the instructions a Definitive Note in the applicable principal amount. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c) shall be registered in such name or names and in such authorized denomination or denominations as the Holder of such beneficial interest shall instruct the Registrar through instructions from the Notes Depositary and the Participant or Indirect Participant. The Trustee shall mail such Definitive Notes to the Persons in whose names such Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c)(i) shall bear the Private Placement Legend and shall be subject to all restrictions on transfer contained therein.

(ii) Beneficial Interests in Regulation S Temporary Global Note to Definitive Notes. Notwithstanding Section 2.06(c)(i)(A) and Section 2.06(c)(i)(C) hereof, a beneficial interest in the Regulation S Temporary Global Note may not be exchanged for a Definitive Note or transferred to a Person who takes delivery thereof in the form of a Definitive Note prior to (A) the expiration of the Restricted Period and (B) the receipt by the Registrar of any certifications required pursuant to Exhibit B hereto, except in the case of a transfer pursuant to an exemption from the registration requirements of the Securities Act other than Rule 903 or Rule 904.

(iii) Beneficial Interests in Restricted Global Notes to Unrestricted Definitive Notes. A Holder of a beneficial interest in a Restricted Global Note may exchange such beneficial interest for an Unrestricted Definitive Note or may transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note only upon the occurrence of any of the events in subsection (i) or (ii) of Section 2.06(a) hereof and if the Registrar receives the following:

(A) if the Holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for an Unrestricted Definitive Note, a certificate from such Holder substantially in the form of Exhibit C hereto, including the certifications in item (1)(b) thereof; or

(B) if the Holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such Holder substantially in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case, if the Registrar or Issuers so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar and Issuers to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(iv) Beneficial Interests in Unrestricted Global Notes to Unrestricted Definitive Notes. If any Holder of a beneficial interest in an Unrestricted Global Note proposes to exchange such beneficial interest for a Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Definitive Note, then, upon the occurrence of any of the events in subsection (i) or (ii) of Section 2.06(a) hereof and satisfaction of the conditions set forth in Section 2.06(b)(ii) hereof, the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(h) hereof, and the Issuers shall execute and, upon receipt of an Authentication Order, the Trustee shall authenticate and mail to the Person designated in the instructions a Definitive Note in the applicable principal amount. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(iv) shall be registered in such name or names and in such authorized denomination or denominations as the Holder of such beneficial interest shall instruct the Registrar through instructions from or through the Notes Depositary and the Participant or Indirect Participant. The Trustee shall mail such Definitive Notes to the Persons in whose names such Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(iv) shall not bear the Private Placement Legend.

(d) Transfer and Exchange of Definitive Notes for Beneficial Interests.

(i) Restricted Definitive Notes to Beneficial Interests in Restricted Global Notes. If any Holder of a Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note or to transfer such Restricted Definitive Note to a Person who takes delivery thereof in the form of a beneficial interest in a Restricted Global Note, then, upon receipt by the Registrar of the following documentation:

(A) if the Holder of such Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note, a certificate from such Holder substantially in the form of Exhibit C hereto, including the certifications in item (2)(b) thereof;

(B) if such Restricted Definitive Note is being transferred to a QIB in accordance with Rule 144A, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such Restricted Definitive Note is being transferred to a non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (2) thereof;

(D) if such Restricted Definitive Note is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (3)(a) thereof;

(E) if such Restricted Definitive Note is being transferred to the Issuers, the Guarantors or any of their respective Subsidiaries, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (3)(b) thereof; or

(F) if such Restricted Definitive Note is being transferred pursuant to an effective registration statement under the Securities Act, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (3)(c) thereof,

the Trustee shall cancel the Restricted Definitive Note, increase or cause to be increased the aggregate principal amount of, in the case of clause (A) of this Section 2.06(d)(i), the applicable Restricted Global Note, in the case of clause (B) of this Section 2.06(d)(i), the applicable 144A Global Note, and in the case of clause (C) of this Section 2.06(d)(i), the applicable Regulation S Global Note.

(ii) Restricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes. A Holder of a Restricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Restricted Definitive Note to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note only if the Registrar receives the following:

(A) if the Holder of such Definitive Notes proposes to exchange such Notes for a beneficial interest in the Unrestricted Global Note, a certificate from such Holder substantially in the form of Exhibit C hereto, including the certifications in item (1)(c) thereof; or

(B) if the Holder of such Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of a beneficial interest in the Unrestricted Global Note, a certificate from such Holder substantially in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this Section 2.06(d)(ii), if the Registrar or Issuers so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar and Issuers to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

Upon satisfaction of the applicable conditions in this Section 2.06(d)(ii), the Trustee shall cancel the Definitive Notes and increase or cause to be increased the aggregate principal amount of the Unrestricted Global Note.

(iii) Unrestricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes. A Holder of an Unrestricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note at any time. Upon receipt of a request for such an exchange or transfer, the Trustee shall cancel the applicable Unrestricted Definitive Note and increase or cause to be increased the aggregate principal amount of one of the Unrestricted Global Notes.

If any such exchange or transfer from a Definitive Note to a beneficial interest is effected pursuant to clauses (ii) or (iii) of this Section 2.06(d) at a time when an Unrestricted Global Note has not yet been issued, the Issuers shall issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the principal amount of Definitive Notes so transferred.

(e) Transfer and Exchange of Definitive Notes for Definitive Notes. Upon request by a Holder of Definitive Notes and such Holder's compliance with the provisions of this Section 2.06(e), the Registrar shall register the transfer or exchange of Definitive Notes. Prior to such registration of transfer or exchange, the requesting Holder shall present or surrender to the Registrar the Definitive Notes duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar duly executed by such Holder or by its attorney, duly authorized in writing. In addition, the requesting Holder shall provide any additional certifications, documents and information, as applicable, required pursuant to the following provisions of this Section 2.06(e):

(i) Restricted Definitive Notes to Restricted Definitive Notes. Any Restricted Definitive Note may be transferred to and registered in the name of Persons who take delivery thereof in the form of a Restricted Definitive Note if the Registrar receives the following:

(A) if the transfer will be made pursuant to a QIB in accordance with Rule 144A, then the transferor must deliver a certificate substantially in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(B) if the transfer will be made pursuant to Rule 903 or Rule 904 then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof; or

(C) if the transfer will be made pursuant to any other exemption from the registration requirements of the Securities Act, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications required by item (3) thereof, if applicable.

(ii) Restricted Definitive Notes to Unrestricted Definitive Notes. Any Restricted Definitive Note may be exchanged by the Holder thereof for an Unrestricted

Definitive Note or transferred to a Person or Persons who take delivery thereof in the form of an Unrestricted Definitive Note if the Registrar receives the following:

(A) if the Holder of such Restricted Definitive Notes proposes to exchange such Notes for an Unrestricted Definitive Note, a certificate from such Holder substantially in the form of Exhibit C hereto, including the certifications in item (1)(d) thereof; or

(B) if the Holder of such Restricted Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such Holder substantially in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this Section 2.06(e)(ii), if the Registrar or Issuers so requests, an Opinion of Counsel in form reasonably acceptable to the Registrar and Issuers to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(iii) Unrestricted Definitive Notes to Unrestricted Definitive Notes. A Holder of Unrestricted Definitive Notes may transfer such Notes to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note. Upon receipt of a request to register such a transfer, the Registrar shall register the Unrestricted Definitive Notes pursuant to the instructions from the Holder thereof.

(f) [Reserved].

(g) Legends. The following legends shall appear on the face of all Global Notes and Definitive Notes issued under this Indenture unless specifically stated otherwise in the applicable provisions of this Indenture:

(i) Private Placement Legend.

(A) Except as permitted by subparagraph (B) below, each Global Note and each Definitive Note (and all Notes issued in exchange therefor or substitution thereof) shall bear the legend in substantially the following form:

"THE NOTES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT") AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S

UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), (4) TO AN INSTITUTIONAL INVESTOR THAT IS AN ACCREDITED INVESTOR WITHIN THE MEANING OF RULE 501 OF REGULATION D UNDER THE SECURITIES ACT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, (5) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND IN EACH CASE, IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS. EACH HOLDER OF THE NOTES EVIDENCED HEREBY AGREES TO THE FOREGOING TRANSFER RESTRICTIONS AND EACH HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER FROM IT OF THE NOTE EVIDENCED HEREBY OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN."

(B) Notwithstanding the foregoing, any Global Note or Definitive Note issued pursuant to subparagraphs (b)(iv), (c)(iii), (c)(iv), (d)(ii), (d)(iii), (e)(ii), or (e)(iii) of this Section 2.06 (and all Notes issued in exchange therefor or substitution thereof) shall not bear the Private Placement Legend.

(ii) Global Note Legend. Each Global Note shall bear a legend in substantially the following form:

"THIS GLOBAL NOTE IS HELD BY THE NOTES DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06(H) OF THE INDENTURE, (II) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(A) OF THE INDENTURE, (III) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE INDENTURE AND (IV) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR NOTES DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE ISSUERS. UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE NOTES DEPOSITARY TO A NOMINEE OF THE NOTES DEPOSITARY OR BY A NOMINEE OF THE NOTES DEPOSITARY TO THE NOTES DEPOSITARY OR ANOTHER NOMINEE OF THE NOTES DEPOSITARY OR BY THE NOTES DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR NOTES DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR NOTES DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER

STREET, NEW YORK, NEW YORK) ("DTC") TO THE ISSUERS OR THEIR AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN."

(iii) Regulation S Temporary Global Note Legend. The Regulation S Temporary Global Note shall bear a legend in substantially the following form:

"THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT") AND MAY NOT BE OFFERED, SOLD OR DELIVERED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY US PERSON, UNLESS SUCH NOTES ARE REGISTERED UNDER THE SECURITIES ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS THEREOF IS AVAILABLE. THE FOREGOING SHALL NOT APPLY FOLLOWING THE EXPIRATION OF FORTY DAYS FROM THE LATER OF (I) THE DATE ON WHICH THESE NOTES WERE FIRST OFFERED AND (II) THE DATE OF ISSUANCE OF THESE NOTES."

(iv) OID Legend. Each Global Note and each Definitive Note issued at a more than de minimis discount to its redemption price at maturity (and all Notes issued in exchange therefor or substitution thereof) shall bear a legend in substantially the following form:

"THE FOLLOWING INFORMATION IS SUPPLIED SOLELY FOR U.S. FEDERAL INCOME TAX PURPOSES. THIS NOTE WAS ISSUED WITH ORIGINAL ISSUE DISCOUNT ("OID") WITHIN THE MEANING OF SECTION 1273 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), AND THIS LEGEND IS REQUIRED BY SECTION 1275(C) OF THE CODE. HOLDERS MAY OBTAIN INFORMATION REGARDING THE AMOUNT OF OID, THE ISSUE PRICE, THE CLOSING DATE AND THE YIELD TO MATURITY RELATING TO THE NOTES BY CONTACTING THE ISSUERS AT AMERICAN AIRLINES, INC., 1 Skyview Drive, Fort Worth, Texas 76155, 817-963-1234."

(v) ERISA Legend. Each Global Note and each Definitive Note issued in exchange for a beneficial interest in a Global Note (and all Notes issued in exchange therefor or substitution thereof) shall bear a legend in substantially the following form:

"OTHER THAN WITH RESPECT TO ONE OR MORE PURCHASERS ON THE CLOSING DATE WHICH HAVE MADE CERTAIN REPRESENTATIONS SATISFACTORY TO THE ISSUERS, BY ITS ACQUISITION OR ACCEPTANCE OF THIS NOTE OR ANY INTEREST HEREIN, THE HOLDER WILL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT EITHER: (A) IT IS

NOT AND IS NOT DEEMED TO BE (I) AN EMPLOYEE BENEFIT PLAN SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), (II) A PLAN, ACCOUNT OR ARRANGEMENT DESCRIBED IN SECTION 4975(E)(1) OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), (III) AN ENTITY WHOSE UNDERLYING ASSETS ARE DEEMED TO INCLUDE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN, PLAN, ACCOUNT OR ARRANGEMENT (EACH OF THE FOREGOING, A "BENEFIT PLAN INVESTOR"), OR (IV) A PLAN, ACCOUNT OR ARRANGEMENT (SUCH AS A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN) THAT IS SUBJECT TO ANY FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER U.S. LAWS OR REGULATIONS THAT ARE SIMILAR TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF ERISA OR THE PROHIBITED TRANSACTION RULES OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAWS"); OR (B) THE ACQUISITION AND HOLDING OF THIS NOTE OR ANY INTEREST HEREIN BY THE HOLDER DO NOT AND WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION OF ANY SIMILAR LAWS."

(h) Cancellation and/or Adjustment of Global Notes. At such time as all beneficial interests in a particular Global Note have been exchanged for Definitive Notes or a particular Global Note has been redeemed, repurchased or canceled in whole and not in part, each such Global Note shall be returned to or retained and canceled by the Trustee in accordance with Section 2.11 hereof. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note or for Definitive Notes, the principal amount of Notes represented by such Global Note shall be reduced accordingly and an endorsement shall be made on such Global Note by the Trustee or by the Notes Depositary at the direction of the Trustee to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note, such other Global Note shall be increased accordingly and an endorsement shall be made on such Global Note by the Trustee or by the Notes Depositary at the direction of the Trustee to reflect such increase.

(i) General Provisions Relating to Transfers and Exchanges.

(i) To permit registrations of transfers and exchanges, the Issuers shall execute and the Trustee shall authenticate Global Notes and Definitive Notes upon receipt of an Authentication Order in accordance with Section 2.02 hereof or at the Registrar's request.

(ii) No service charge shall be made to a Holder of a beneficial interest in a Global Note or to a Holder of a Definitive Note for any registration of transfer or exchange, but the Issuers may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant

to Section 2.10, Section 3.06, Section 3.07, Section 3.08, Section 3.09, Section 4.34 and Section 9.05 hereof).

(iii) Neither the Registrar nor the Issuers shall be required to register the transfer of or exchange any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part.

(iv) All Global Notes and Definitive Notes issued upon any registration of transfer or exchange of Global Notes or Definitive Notes shall be the valid obligations of the Issuers, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Global Notes or Definitive Notes surrendered upon such registration of transfer or exchange.

(v) The Issuers shall not be required (A) to issue, to register the transfer of or to exchange any Notes during a period beginning at the opening of business 15 days before the day of any selection of Notes for redemption under Section 3.02 hereof and ending at the close of business on the day of selection, (B) to register the transfer of or to exchange any Note so selected for redemption or tendered (and not withdrawn) for repurchase in connection with a Parent Change of Control Offer, a Mandatory Repurchase Offer or other tender offer, in whole or in part, except the unredeemed or untendered portion of any Note being redeemed or repurchased in part or (C) to register the transfer of or to exchange a Note between a record date and the next succeeding Interest Payment Date.

(vi) Prior to due presentment for the registration of a transfer of any Note, the Trustee, any Agent and the Issuers may deem and treat the Person in whose name any Note is registered as the absolute owner of such Note for the purpose of receiving payment of interest, principal and premium, if any, on such Notes and for all other purposes, and none of the Trustee, any Agent or the Issuers shall be affected by notice to the contrary.

(vii) Upon surrender for registration of transfer of any Note at the office or agency of the Issuers designated pursuant to Section 4.35 hereof, the Issuers shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more replacement Notes of any authorized denomination or denominations of a like aggregate principal amount.

(viii) At the option of the Holder, Notes may be exchanged for other Notes of any authorized denomination or denominations of a like aggregate principal amount upon surrender of the Notes to be exchanged at such office or agency. Whenever any Global Notes or Definitive Notes are so surrendered for exchange, the Issuers shall execute, and the Trustee shall authenticate and deliver, the replacement Global Notes and Definitive Notes which the Holder making the exchange is entitled to in accordance with the provisions of Section 2.02 hereof.

(ix) All certifications, certificates and Opinions of Counsel required to be submitted to the Registrar pursuant to this Section 2.06 to effect a registration of

transfer or exchange may be submitted by facsimile or other form of electronic transmission approved by the Registrar.

(x) The Trustee shall have no responsibility or obligation to any beneficial owner of a Global Note, a member of, or a Participant or Indirect Participant in, the Notes Depositary or other Person with respect to the accuracy of the records of the Notes Depositary or its nominee or of any Participant or Indirect Participant or member thereof, with respect to any ownership interest in the Notes or with respect to the delivery to any Participant or Indirect Participant, member, beneficial owner, or other Person (other than the Notes Depositary) of any notice (including any notice of redemption or purchase) or the payment of any amount or delivery of any Notes (or other security or property) under or with respect to such Notes. The Trustee may rely and shall be fully protected in relying upon information furnished by the Notes Depositary with respect to its members, Participants or Indirect Participants, and any beneficial owners.

(xi) The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Note (including any transfers between or among the Notes Depositary's participants, members, or beneficial owners in any Global Note) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof. None of the Trustee nor any of its agents shall have any responsibility for any actions taken or not taken by the Notes Depositary.

Section 2.07 Replacement Notes.

If any mutilated Note is surrendered to the Trustee, the Issuers shall execute, and the Trustee shall authenticate and deliver in exchange therefor, a new Note of like tenor and principal amount and bearing a number not contemporaneously outstanding.

If there shall be delivered to the Issuers and the Trustee (i) evidence to their satisfaction of the destruction, loss or theft of any Note and (ii) such security or indemnity as may be required by them to save each of them and any agent of either of them harmless, then, in the absence of notice to the Issuers or the Trustee that such Note has been acquired by a bona fide purchaser, the Issuers shall execute, and upon the Issuers' request the Trustee shall authenticate and make available for delivery, in lieu of any such destroyed, lost or stolen Note, a new Note of like tenor and principal amount and bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Issuers, in their discretion, may, instead of issuing a new Note, pay such Note.

Upon the issuance of any new Note under this Section, the Issuers may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed

in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every replacement Note is a contractual obligation of the Issuers and shall be entitled to all of the benefits of this Indenture equally and proportionately with all other Notes duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

Section 2.08 Outstanding Notes.

The Notes outstanding at any time are all the Notes authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation, those reductions in the interest in a Global Note effected by the Trustee in accordance with the provisions hereof, and those described in this Section 2.08 as not outstanding. Except as set forth in this Section 2.08 or Section 2.09 hereof, a Note does not cease to be outstanding because the Issuers or an Affiliate of the Issuers holds the Note.

If a Note is replaced pursuant to Section 2.07 hereof, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Note is held by a bona fide purchaser.

If the principal amount of any Note is considered paid under Section 4.01 hereof, it ceases to be outstanding and interest on it ceases to accrue.

If the Paying Agent (other than the Issuers, a Subsidiary or an Affiliate of any thereof) holds, on a redemption date, repurchase date or maturity date, money sufficient to pay Notes payable on that date, then on and after that date such Notes shall be deemed to be no longer outstanding and shall cease to accrue interest.

Subject to Section 2.09, in determining whether the Holders of the requisite principal amount of outstanding Notes have given any request, demand, authorization, direction, notice, consent or waiver hereunder, the principal amount of Notes that shall be deemed to be outstanding for such purposes shall be the amount of the principal thereof that would be due and payable as of the date of such determination upon a declaration of acceleration of the Maturity thereof pursuant to Section 6.02.

Section 2.09 Treasury Notes.

In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by the Issuers, or by any Affiliate of the Issuers, shall be considered as though not outstanding, except that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Notes that an Officer of the Trustee actually knows are so owned shall be so disregarded. Notes so owned which have been pledged in good faith shall not be disregarded if the pledgee establishes to the satisfaction of the Trustee the pledgee’s right to deliver any such

direction, waiver or consent with respect to the Notes and that the pledgee is not either Issuer or any obligor upon the Notes or any Affiliate of the Issuers or of such other obligor.

Section 2.10 Temporary Notes.

Until certificates representing Notes are ready for delivery, the Issuers may prepare and the Trustee, upon receipt of an Authentication Order, shall authenticate temporary Notes. Temporary Notes shall be substantially in the form of certificated Notes but may have variations that the Issuers consider appropriate for temporary Notes and as shall be reasonably acceptable to the Trustee. Without unreasonable delay, the Issuers shall prepare and the Trustee shall authenticate definitive Notes in exchange for temporary Notes.

Holders and beneficial Holders, as the case may be, of temporary Notes shall be entitled to all of the benefits accorded to Holders, or beneficial Holders, respectively, of Notes under this Indenture.

Section 2.11 Cancellation.

The Issuers at any time may deliver Notes to the Trustee for cancellation. The Registrar and Paying Agent shall forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee or, at the direction of the Trustee, the Registrar or the Paying Agent and no one else shall cancel all Notes surrendered for registration of transfer, exchange, payment, replacement or cancellation and shall dispose of cancelled Notes (subject to the record retention requirement of the Exchange Act) in accordance with its customary procedures. Certification of the disposal of all cancelled Notes shall be delivered to the Issuers upon their written request. The Issuers may not issue new Notes to replace Notes that it has paid or that have been delivered to the Trustee for cancellation. Upon any cancellation of Notes that have been acquired by the Issuers and delivered to the Trustee for cancellation pursuant to this Section 2.11, the remaining applicable Scheduled Principal Amortization Amounts shall be reduced on a *pro rata* basis to reflect such cancellation.

Section 2.12 Defaulted Interest.

If the Issuers or the Guarantors default in a payment of interest or principal on the Notes or in the payment of any other amount become due under this Indenture, whether at the Stated Maturity, by acceleration or otherwise, the Issuers shall on written demand of the Trustee pay interest, to the extent permitted by law, on all overdue amounts up to (but not including) the date of actual payment (after as well as before judgment) at a rate equal to the rate then applicable plus 2.0%, pursuant to clause (a) or (b) below, as the Issuers shall elect:

(a) The Issuers may elect to make such payment to the persons who are Holders of the Notes on a subsequent special record date. The Issuer shall fix the payment date for such defaulted interest and the special record date therefor, which shall not be more than 15 days nor less than 10 days prior to such payment date. At least 10 days before the special record date, the Issuers shall mail to the Trustee and to each Holder of the Notes a notice that states the special record date, the payment date and the amount of interest to be paid.

(b) The Issuers may elect to make such payment in any other lawful manner.

Payment of defaulted interest and any interest thereon to the Trustee shall be deemed to satisfy the Issuers' obligation to pay such defaulted interest and any interest thereon for all purposes of this Indenture.

Section 2.13 CUSIP and ISIN Numbers.

The Issuers in issuing the Notes may use "CUSIP" and/or "ISIN" numbers (if then generally in use), and, if so, the Trustee shall use "CUSIP" and/or "ISIN" numbers in notices as a convenience to Holders; *provided* that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Notes or as contained in any notice and that reliance may be placed only on the other elements of identification printed on the Notes, and any such notice shall not be affected by any defect in or omission of such numbers.

ARTICLE 3

REDEMPTION

Section 3.01 Notices to Trustee.

If the Issuers elect to redeem Notes of a Series pursuant to Section 3.07 hereof, they shall furnish to the Trustee, not less than 10 days before notice of redemption is required to be sent or caused to be sent to Holders of Notes of such Series pursuant to Section 3.03 hereof but not more than 60 days before a redemption date (except that redemption notices may be delivered more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of this Indenture), an Officer's Certificate setting forth (i) the paragraph or subparagraph of such Note and/or Section of this Indenture pursuant to which the redemption shall occur, (ii) the redemption date, (iii) the principal amount of the Notes to be redeemed, (iv) the redemption price and (v) if applicable, any conditions to such redemption.

Section 3.02 Selection of Notes to Be Redeemed.

If less than all of the Notes of a Series are to be redeemed at any time, such Notes shall be selected for redemption by the Trustee (1) if such Notes are listed on an exchange and such listing is known to the Trustee, in compliance with the requirements of such exchange or in the case of Global Notes, in accordance with customary procedures of the Notes Depositary or (2) on a *pro rata* basis to the extent practicable, or, if the *pro rata* basis is not practicable for any reason, by lot or by such other method as the Trustee considers fair and appropriate and in accordance with methods generally used at the time of selection by indenture trustees in similar circumstances. Such Notes to be redeemed shall be selected, unless otherwise provided herein, not less than 10 nor more than 60 days prior to the redemption date from the outstanding Notes not previously called for redemption.

The Trustee shall promptly notify the Issuers in writing of the Notes selected for redemption and, in the case of any Note selected for partial redemption, the principal amount thereof to be redeemed. Notes and portions of Notes selected shall be in minimum amounts of $2,000 or integral multiples of $1.00 in excess thereof; no Notes of $2,000 or less can be redeemed in part, except that if all of the Notes of a Holder are to be redeemed or purchased, the entire outstanding amount of Notes held by such Holder, even if not a multiple of $1.00, shall be

redeemed or purchased. Except as provided in the preceding sentence, provisions of this Indenture that apply to Notes called for redemption also apply to portions of Notes called for redemption.

The Trustee shall not be responsible for any actions taken or not taken by a Notes Depositary pursuant to its Applicable Procedures.

Section 3.03 Notice of Redemption.

If the Issuers elect to redeem Notes of a Series pursuant to Section 3.07 hereof, the Issuers shall deliver notices of redemption electronically or by first-class mail, postage prepaid, at least 10 but not more than 60 days before the purchase or redemption date to each Holder of Notes of such Series (with a copy to the Trustee) at such Holder's registered address or otherwise in accordance with the Applicable Procedures of the Notes Depositary, except that redemption notices may be delivered electronically or mailed more than 60 days prior to a redemption date if the notice is issued in connection with Article 8 or Article 11 hereof. Notices of redemption may be conditional.

(a) The notice shall identify the Notes to be redeemed and shall state:

(i) the redemption date;

(ii) the redemption price;

(iii) if any Note is to be redeemed in part only, the portion of the principal amount of that Note that is to be redeemed and that, after the redemption date upon surrender of such Note, a new Note or Notes in principal amount equal to the unredeemed portion of the original Note representing the same indebtedness to the extent not redeemed shall be issued in the name of the Holder of the Notes upon cancellation of the original Note;

(iv) the name and address of the Paying Agent;

(v) that Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price;

(vi) that, unless the Issuers default in making such redemption payment, interest on Notes called for redemption ceases to accrue on and after the redemption date;

(vii) the paragraph or subparagraph of the Notes and/or Section of this Indenture pursuant to which the Notes called for redemption are being redeemed;

(viii) that no representation is made as to the correctness or accuracy of the CUSIP number, if any, listed in such notice or printed on the Notes; and

(ix) any condition to such redemption.

At the Issuers' request, the Trustee shall give the notice of redemption in the Issuers' names and at their expense; *provided* that the Issuers shall have delivered written notice

to the Trustee, at least 5 Business Days prior to the date on which notice of redemption is to be sent (unless a shorter notice shall be agreed to by the Trustee) in the form of an Officer's Certificate requesting that the Trustee give such notice and setting forth the information to be stated in such notice as provided in the preceding paragraph.

Any notice of any redemption may be given prior to the redemption thereof, and any such redemption or notice may, at the Issuers' discretion, be subject to one or more conditions precedent, including, without limitation, the consummation of an incurrence or issuance of debt or equity or a Parent Change of Control or other corporate transaction. If such redemption is so subject to satisfaction of one or more conditions precedent, such notice shall describe each such condition, and if applicable, shall state that, in the Issuers' discretion, the redemption date may be delayed until such time (including more than 60 days after the date the notice of redemption was mailed or delivered, including by electronic transmission) as any or all such conditions shall be satisfied, or such redemption or purchase may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date as so delayed. In addition, the Issuers may provide in such notice that payment of the redemption price and performance of the Issuers' obligations with respect to such redemption may be performed by another Person.

Section 3.04 Effect of Notice of Redemption.

Once notice of redemption is sent in accordance with Section 3.03 hereof, Notes called for redemption become irrevocably due and payable on the redemption date at the redemption price, unless such redemption is conditioned on the happening of a future event. The notice, if sent in a manner herein provided, shall be conclusively presumed to have been given, whether or not the Holder receives such notice. In any case, failure to give such notice or any defect in the notice to the Holder of any Note designated for redemption in whole or in part shall not affect the validity of the proceedings for the redemption of any other Note. Subject to Section 3.05 hereof, on and after the redemption date, interest ceases to accrue on Notes or portions of Notes called for redemption.

Section 3.05 Deposit of Redemption or Purchase Price.

Subject to the last paragraph of Section 3.03, prior to 4:00 p.m. (Eastern time) on the Business Day prior to the redemption or purchase date, the Issuers shall deposit with the Trustee or with the Paying Agent money sufficient to pay the redemption or purchase price of and accrued and unpaid interest on all Notes to be redeemed or purchased on that date. The Trustee or the Paying Agent shall promptly return to the Issuers any money deposited with the Trustee or the Paying Agent by the Issuers in excess of the amounts necessary to pay the redemption price of, and accrued and unpaid interest on, all Notes to be redeemed or purchased.

If the Issuers comply with the provisions of the preceding paragraph, on and after the redemption or purchase date, interest shall cease to accrue on the Notes or the portions of Notes called for redemption or purchase. If a Note is redeemed or purchased on or after a record date but on or prior to the related Interest Payment Date, then any accrued and unpaid interest to the redemption or purchase date shall be paid to the Person in whose name such Note was

registered at the close of business on such record date. If any Note called for redemption or purchase shall not be so paid upon surrender for redemption or purchase because of the failure of the Issuers to comply with the preceding paragraph, interest shall be paid on the unpaid principal, from the redemption or purchase date until such principal is paid, and to the extent lawful on any interest accrued to the redemption or purchase date not paid on such unpaid principal, in each case at the rate provided in the Notes and in Section 4.01 hereof.

Section 3.06 Notes Redeemed or Purchased in Part.

Upon surrender of a Definitive Note that is redeemed or purchased in part, the Issuers shall issue and the Trustee shall authenticate for the Holder at the expense of the Issuers a new Note equal in principal amount to the unredeemed or unpurchased portion of the Note surrendered representing the same indebtedness to the extent not redeemed or purchased; *provided*, that each new Note shall be in a principal amount of $2,000 or an integral multiple of $1.00 in excess thereof. It is understood that, notwithstanding anything in this Indenture to the contrary, only an Authentication Order and not an Opinion of Counsel or Officer's Certificate is required for the Trustee to authenticate such new Note.

Section 3.07 Optional Redemption.

(a) At any time, the Issuers may on one or more occasions redeem all or a part of the 2026 Notes, upon notice as described under Section 3.03 hereof, at a redemption price equal to 100.0% of the principal amount of the 2026 Notes to be redeemed plus the 2026 Notes Make-Whole Amount as of, and accrued and unpaid interest, if any, thereon, to, but not including, the date of redemption (the "Redemption Date").

(b) At any time, the Issuers may on one or more occasions redeem all or a part of the 2029 Notes, upon notice as described under Section 3.03 hereof, at a redemption price equal to 100.0% of the principal amount of the 2029 Notes to be redeemed plus the 2029 Notes Make-Whole Amount as of, and accrued and unpaid interest, if any, thereon, to, but not including, the Redemption Date.

(c) Notwithstanding this Section 3.07, in connection with a Parent Change of Control Offer, if Holders of not less than 90.0% in aggregate principal amount of the outstanding Notes of a Series validly tender and do not withdraw such Notes in such tender offer and the Issuers, or any third party making such a tender offer in lieu of the Issuers, purchase all of the Notes validly tendered and not withdrawn by such Holders, the Issuers or such third party will have the right upon not less than 20 nor more than 60 days' prior notice, given not more than 30 days following such purchase date, to redeem all Notes of such Series that remain outstanding following such purchase at a redemption price equal to 101% of the principal amount thereof plus, to the extent not included in the tender offer payment, accrued and unpaid interest, if any, thereon, to, but not including, the applicable Redemption Date (subject to the right of Holders on record on the relevant record date to receive interest on the relevant interest payment).

(d) If the optional Redemption Date is on or after a record date and on or before the corresponding Interest Payment Date, the accrued and unpaid interest, if any, to, but not including, the Redemption Date will be paid on the Redemption Date to the Holder in whose

name the Note is registered at the close of business on such record date in accordance with the applicable procedures of DTC, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Issuers.

(e) If a portion but not all of a Series of Notes are redeemed, automatically upon such redemption the remaining applicable Scheduled Principal Amortization Amounts shall be reduced on a *pro rata* basis to reflect such partial redemption.

(f) Any redemption pursuant to this Section 3.07 shall be made pursuant to the provisions of Section 3.01 through Section 3.06 hereof.

Section 3.08 Mandatory Prepayments.

(a) Within five (5) Business Days of Loyalty Co or any other SPV Party receiving any Net Proceeds from the issuance or incurrence of any Indebtedness of Loyalty Co or any other SPV Party (other than with respect to any Indebtedness permitted to be incurred pursuant to Section 4.23), the Issuers shall cause each Series of Notes' Pro Rata Share of such Net Proceeds (the "Issuance Mandatory Prepayment Amount"), to be remitted to the Trustee to be paid by the Trustee to Holders as of the Prepayment Record Date (as defined below) (such remittance date, as the case may be, a "Issuance Prepayment Date").

(b) Within ten (10) Business Days of Parent or any of its Subsidiaries receiving any Net Proceeds of a Pre-paid Miles Purchase which Net Proceeds, together with the aggregate amount of Net Proceeds previously received from Pre-paid Miles Purchases since the Closing Date, are in excess of $500.0 million (such excess, "Excess PPM Net Proceeds", and such event, a "PPM Mandatory Prepayment Event"), the Issuers shall cause each Series of Notes' Pro Rata Share of such Excess PPM Net Proceeds (the "PPM Mandatory Prepayment Amount"), to be remitted to the Trustee to be paid by the Trustee to Holders as of the Prepayment Record Date (as defined below) (such remittance date, as the case may be, a "PPM Prepayment Date"); provided that the Issuers shall not be required to make such prepayment so long as the aggregate amount of Net Proceeds received from Pre-paid Miles Purchases since the Closing Date is less than $505.0 million.

(c) Notwithstanding the foregoing, to the extent that the prepayment obligation under the immediately preceding paragraph arises as a result of Net Proceeds generated by a Subsidiary of Parent (other than an SPV Party) that is not organized in the United States (or a Subsidiary of Parent that is organized in the United States but that is a Subsidiary of an entity (other than an SPV Party) that is not organized in the United States) and the Issuers determine in good faith that actions reasonably required to use such Net Proceeds to effect any such prepayment would result in material and adverse tax consequences to Parent or its Affiliates, then the relevant amounts shall be entitled to be retained by Parent or the applicable Affiliate of Parent and such amounts shall not be required to be used to effect a repayment pursuant to Section 3.08(b).

(d) "Mandatory Prepayment Event" shall mean each of the events set forth in the foregoing clauses (a) and (b). "Applicable Mandatory Prepayment Amount" shall mean either the Issuance Mandatory Prepayment Amount or the PPM Mandatory Prepayment Amount, as

applicable. "Prepayment Date" shall either the Issuance Prepayment Date or the PPM Prepayment Date, as applicable.

(e) On each Prepayment Date, the Trustee will apply the Applicable Mandatory Prepayment Amount to prepay the maximum outstanding principal amount of the Notes plus accrued unpaid interest thereon that may be prepaid with the portion of such Mandatory Prepayment Amount representing the Applicable Mandatory Prepayment Amount at a prepayment price equal to the redemption price that would be due if the Series of Notes were being redeemed pursuant to Section 3.07 on the applicable Prepayment Date, plus accrued and unpaid interest on the principal amount being prepaid up to, but excluding, the Prepayment Date. The "Prepayment Record Date" for any Prepayment Date will be the Business Day prior to the Prepayment Date.

(f) Notwithstanding Sections 3.08(a), (b), (c), (d) and (e), if following a Mandatory Prepayment Event but prior to the related Prepayment Date, the Issuers pay the related Applicable Mandatory Prepayment Amount to the Holders on an intervening Payment Date pursuant to the provisions described under Section 4.01, no mandatory prepayment pursuant to the provisions of Sections 3.08(a), (b), (c), (d) and (e) will be required.

(g) In connection with any mandatory prepayment of a Series of Notes pursuant to this Section 3.08, the Issuers, or the Trustee of behalf of the Issuers pursuant to written instructions from the Issuers to the Trustee, shall issue a written notice to the Holders at least two (2) Business Days prior to the Prepayment Date, which notice shall include a description of the Mandatory Prepayment Event, the aggregate outstanding principal amount of Notes to be prepaid, the prepayment price (including the amount of accrued and unpaid interest included therein) and the Prepayment Date.

(h) If a portion but not all of a Series of Notes are prepaid (which, for the avoidance of doubt, shall include a prepayment consummated on an intervening Payment Date pursuant to Section 3.08(f)), automatically upon such prepayment the remaining applicable Scheduled Principal Amortization Amounts shall be reduced on a *pro rata* basis to reflect such partial repayment.

(i) Any prepayment made pursuant to this Section 3.08 shall be made pursuant to the procedures set forth in this Indenture, except to the extent inconsistent with this Section 3.08. The Notes shall not be entitled to the benefit of any sinking fund.

Section 3.09 Mandatory Repurchase Offers.

(a) No later than ten (10) Business Days following the date of receipt by Parent or any of its Subsidiaries of any Net Proceeds in respect of any Recovery Event (in each case, in respect of Collateral) which Net Proceeds, together with the aggregate amount of Net Proceeds previously received from Recovery Events since the later of (x) the date that is 36 months prior to the date of the subject Recovery Event and (y) the Closing Date, are in excess of $10.0 million (the "RE Threshold Amount", and all such Net Proceeds in excess of the RE Threshold Amount, "RE Excess Proceeds"), the Issuers shall (i) give written notice to the Trustee of such Recovery Event and (ii) make an offer (an "RE Mandatory Repurchase Offer") to all Holders to purchase the maximum outstanding principal amount of Notes of each Series

may be purchased utilizing such Series of Notes' Pro Rata Share of such RE Excess Proceeds (other than any such RE Excess Proceeds withheld for reinvestment pursuant to the proviso in this clause (a)) (the "RE Mandatory Repurchase Offer Proceeds"); *provided* that (1) so long as no Event of Default shall have occurred and be continuing at the time of receipt of such RE Excess Proceeds, the Issuers shall upon notice to the Holders and Trustee have the option to (x) invest such RE Excess Proceeds within 365 days of receipt thereof in Qualified Replacement Assets (or, if a binding commitment for any such investment has been entered into within such 365-day period, within 180 days after the end of such 365-day period) or (y) repair, replace or restore the assets which are the subject of such Recovery Event; and (2) within ten (10) Business Days of the end of such permitted reinvestment period (or earlier if the Issuers so elect), the Issuers shall make an RE Mandatory Repurchase Offer with respect to any aggregate amount of such RE Excess Proceeds not used in accordance with the preceding subclause (1).

(b) No later than ten (10) Business Days following the date of receipt by Parent or any of its Subsidiaries of any Net Proceeds in respect of (x) any Collateral Sale of AAdvantage Intellectual Property (other than with respect to any Permitted Disposition) or (y) any other Collateral Sale (other than with respect to any Permitted Pre-paid Miles Purchase, AAdvantage Intellectual Property or Permitted Disposition) which Net Proceeds, together with the aggregate amount of Net Proceeds previously received from such Collateral Sales (other than with respect to any Permitted Pre-paid Miles Purchases or Permitted Disposition) during the fiscal year in which such date occurs, are in excess of $10.0 million (the "CS Threshold Amount", and all such Net Proceeds in excess of the CS Threshold Amount together with all Net Proceeds of any Collateral Sale of AAdvantage Intellectual Property (other than with respect to any Pre-paid Miles Purchase or Permitted Disposition), "CS Excess Proceeds"), the Issuers shall make an offer (a "CS Mandatory Repurchase Offer") to all Holders to purchase the maximum outstanding principal amount of each Series of Notes that may be purchased utilizing such Series of Notes' Pro Rata Share of such CS Excess Proceeds (the "CS Mandatory Repurchase Offer Proceeds").

(c) No later than ten (10) Business Days of Parent or any of its Subsidiaries receiving any Net Proceeds as a result of any Contingent Payment Event which Net Proceeds, together with the aggregate amount of Net Proceeds previously received from Contingent Payment Events since the Closing Date, are in excess of $50.0 million (the "CP Threshold Amount", and all such Net Proceeds in excess of the CP Threshold Amount, "CP Excess Proceeds"), the Issuers shall make an offer (a "CP Mandatory Repurchase Offer") to all Holders to purchase the maximum outstanding principal amount of each Series of Notes that may be purchased utilizing such Series Notes' Pro Rata Share of such CP Excess Proceeds (the "CP Mandatory Repurchase Offer Proceeds").

(d) Notwithstanding the foregoing, to the extent that any obligation under this Section 3.09 to effect a repurchase offer arises as a result of Net Proceeds generated by a Subsidiary of Parent (other than an SPV Party) that is not organized in the United States (or a Subsidiary of Parent that is organized in the United States but that is a Subsidiary of an entity (other than an SPV Party) that is not organized in the United States) and the Issuers determine in good faith that actions reasonably required to use such Net Proceeds to effect any such repurchase offer would result in material and adverse tax consequences to Parent or its Affiliates, then the relevant amounts shall be entitled to be retained by Parent or the applicable Affiliate of Parent and such amounts shall not be required to be used to effect a repurchase offer pursuant to this Section 3.09.

(e) "Mandatory Repurchase Offer" shall mean an RE Mandatory Repurchase Offer, a CS Mandatory Repurchase Offer or a CP Mandatory Repurchase Offer, as applicable. "Applicable Mandatory Repurchase Offer Proceeds" shall mean RE Mandatory Repurchase Offer Proceeds, CS Mandatory Repurchase Offer Proceeds or CP Mandatory Repurchase Offer Proceeds, as applicable.

(f) The Mandatory Repurchase Offer shall remain open for a period of 20 Business Days following its commencement and no longer, except to the extent that a longer period is required by applicable law (the "Mandatory Repurchase Offer Period"). Promptly after the expiration of the Mandatory Repurchase Offer Period (the "Mandatory Repurchase Date"), the Issuers shall apply all of the Applicable Mandatory Repurchase Offer Proceeds with respect to each Series of Notes to repurchase all of the Notes of such Series tendered in the Mandatory Repurchase Offer at a repurchase price equal to 100% of the principal amount being repurchased, plus accrued and unpaid interest thereon (if any) to, but excluding the Mandatory Repurchase Date (the "Mandatory Repurchase Offer Price"); provided that if the aggregate Mandatory Repurchase Offer Price for all Notes tendered of such Series in such Mandatory Repurchase Offer exceeds the total amount of Applicable Mandatory Repurchase Offer Proceeds, then the tendered Notes of such Series shall be repurchased pro rata up to the maximum amount of such Series of Notes that can be repurchased with such Applicable Mandatory Repurchase Offer Proceeds.

(g) If the Mandatory Repurchase Date is on or after a record date and on or before the related Payment Date, any accrued and unpaid interest up to but excluding the Mandatory Repurchase Date, shall be paid to the Person in whose name a Note is registered at the close of business on such record date, and no additional interest shall be payable to Holders who tender Notes pursuant to the Mandatory Repurchase Offer.

(h) Subject to Section 3.09(a), the Issuers will mail or send electronically pursuant to the Notes Depositary's Applicable Procedures a notice of Mandatory Repurchase Offer ("Mandatory Repurchase Offer Notices") to all Holders no later than ten (10) Business Days after the receipt of Net Proceeds therefrom. The Mandatory Repurchase Offer Notice shall contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Mandatory Repurchase Offer. The Mandatory Repurchase Offer shall be made to all Holders. The Mandatory Repurchase Offer Notice, which shall govern the terms of the Mandatory Repurchase Offer, shall state:

(i) that the Mandatory Repurchase Offer is being made pursuant to this Section 3.09 and the length of time the Mandatory Repurchase Offer shall remain open;

(ii) the Applicable Mandatory Repurchase Offer Proceeds, the repurchase price and the Mandatory Repurchase Date;

(iii) that any Note not tendered or accepted for payment shall continue to accrue interest;

(iv) that, unless the Issuers default in making such payment, any Note accepted for payment pursuant to the Mandatory Repurchase Offer shall cease to accrue interest after the Mandatory Repurchase Date;

(v) that Holders electing to have a Note purchased pursuant to a Mandatory Repurchase Offer may elect to have Notes purchased in minimum amounts of $2,000 or integral multiples of $1.00 in excess thereof only;

(vi) that Holders electing to have a Note purchased pursuant to any Mandatory Repurchase Offer shall be required to surrender the Note, with the form entitled "Option of Holder to Elect Purchase" attached to the Note completed, or transfer by book-entry transfer, to the Issuers, the Notes Depositary, if appointed by the Issuers, or a Paying Agent at the address specified in the notice at least two (2) Business Days before the Mandatory Repurchase Date;

(vii) that Holders shall be entitled to withdraw their election if the Issuers, the Notes Depositary or the Paying Agent, as the case may be, receives, not later than the expiration of the Mandatory Repurchase Offer Period, a facsimile or other electronic transmission or letter setting forth the name of the Holder, the principal amount of the Notes the Holder delivered for purchase and a statement that such Holder is withdrawing its election to have such Notes purchased;

(viii) that, if the aggregate principal amount of Notes surrendered by the Holders thereof exceeds the amount that can be repurchased with the Applicable Mandatory Repurchase Offer Proceeds, the Trustee shall select the Notes (while the Notes are in global form pursuant to the procedures of the Notes Depositary) to be purchased on a *pro rata* basis based on the principal amount of the Notes tendered (with such adjustments as may be deemed appropriate by the Issuers so that only Notes in denominations of $2,000, or integral multiples of $1.00 in excess thereof, shall remain outstanding after such purchase) to the extent practicable, or, if the *pro rata* basis is not practicable for any reason, by lot or by such other method the Trustee considers fair and appropriate and in accordance with methods generally used at the time of selection by indenture trustees in similar circumstances; and

(ix) that Holders whose Notes were purchased only in part shall be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered (or transferred by book-entry transfer) representing the same indebtedness to the extent not repurchased.

(i) To the extent that the aggregate principal amount of Notes of a Series validly tendered or otherwise surrendered in connection with a Mandatory Repurchase Offer is less than the Applicable Mandatory Repurchase Offer Proceeds, the Issuers may, after purchasing all such Notes of such Series validly tendered and not withdrawn, use the remaining Applicable Mandatory Repurchase Offer Proceeds for any purpose not otherwise prohibited by this Indenture. If the aggregate principal amount of the Notes of a Series validly tendered pursuant to any Mandatory Repurchase Offer exceeds the amount that can be repurchased with the Applicable Mandatory Repurchase Offer Proceeds with respect to such Series, the Trustee will allocate the Applicable Mandatory Repurchase Offer Proceeds to purchase Notes of such Series on a pro rata basis on the basis of the aggregate principal amount of tendered Notes of such Series; *provided* that no Notes will be selected and purchased in an unauthorized

denomination. Upon completion of any repurchase of Notes in a Mandatory Repurchase Offer, the amount of Applicable Mandatory Repurchase Offer Proceeds shall be reset at zero.

(j) On or before the Mandatory Repurchase Date, the Issuers shall, to the extent lawful, (1) accept for payment, on a *pro rata* basis to the extent necessary, the Notes or portions thereof validly tendered pursuant to the Mandatory Repurchase Offer, or if less than the Mandatory Repurchase Offer Price has been tendered, all Notes tendered and (2) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions thereof so tendered.

(k) The Issuers, the Notes Depositary or the Paying Agent, as the case may be, shall promptly mail or deliver to each tendering Holder an amount equal to the repurchase price of the Notes properly tendered by such Holder and accepted by the Issuers for repurchase, and the Issuers shall promptly issue a new Note, and the Trustee, upon receipt of an Authentication Order, shall authenticate and mail or deliver (or cause to be transferred by book-entry) such new Note to such Holder (it being understood that, notwithstanding anything in this Indenture to the contrary, no Opinion of Counsel or Officer's Certificate is required for the Trustee to authenticate and mail or deliver such new Note) in a principal amount equal to any unpurchased portion of the Note surrendered representing the same indebtedness to the extent not repurchased; *provided*, that each such new Note shall be in a minimum denomination of $2,000 or an integral multiple of $1.00 in excess thereof. Any Note not so accepted shall be promptly mailed or delivered by the Issuers to the Holder thereof.

(l) If a portion but not all of a Series of Notes are prepaid, redeemed repurchased, automatically upon such prepayment, redemption or repurchase the remaining applicable Scheduled Principal Amortization Amounts shall be reduced on a *pro rata* basis to reflect such partial repurchase.

The Issuers shall comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Mandatory Repurchase Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Section 3.09, the Issuers shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Section 3.09 by virtue of such compliance.

ARTICLE 4

COVENANTS

Section 4.01 Payment of Notes.

Subject to Section 6.02, on each Payment Date on which no Event of Default has occurred and is continuing, all Available Funds in the Notes Payment Account as of such Payment Date shall be distributed based upon the Payment Date Statement for such Payment

Date furnished to the Trustee on the Determination Date for such Payment by the Issuers in the following order of priority:

(a) *first*, (x) ratably to (i) the Master Collateral Agent and the Depositary, the Notes' Pro Rata Share of Fees, costs, expenses, reimbursements and indemnification amounts due and payable to such Persons on such Payment Date pursuant to the terms of this Indenture and the Collateral Documents and, so long as Wilmington Trust, National Association shall be serving as the Master Collateral Agent and Depositary, such amounts to be transferred to the payment account under the Credit Agreement for payment to the Master Collateral Agent and Depositary in accordance with the Credit Agreement on such Payment Date, and (ii) the Trustee and the Collateral Custodian, the amount of Fees, costs, expenses, reimbursements and indemnification amounts due and payable to such Persons on such Payment Date pursuant to the terms of the Notes Documents, provided that the amounts distributed pursuant to this clause (x) shall not exceed the sum of $200,000 in the aggregate per annum and then (y) ratably, the Notes' Pro Rata Share of the amount of fees, expenses and other amounts due and payable on such Payment Date to any Independent Director of any SPV Party (and any independent director service provider of any such Independent Director) or any government fees in an amount not to exceed $200,000 in the aggregate per Payment Date, in the case of each of clauses (x) and (y), to the extent not otherwise paid or provided for or to the extent such Persons have agreed with the Issuers for payment at a later date;

(b) *second*, to the Trustee, on behalf of the Holders, an amount equal to the Interest Distribution Amount with respect to such Payment Date minus the amount of interest paid by the Issuers for each Series of Notes after the immediately preceding Payment Date and prior to such Payment Date;

(c) *third*, to the Trustee, on behalf of the Holders, in an amount equal to the Scheduled Principal Amortization Amount due and payable on such Payment Date;

(d) *fourth*, to the Notes Reserve Account, to the extent the amount on deposit in the Notes Reserve Account is less than the Notes Reserve Account Required Balance on such Payment Date, the amount of such shortfall;

(e) *fifth*, to the extent due and not already paid, to the Trustee on behalf of the Holders, as a reduction in the outstanding principal amount of the Notes, the amount of any outstanding mandatory prepayments or repurchase offers required pursuant to Sections 3.08, 3.09 or 4.34 (including any related premium due with respect thereto);

(f) *sixth*, after the fifth anniversary of the Closing Date, any "AHYDO catch-up payments" on the Notes;

(g) *seventh*, any premium without duplication of any premium paid in clause fifth, due and unpaid as of such Payment Date;

(h) *eighth*, to pay (x) ratably to (i) the Master Collateral Agent and the Depositary and, so long as Wilmington Trust, National Association shall be serving as the Master Collateral Agent and Depositary, such amounts to be transferred to the payment account under the Credit Agreement for payment to the Master Collateral Agent and Depositary in

accordance with the Credit Agreement and (ii) the Trustee and the Collateral Custodian, and then (y) to any other Person (other than American and any of its Subsidiaries (provided that any payment to the IP Manager pursuant to the IP Management Agreement shall be permitted pursuant to this clause (8)), including any Independent Director of any SPV Party (and any independent director service provider of any such Independent Director) and the IP Manager, any additional Obligations due and payable to such Person on such Payment Date, in the case of clauses (x) and (y), to the extent not otherwise paid or provided for or to the extent such Persons have agreed with the Issuers for payment at a later date;

(i) *ninth*, if an Early Amortization Period was in effect as of the last day of the Related Quarterly Reporting Period, then to the Trustee on behalf of the Holders, as a reduction in the outstanding principal balance of the Notes, an amount equal to the Early Amortization Payment for such Payment Date;

(j) *tenth*, to the extent any amounts are due and owing under any other Senior Secured Debt, to the Master Collateral Agent for further distribution to the appropriate Person pursuant to the Collateral Agency and Accounts Agreement; and

(k) *eleventh*, all remaining amounts shall be released to or at the direction of Loyalty Co.

For the avoidance of doubt, to the extent Available Funds with respect to any Payment Date are insufficient to pay amounts due and payable under this Indenture to the Agents, Holders or any other Person on such Payment Date, the Issuers, and to the extent provided in Article 10 hereof, the Guarantors, are fully obligated to timely pay such amounts to the Agents, Holders or other Persons.

Section 4.02 Financial Statements, Reports, Etc.

The Issuers shall furnish to the Trustee:

(a) The Issuers will furnish to the Trustee within 30 days after it files them with the SEC, copies of the Parent's annual report, quarterly reports, current reports and the other information, documents and other reports (or copies of such portions of any of the foregoing as the SEC may by rules and regulations prescribe) that the Parent is required to file with the SEC pursuant to Sections 13 and 15(d) of the Exchange Act. Reports, information and documents filed by the Parent with the SEC via the EDGAR system will be deemed to have been furnished to the Trustee as of the time such documents are filed via EDGAR;

(b) Within 180 days after the end of the fiscal year ending December 31, 2021, and within one hundred twenty (120) days after the end of each fiscal year thereafter, HoldCo1's consolidated balance sheet and related statement of income and cash flows, showing the financial condition of HoldCo1 and its Subsidiaries on a consolidated basis as of the close of such fiscal year and the results of their respective operations during such year, such consolidated financial statements of HoldCo1 to be audited for HoldCo1 by independent public accountants of recognized national standing and to be accompanied by an opinion of such accountants (which opinion shall be unqualified as to the scope of such audit) to the effect that such consolidated

financial statements fairly present in all material respects the financial condition and results of operations of HoldCo1 and its Subsidiaries on a consolidated basis in accordance with GAAP;

(c) [*reserved*];

(d) Within ninety (90) days after the end of the fiscal quarter ending June 30, 2021 and thereafter within sixty (60) days after the end of each of the first three fiscal quarters of each fiscal year, HoldCo1's consolidated balance sheets and related statements of income and cash flows, showing the financial condition of HoldCo1 and its Subsidiaries on a consolidated basis as of the close of such fiscal quarter and the results of their operations during such fiscal quarter and the then-elapsed portion of the fiscal year, each certified by an Officer of HoldCo1 as fairly presenting in all material respects the financial condition and results of operations of HoldCo1 and its Subsidiaries on a consolidated basis in accordance with GAAP, subject to normal year end audit adjustments and the absence of footnotes;

(e) Within ninety (90) days after the end of the fiscal year, a certificate of an Officer of American certifying that, to the knowledge of such Officer, no Early Amortization Event or Event of Default has occurred and is continuing, or, if, to the knowledge of such Officer, such an Early Amortization Event or Event of Default has occurred and is continuing, specifying the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto;

(f) On or prior to each Determination Date with respect to each Related Quarterly Reporting Period, an Officer's Certificate demonstrating in reasonable detail compliance with (i) Section 4.27 as of the last day of the Related Quarterly Reporting Period and (ii) the Peak Debt Service Coverage Ratio Test as of the last day of the Related Quarterly Reporting Period;

(g) No later than each Determination Date with respect to each Related Quarterly Reporting Period, a certificate of an Officer of American, (i) setting forth the name of each new AAdvantage Agreement entered into as of such date and each of the parties thereto, (ii) certifying compliance with deposit requirements with respect to such AAdvantage Agreements and (iii) certifying that Transaction Revenues representing 90% of all AAdvantage Revenues for such Quarterly Reporting Period were deposited directly into the Collection Account;

(h) [*Reserved*];

(i) [*Reserved*];

(j) [*Reserved*];

(k) Subject to any confidentiality restrictions under binding agreements or limitations imposed by applicable law, a notice (which will be posted on a password protected website to which the Trustee will have access to such notice (or which will otherwise be delivered to the Trustee, including, without limitation, by electronic mail) with respect to the occurrence of: (i) any material amendment, restatement, supplement, waiver or other material modification to any Material AAdvantage Agreement (with such notice posted or delivered, as applicable, promptly but in each case within thirty (30) days of the effectiveness of such material amendment, restatement, supplement, waiver or other material modification) and (ii) any

termination, cancellation or expiration of a Material AAdvantage Agreement (with such notice posted or delivered, as applicable, as soon as reasonably practicable after such termination, cancellation or expiration); and

(l) On each Determination Date, a Payment Date Statement to the Trustee and the Master Collateral Agent. The Trustee may, prior to the related Payment Date, provide notice to the Issuers and the Master Collateral Agent of any information contained in the Payment Date Statement that the Trustee believes to be incorrect. If the Trustee provides such a notice, the Issuers shall use their reasonable efforts to resolve the discrepancy and provide an updated Payment Date Statement on or prior to the related Payment Date. If the discrepancy is not resolved and a replacement Payment Date Statement is not received by the Trustee prior to the payment of Available Funds on the related Payment Date pursuant to Section 4.01 and it is later determined that the information identified by the Trustee as incorrect was in fact incorrect and such error resulted in a party receiving a smaller distribution on the Payment Date than they would have received had there not been such an error, then the Issuers shall indemnify such party for such shortfall. For the avoidance of doubt and, notwithstanding anything to the contrary in this Indenture or in any Collateral Document, the Trustee shall have no obligation to inquire into, investigate, verify or perform any calculations in connection with a Payment Date Statement or notice from the Trustee in respect of the same; it being understood and agreed that the Trustee shall be entitled to conclusively rely, and shall not be liable for so relying, on the Payment Date Statement last received by it on or prior to each Payment Date and the Trustee shall have no obligation, responsibility or liability in connection with any indemnification payment of the Issuers pursuant to the immediately preceding sentence.

In no event shall the Trustee be entitled to inspect, receive and make copies of materials, (i) except in connection with any enforcement or exercise of remedies, that constitute non-registered AAdvantage Intellectual Property, non-financial Trade Secrets (including the AAdvantage Customer Data) or non-financial proprietary information, (ii) in respect of which disclosure to the Trustee, the Master Collateral Agent or any Holder (or their respective representatives or contractors) is prohibited by law or any binding agreement (or would otherwise cause a breach or default thereunder) (including, but not limited to, copies of any AAdvantage Agreements or any information thereof) or (iii) that are subject to attorney client or similar privilege or constitute attorney work product or constitute Excluded Intellectual Property or an AAdvantage Agreement. The Issuers agree to provide copies of any notices or any deliverables given or received under the Collateral Agency and Accounts Agreement to the Trustee, including any notice or deliverable required to be provided to the Senior Secured Debt Representatives.

Subject to the next succeeding sentence, information required to be delivered pursuant to this Section 4.02 to the Trustee may be made available by American to the Holders by posting such information on a private, restricted website to which Holders, prospective investors, broker-dealers and securities analysts are given access. Information other than information required to be delivered pursuant to this Section 4.02 by any Issuer Party shall be delivered pursuant to Section 12.02 hereto. Information required to be delivered pursuant to this Section 4.02 (solely to the extent not already made available as set forth above) shall be deemed to have been delivered to the Trustee on the date on which Loyalty Co provides written notice to the Trustee that such information has been posted on American's general commercial website (to the extent such information has been posted or is available as described in such notice), as such website

may be specified by Loyalty Co to the Trustee from time to time. Information required to be delivered pursuant to this Section 4.02 shall be in a format which is suitable for transmission.

Any notice or other communication delivered pursuant to this Section 4.02, or otherwise pursuant to this Indenture, shall be deemed to contain non-public information unless (i) expressly marked by an Issuer Party as "PUBLIC", (ii) such notice or communication consists of copies of any Issuer Party's public filings with the SEC or (iii) such notice or communication has been posted on American's general commercial website, as such website may be specified by Loyalty Co or American to the Trustee from time to time.

Delivery of reports, information and documents to the Trustee is for informational purposes only, and its receipt of such reports, information and documents shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including any Issuer Party's or any other Person's compliance with any of its covenants under this Indenture or any other Notes Document. The Trustee shall have no liability or responsibility for the content, filing or timeliness of any report or other information delivered, filed or posted under or in connection with this Indenture, the other Notes Documents or the transactions contemplated hereunder or thereunder. For the avoidance of doubt, the Trustee shall have no duty to monitor or access any website of an Issuer Party or any other Person referenced herein, shall not have any duty to monitor, determine or inquire as to compliance or performance by any Issuer Party or any other Person of its obligations under this Section 4.02 or otherwise and the Trustee shall not be responsible or liable for any Issuer Party's or any other Person's non-performance or non-compliance with such obligations.

Section 4.03 Taxes.

Each Issuer and each Guarantor shall pay, and shall cause each of its Subsidiaries to pay, all material taxes, assessments and governmental levies imposed or assessed on any of them or any of their assets before the same shall become more than ninety (90) days delinquent, other than taxes, assessments and levies (i) being contested in good faith by appropriate proceedings or (ii) the failure to effect such payment of which are not reasonably be expected to have, individually or collectively, a Material Adverse Effect.

Section 4.04 Designation of Restricted and Unrestricted Subsidiaries

(a) Parent may designate any Restricted Subsidiary of it (other than any Issuer or SPV Party) to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by Parent and its Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation. That designation will be permitted only if the Investment would be permitted at that time under Section 4.22 and if the Restricted Subsidiary otherwise meets the definition of an "Unrestricted Subsidiary." Parent may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if that redesignation would not cause a Default.

(b) Parent may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary of Parent; provided that such designation shall be deemed to be an

incurrence of Indebtedness by a Restricted Subsidiary of the Parent of any outstanding Indebtedness of such Unrestricted Subsidiary and the applicable provisions of this Indenture, calculated on a pro forma basis as if such designation had occurred at the beginning of the applicable reference period and (ii) no Default would be in existence following such designation.

(c) In connection with the designation of an Unrestricted Subsidiary as provided in Section 4.04(a) above, (x) such designated Unrestricted Subsidiary shall be released from its Guarantee of the Obligations and (y) any Liens on such designated Unrestricted Subsidiary and any of the Collateral of such designated Unrestricted Subsidiary shall be released.

Section 4.05 Corporate Existence.

Each Issuer Party shall do or cause to be done all things reasonably necessary to preserve and keep in full force and effect:

(a) its corporate existence, and the corporate, partnership or other existence of each of its Restricted Subsidiaries, in accordance with the respective organizational and/or constitutional documents (as the same may be amended from time to time) of such Issuer Party or any such Restricted Subsidiary; and

(b) the rights (charter and statutory) and material franchises of each Issuer Party and its Restricted Subsidiaries;

provided that no Issuer Party shall be required to preserve any such right or franchise, or the corporate, partnership or other existence of such Issuer Party (other than an SPV Party) or any of its Restricted Subsidiaries (other than an SPV Party), if an Officer of American or Parent shall, in such officer's reasonable judgment, determine that the preservation thereof is no longer desirable in the conduct of the business of Parent and its Subsidiaries, taken as a whole, and that the loss thereof would not, individually or in the aggregate, have a Material Adverse Effect.

For the avoidance of doubt, the preceding shall not prohibit (i) sales of assets not restricted by Section 4.24 or (ii) mergers, liquidations and dissolutions permitted by Section 4.28.

Section 4.06 Compliance with Laws.

Each Issuer Party shall comply, and cause each of its Restricted Subsidiaries to comply, with all applicable laws, rules, regulations and orders of any Governmental Authority applicable to it or its property, except where such noncompliance, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

Section 4.07 Contribution of AAdvantage Intellectual Property.

American shall contribute Intellectual Property and data to Loyalty Co pursuant to the Contribution Agreements from time to time so that at all times Parent and its Subsidiaries (other than Loyalty Co) would not be able to operate the AAdvantage Program in a manner materially consistent with the operation of the AAdvantage Program at such time, or any other similar airline loyalty program (other than a Permitted Acquisition Loyalty Program or Specified Minority Owned Program), without the rights granted to American with respect to such

Intellectual Property under the IP Licenses; provided that, for the avoidance of doubt, American shall not be required to so contribute any Airlines Business Intellectual Property or sublicense any Intellectual Property owned by any non-Affiliate third party.

Section 4.08 Special Purpose Entity.

Other than as required or permitted by the Transaction Documents or the AAdvantage Agreements, the SPV Parties have not and shall not:

(a) engage in any business or activity other than (i) the purchase, receipt, management and sale of Collateral and Excluded Property; provided that in no event shall any SPV Party purchase, receive, manage or sell real property, (ii) the transfer and pledge of Collateral pursuant to the terms of the Collateral Documents and the Priority Lien Debt Documents and the Junior Lien Debt Documents, (iii) the entry into and the performance under the Transaction Documents and AAdvantage Agreements to which it is a party and the Priority Lien Debt Documents and Junior Lien Debt Documents and (iv) such other activities as are incidental to the foregoing clauses (i) through (iii);

(b) acquire or own any material assets other than (i) the Collateral and Excluded Property; provided that in no event shall any SPV Party acquire or own real property, or (ii) incidental property as may be necessary or desirable for the operation of any SPV Party and the performance of its obligations under the Transaction Documents and AAdvantage Agreements to which it is a party and the Priority Lien Debt Documents and the Junior Lien Debt Documents;

(c) except as permitted by this Indenture (i) merge into or consolidate with any Person or dissolve, terminate or liquidate in whole or in part, transfer or otherwise dispose of all or substantially all of its assets, or (ii) change its legal structure, or jurisdiction of incorporation, unless, in connection with any of the foregoing, such action shall result in the substantially contemporaneous occurrence of the Discharge of Senior Secured Debt Obligations;

(d) except as otherwise permitted under Section 4.08(c), fail to preserve its existence as an entity duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation;

(e) form, acquire or own any Subsidiary, own any Equity Interests in any other entity, or make any Investment in any Person other than to the extent permitted in its memorandum and articles of association and the Notes Documents (it being understood that each SPV Party shall only be permitted to form and thereafter own one or more Subsidiaries that are SPV Parties or will become SPV Parties upon satisfaction of the requirements set forth in clause (4), (5) and (6) of the proviso in the definition of "Permitted Loyalty Subsidiary" within the time periods set forth in the Section 4.16(l);

(f) except as contemplated in the Senior Secured Debt Documents, commingle its assets with the assets of any of its Affiliates, or of any other Person;

(g) incur any Indebtedness other than (i) Indebtedness to the Senior Secured Parties under this Indenture or in conjunction with a repurchase, prepayment or redemption of all or a portion of the Notes owed to the Holders, (ii) any other Priority Lien Debt, (iii) any Junior

Lien Debt and (iv) ordinary course contingent obligations under or any terms thereof related to the AAdvantage Agreements (such as customary indemnities to fronting banks, administrative agents, collateral agents, depository banks, escrow agents, etc.);

(h) become insolvent or fail to pay its debts and liabilities from its assets as the same shall become due in the ordinary course of business;

(i) fail to maintain its records, books of account and bank accounts separate and apart from those of any other Person;

(j) enter into any contract or agreement with any Person, except (i) the Transaction Documents to which it is a party and the Priority Lien Debt Documents and the Junior Lien Debt Documents, (ii) organizational documents, (iii) AAdvantage Agreements or other co-branding, partnering or similar agreements, (iv) agreements between any SPV Party and American and/or its Subsidiaries substantially consistent with American's arrangements with its other Subsidiaries that (w) terminate upon such SPV Party ceasing to be a Subsidiary of American, (x) do not involve the payment of cash to or from such SPV Party, (y) are entered into for the primary purpose of managing the transfer and processing of data among the parties thereto and (z) contain non-petition and nonrecourse covenants with respect to such SPV Party consistent with the provisions set forth in this Indenture, (v) intercompany loans from Loyalty Co to American permitted under Section 4.22, or (vi) other contracts or agreements that (x) are upon terms and conditions that are commercially reasonable and substantially similar to those that would be available on an arm's-length basis with third parties other than such Person, (y) contain non-petition covenants with respect to such SPV Party consistent with the provisions set forth in this Indenture and (z) contain non-recourse covenants with respect to such SPV Party consistent with the provisions set forth in this Indenture.

(k) seek its dissolution or winding up in whole or in part;

(l) fail to use commercially reasonable efforts to correct promptly any material known misunderstandings regarding the separate identities of any SPV Party, on the one hand, and any Affiliate or any principal thereof or any other Person, on the other hand;

(m) except pursuant to the Transaction Documents and AAdvantage Agreements, the Priority Lien Debt Documents and the Junior Lien Debt Documents guarantee, become obligated for, or hold itself out to be responsible for the Indebtedness of another Person;

(n) fail, in any material respect, either to hold itself out to the public as a legal entity separate and distinct from any other Person or to conduct its business, solely in its own name in order not (i) to mislead others as to the identity of the Person with which such other party is transacting business, or (ii) to suggest that it is responsible for the Indebtedness of any third party (including any of its principals or Affiliates (other than as contemplated or required pursuant to the Transaction Documents or AAdvantage Agreements));

(o) fail, to the extent of its own funds (taking into account the requirements in the Transaction Documents and AAdvantage Agreements), to maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations;

(p) [reserved];

(q) fail to maintain separate financial statements, showing its assets and liabilities separate and apart from those of any other Person and not have its assets listed on any financial statement of any other Person; *provided*, *however*, that the SPV Parties' assets may be included in a consolidated financial statement of its Affiliates so long as (i) appropriate notation shall be made on such consolidated financial statements to indicate the separateness of the SPV Parties from such Person and to indicate that the SPV Parties' assets and credit are not available to satisfy the Indebtedness and other obligations of such Person or any other Person except for Indebtedness incurred and other obligations pursuant to the Notes Documents, the Priority Lien Debt Documents and the Junior Lien Debt Documents and (ii) such assets shall also be listed on the SPV Parties' own separate balance sheet (in each case, subject to clause (y) below);

(r) fail to pay its own separate liabilities and expenses only out of its own funds (other than as contemplated under any Director Services Agreement);

(s) maintain, hire or employ any individuals as employees; *provided* that the SPV Parties are not prohibited or limited in any manner from having directors and officers;

(t) acquire the obligations or securities issued by its Affiliates or members (other than (i) any equity interests of another SPV Party that is a Subsidiary of such SPV Party, (ii) Madrid SPV or in connection with the implementation of the Madrid Protocol Holding Structure or an Alternative Madrid Structure or (iii) intercompany loans permitted under Section 4.22);

(u) fail to allocate fairly and reasonably any overhead expenses that are shared with an Affiliate, including paying for office space and services performed by any employee of an Affiliate;

(v) pledge its assets to secure the obligations of any other Person other than pursuant to the Notes Documents, the Priority Lien Debt Documents and the Junior Lien Debt Documents;

(w) fail to satisfy the requirements of Section 4.09;

(x) (i) institute proceedings to be adjudicated bankrupt or insolvent, (ii) institute or consent to the institution of bankruptcy, winding up or insolvency proceedings against it, (iii) file a petition seeking or consent to reorganization or relief under any applicable federal or state law relating to bankruptcy or insolvency, (iv) seek or consent to the appointment of a receiver, liquidator, provisional liquidator, assignee, trustee, sequestrator, collateral agent or any similar official for any SPV Party, (v) make any general assignment for the benefit of any SPV Party's creditors, (vi) admit in writing its inability to pay its debts generally as they become due, or (vii) take any corporate action to approve any of the foregoing; or

(y) fail to file its own tax returns separate from those of any other Person, except to the extent that any SPV Party is treated as a disregarded entity for U.S. federal and applicable state and local income tax purposes or except as otherwise required by law.

Section 4.09 SPV Party Independent Directors.

No SPV Party shall fail for five (5) consecutive Business Days to have at least the Required Number of Independent Directors (or 30 days in the case of such Independent Director's death, disability or resignation, provided that in the case of Loyalty Co, one Independent Director remains at Loyalty Co during such period). Each SPV Party agrees that no vote for a "Material Action" (as defined in the Specified Organization Document of such SPV Party) shall be held unless such SPV Party has the Required Number of Independent Directors at such time, all of the Required Number of Independent Directors are present for such vote and the affirmative vote of all Independent Directors is required for such SPV Party to take such "Material Action".

Section 4.10 Regulatory Matters; Utilization.

American shall:

(a) maintain at all times its status as an "air carrier" within the meaning of Section 40102(a)(2) of Title 49, and hold or co-hold a certificate under Section 41102(a)(1) of Title 49; and

(b) maintain at all times its status at the FAA as an "air carrier" and hold or co-hold an air carrier operating certificate under Section 44705 of Title 49 and operations specifications issued by the FAA pursuant to Parts 119 and 121 of Title 14 as currently in effect or as may be amended or recodified from time to time.

Section 4.11 Collateral Ownership.

Subject to the provisions described (including the actions permitted) under this Article 4, each Grantor shall continue to maintain its interest in and right to use all property and assets so long as such property and assets constitute Collateral, except as would not reasonably be expected to result in a Material Adverse Effect.

Section 4.12 Guarantors; Grantors; Collateral.

(a) Parent shall take, and cause each SPV Guarantor and each Subsidiary Guarantor to take, such actions as are necessary (including, if applicable, the execution and delivery of a supplemental indenture substantially in the form attached hereto and if reasonably requested by the Trustee, deliver to the Trustee, a customary written opinion of counsel to Parent or such Subsidiary, as applicable) in order to ensure that the obligations of the Issuer Parties hereunder and under the other Notes Documents are guaranteed by all of Parent's Subsidiaries that are required to provide a note guarantee pursuant to the applicable provisions of this Indenture.

(b) The Issuers and Parent shall, in each case at their own expense, (A) cause each Subsidiary of any SPV Party to become a Grantor and to become a party to the Security Agreement and each applicable Collateral Document and all other agreements, instruments or documents that create or purport to create and perfect a first priority Lien (subject to any Permitted Liens) in favor of the Master Collateral Agent for the benefit of the Senior Secured Parties in substantially all of its assets (other than Excluded Property), subject to and in accordance with the terms, conditions and provisions of the Notes Documents, (B) promptly

execute and deliver (or cause such Grantor to execute and deliver) to the Master Collateral Agent such documents and take such actions to create, grant, establish, preserve and perfect the applicable priority Liens (subject to Permitted Liens) (including to obtain any release or termination of Liens not permitted under Section 4.25 and the filing of UCC financing statements, as applicable) in favor of the Master Collateral Agent on such assets of such Grantor to secure the Obligations to the extent required under the applicable Collateral Documents or reasonably requested by the Trustee or the Master Collateral Agent, and to ensure that such Collateral shall be subject to no other Liens other than Permitted Liens (it being understood that only American and the SPV Parties shall be required to become Grantors and pledge their respective Collateral), and (C) if reasonably requested by the Trustee or the Master Collateral Agent, deliver to the Trustee and the Master Collateral Agent, the Collateral Administrator, the Collateral Custodian and the Depositary, a customary written Opinion of Counsel to Parent or such Grantor, as applicable, with respect to the matters described in clauses (A) and (B) hereof, in each case within twenty (20) Business Days after the addition of such Collateral.

(c) Notwithstanding anything in this Indenture to the contrary, a supplemental indenture effecting a Note Guarantee pursuant to the terms of this Indenture following the Closing Date may be modified in respect of any Guarantor organized outside the United States of America to the extent necessary to (1) comply with applicable law, (2) avoid any applicable legal limitations such as applicable statutory limitations, financial assistance requirements, corporate benefit requirements, "thin capitalization" rules, retention of title claims or similar matters or (3) avoid a conflict with the fiduciary duties of such company's directors, contravention of any legal prohibition or regulatory condition, or the material risk of personal or criminal liability for any officers or directors (collectively referred to as "Agreed Guarantee Principles"), in each case as determined by American in good faith in its reasonable discretion.

(d) American and Parent shall cause each Subsidiary that becomes a borrower (other than the Issuers) or that guarantees the Term Loans (excluding any refinancing or replacement thereof, other than any refinancing or replacement with term loan debt that constitutes Priority Lien Debt or Junior Lien Debt), within 30 days of becoming a borrower or the incurrence of such guarantee, to execute and deliver to the Trustee a supplemental indenture to this Indenture pursuant to which such Subsidiary of the Parent will guarantee payment of the Notes on the same terms and conditions as those set forth in this Indenture.

Section 4.13 [Reserved].

Section 4.14 Further Assurances.

(a) In each case, subject to the terms, conditions and limitations in the Notes Documents, each of the Issuers and SPV Guarantors shall execute any and all further documents and instruments, and take all further actions, that may be required or advisable under applicable law or that the Master Collateral Agent may reasonably request, in order to create, grant, establish, preserve, protect and perfect the validity, perfection and priority of the Liens and security interests created or intended to be created by the Collateral Documents, in each case to the extent required under this Indenture or the Collateral Documents. For the avoidance of doubt, the requirements of this covenant shall not create any obligation of the Issuers or any Guarantor

to provide any AAdvantage Agreements (or copies thereof) or disclose any information therein that is not otherwise disclosed on the Closing Date.

(b) Promptly following the entry by Parent or any of its Subsidiaries into any AAdvantage Agreements after the Closing Date (or, in the case of an agreement that previously was a Retained Agreement that becomes an AAdvantage Agreement, upon such agreement becoming an AAdvantage Agreement), Loyalty Co will deliver to the Master Collateral Agent an executed Direction of Payment.

(c) Promptly after the date upon which it is permissible to transfer and assign any Specified Intellectual Property, the Issuer Parties shall, if such Specified Intellectual Property is not transferred and assigned pursuant to an existing Contribution Agreement or an amendment thereto, execute and deliver one or more Contribution Agreements together with all further documents and instruments that may be required and advisable, and take all further actions that may be required or advisable under applicable law or that the Master Collateral Agent may reasonably request, to transfer and assign all of the Issuer Parties' right, title and interest in and to such Specified Intellectual Property to Loyalty Co**,** and shall promptly provide the Trustee and the Master Collateral Agent copies of any such documents.

Section 4.15 Maintenance of Rating.

The Issuer Parties shall use commercially reasonable efforts to cause the Notes to be continuously rated (but not any specific rating) by the two (2) Rating Agencies that initially rated the Notes. The Issuer Parties shall make commercially reasonable efforts to provide such Rating Agencies (at American's sole expense) such reports, records and documents as each shall reasonably request to monitor or affirm such ratings, except to the extent the disclosure of any such document or any such discussion would result in the violation of any Issuer Party's contractual (including all confidentiality obligations set forth in the AAdvantage Agreements) or legal obligations; *provided* that the Issuer Parties' failure to obtain such a rating after using commercially reasonable efforts shall not constitute an Event of Default.

Section 4.16 AAdvantage Program; AAdvantage Agreements.

(a) Each Issuer Party (as applicable) agrees to honor Miles according to the policies and procedures of the AAdvantage Program except to the extent that would not reasonably be expected to cause a Payment Material Adverse Effect.

(b) Each Issuer Party shall take any action permitted under the AAdvantage Agreements and applicable law that it, in its reasonable business judgment, determines is advisable, in order to diligently and promptly (i) enforce its rights and any remedies available to it under the AAdvantage Agreements, (ii) perform its obligations under the AAdvantage Agreements and (iii) cause the applicable counterparties to perform their obligations under the related AAdvantage Agreements, including such counterparties' obligations to make payments to and indemnify the applicable Issuer Party in accordance with the terms thereof in each case except to the extent that would not reasonably be expected to cause a Payment Material Adverse Effect.

(c) The Issuer Parties shall not substantially reduce the AAdvantage Program business or modify the terms of the AAdvantage Program in any manner that would reasonably be expected to cause a Payment Material Adverse Effect.

(d) Parent shall not and shall not permit any of its Subsidiaries to change the policies and procedures of the AAdvantage Program in any manner that would reasonably be expected to cause a Payment Material Adverse Effect.

(e) No Issuer Party shall, or shall permit any of its Subsidiaries to, establish, create, or operate any Loyalty Program, other than a Permitted Acquisition Loyalty Program or a Specified Minority Owned Program, unless substantially all (i) such Loyalty Program cash payments (which excludes, for the avoidance of doubt, airline revenues such as ticket sales and baggage fees), (ii) accounts in which such cash payments are deposited, (iii) Intellectual Property and member data (but solely to the extent that such Intellectual Property and member data would be included in the definition of AAdvantage Intellectual Property, substituting references to the AAdvantage Program with references to such other Loyalty Program), and (iv) material third-party co-branding, partnering or similar agreements, including airline-to-airline frequent flyer program agreements related to or entered into in connection with such Loyalty Program (but solely to the extent that such agreements would be included in the definition of AAdvantage Agreements (e.g., Retained Agreements are excluded from all of the foregoing so long as such agreements remain Retained Agreements or later again become Retained Agreements) substituting references to the AAdvantage Program with references to such other Loyalty Program) and intercompany agreements concerning the operation of such Loyalty Program are transferred to and held at Loyalty Co or a Permitted Loyalty Subsidiary and pledged as Collateral on a first lien basis (except to the extent such revenues or assets constitute Excluded Property), subject to Permitted Liens; provided that, for the avoidance of doubt, nothing shall prohibit Parent or any of its Subsidiaries from offering and providing discounts or other incentives for travel or carriage on American or any of the oneworld partners (or, in the case of, American's AirPass program, Business Extra program and ConciergeKey program, from offering and providing other goods and services) to (A) any Person that is not a natural person or (B) members of American's AirPass program, Business Extra program and ConciergeKey program so long as no Currency is provided to such members other than Miles or, in the case of members of the Business Extra program that are Persons other than natural persons, the Currency of the Business Extra program

(f) The Issuer Parties agree that, with respect to each AAdvantage Agreement entered into after the Closing Date that would be an AAdvantage Agreement and not a Retained Agreement at such time, (i) Loyalty Co shall either be (A) party to such AAdvantage Agreement and have the right to enforce the terms of such AAdvantage Agreement pursuant to the terms thereof or (B) an express third party beneficiary of such AAdvantage Agreement, including the express right to enforce the terms of such AAdvantage Agreement, pursuant to the terms thereof and (ii) such AAdvantage Agreement shall (x) provide that payment made by the counterparty thereunder shall be made to Loyalty Co and deposited directly into the Collection Account and (y) permit Loyalty Co to grant a Lien on such AAdvantage Agreement to secure the Obligations; provided, that the foregoing shall not apply to any renewals, extensions or modifications of Closing Date AAdvantage Agreements as long as commercially reasonable efforts (as determined by American) have first been made to have Loyalty Co be a party to (or an express third party beneficiary of) such renewed, extended or modified agreement; provided further that in no event shall American be required to pay or provide concessions to a counterparty of such a renewed, extended or modified Closing Date AAdvantage Agreement in order to have Loyalty

Co added as a party to such agreement (or an express third party beneficiary thereof). In the event that the Barclays Co-Branded Agreement or the Citi Co-Branded Agreement is renewed, extended or modified, American and Loyalty Co shall ensure that the applicable Co-Branded Consent is effective with respect to such renewed, extended or modified agreement.

(g) American shall assign all of its Assigned AAdvantage Agreement Rights with respect to each AAdvantage Agreement to Loyalty Co. The Issuer Parties shall, if any such Assigned AAdvantage Agreement Rights with respect to any AAdvantage Agreement is not assigned pursuant to an existing Contribution Agreement, execute and deliver one or more Contribution Agreements together with all further documents and instruments that may be required, and take all further actions that may be required under applicable law or that the Master Collateral Agent may reasonably request, to transfer and assign all of the Issuer Parties' Assigned AAdvantage Agreement Rights to Loyalty Co, and shall promptly provide the Trustee and the Master Collateral Agent copies of any such documents.

(h) Notwithstanding anything to the contrary, with respect to any Permitted Acquisition Loyalty Program, each Issuer Party shall be permitted to undertake any of the following actions at any time after such actions are permitted under the Material AAdvantage Agreements and applicable law:

(i) terminate the Permitted Acquisition Loyalty Program;

(ii) merge and consolidate the Permitted Acquisition Loyalty Program into the AAdvantage Program; or

(iii) cause all or part of the Permitted Acquisition Loyalty Program's payments in cash (which excludes airline revenues such as ticket sales and baggage fees) to be pledged as Collateral.

(i) For the avoidance of doubt, (i) until it is merged into or consolidated with the AAdvantage Program or substantially all of the payments in cash and Intellectual Property of such Permitted Acquisition Loyalty Program, all material third-party co-branding, partnering and similar agreements, including airline-to-airline frequent flyer program agreements related to or entered into in connection with such Permitted Acquisition Loyalty Program (but solely to the extent that such agreements would be included in the definition of AAdvantage Agreements (e.g., Retained Agreements are excluded from all of the foregoing so long as such agreements remain Retained Agreements or later again become Retained Agreements), substituting references to the AAdvantage Program with references to such other Permitted Acquisition Loyalty Program) and intercompany agreements concerning the operation of such Permitted Acquisition Loyalty Program are transferred and held at Loyalty Co or a Permitted Loyalty Subsidiary and pledged as Collateral on a first lien basis, any Permitted Acquisition Loyalty Program shall not be deemed part of the AAdvantage Program, its co-branding, partnering or similar agreements, including airline-to-airline frequent flyer program agreements shall not constitute AAdvantage Agreements, and its customer data shall not constitute AAdvantage Customer Data and (ii) following a merger or consolidation of such Permitted Acquisition Loyalty Program into the AAdvantage Program or substantially all of the payments in cash and Intellectual Property of such Permitted Acquisition Loyalty Program, all material third-party co-branding, partnering and similar agreements, including airline-to-airline frequent flyer program agreements related to or entered into in connection with such Permitted Acquisition Loyalty

Program (but solely to the extent that such agreements would be included in the definition of AAdvantage Agreements (e.g., Retained Agreements are excluded from all of the foregoing so long as such agreements remain Retained Agreements or again become Retained Agreements), substituting references to the AAdvantage Program with references to such other Permitted Acquisition Loyalty Program) and intercompany agreements concerning the operation of such Permitted Acquisition Loyalty Program are transferred and held at Loyalty Co or a Permitted Loyalty Subsidiary and pledged as Collateral on a first lien basis (subject to Permitted Liens), (A) none of the restrictions described in the definition of "Permitted Acquisition Loyalty Program" will continue to apply to the merged program, (B) the co-branding, partnering and similar agreements, including airline-to-airline frequent flyer program agreements related to or entered into in connection with such Permitted Acquisition Loyalty Program shall become AAdvantage Agreements (but solely to the extent that such agreements would be included in the definition of AAdvantage Agreements (e.g., Retained Agreements are excluded from all of the foregoing so long as such agreements remain Retained Agreements or later again become Retained Agreements), substituting references to the AAdvantage Program with references to such other Permitted Acquisition Loyalty Program) and (C) to the extent not effected pursuant to such merger or consolidation, American shall promptly cause such Permitted Acquisition Loyalty Program's payments in cash (which excludes airline revenues such as ticket sales and baggage fees), accounts in which such payment in cash are deposited, Intellectual Property and member data related to such Permitted Acquisition Loyalty Program (but solely to the extent that such Intellectual Property and member data would be included in the definition of AAdvantage Intellectual Property, substituting references to the AAdvantage Program with references to such other Permitted Acquisition Loyalty Program), all material third-party co-branding, partnering, and similar agreements, including airline-to-airline frequent flyer program agreements related to or entered into in connection with such Permitted Acquisition Loyalty Program (but solely to the extent that such agreements would be included in the definition of AAdvantage Agreements (e.g., Retained Agreements are excluded from all of the foregoing so long as such agreements remain Retained Agreements or later again become Retained Agreements), substituting references to the AAdvantage Program with references to such other Permitted Acquisition Loyalty Program) and intercompany agreements concerning the operation of such Loyalty Program and all other assets of such Permitted Acquisition Loyalty Program to be transferred and held at Loyalty Co or a Permitted Loyalty Subsidiary and be pledged as Collateral pursuant to the Collateral Documents.

(j) Each Issuer Party agrees that if, as of any Determination Date, the aggregate amount of payments in cash attributable to the Retained Agreements for the preceding four Quarterly Reporting Periods (or, in the case of the first three Quarterly Reporting Periods, since the Closing Date) are greater than or equal to 7.0% of the AAdvantage Revenues for such period, (i) American shall promptly transfer (or cause to be transferred) its Assigned AAdvantage Agreement Rights with respect to one or more Retained Agreements to Loyalty Co such that the aggregate amount of payments in cash produced by the Retained Agreements not so transferred is less than 7.0% of the AAdvantage Revenues in such period (on a pro forma basis) and (ii) upon the effectiveness of such transfer, such Retained Agreement(s) shall become AAdvantage Agreement(s); provided that, in the case of any airline-to-airline frequent flyer program agreement that was previously a Retained Agreement and subsequently becomes an AAdvantage Agreement, such airline-to-airline frequent flyer program may be re-designated as a Retained Agreement and released from the Collateral so long as after giving effect to such

release and re-designation, the aggregate amount of revenues of the Retained Agreements is less than 7.0% (on a pro forma basis) for the preceding four Quarterly Reporting Periods (or, in the case of the first three Quarterly Reporting Periods, since the Closing Date).

(k) Loyalty Co shall have the exclusive right to issue Miles in connection with the AAdvantage Program (including any Miles purchased by American, AAdvantage Program members or any other third parties pursuant to AAdvantage Agreements, Retained Agreements, American Airline Business Agreements or otherwise from Loyalty Co, American or any of its Affiliates). Neither American nor any of its Affiliates (other than Loyalty Co) shall issue or create Miles. American shall purchase Miles from Loyalty Co in order to comply with its obligations under the AAdvantage Agreements, the Retained Agreements and the American Airline Business Agreements. Loyalty Co shall issue Miles purchased by American in accordance with the Intercompany Agreement. The sale, transfer and redemption of Miles between Loyalty Co and American shall be governed solely by the Intercompany Agreement.

(l) In connection with the transactions contemplated by clauses (e) and/or (i) of this section, any SPV Party may form a Permitted Loyalty Subsidiary; provided that such Permitted Loyalty Subsidiary satisfies the requirements set forth in the definition of "Permitted Loyalty Subsidiary" within thirty (30) days after the formation of such Subsidiary (or such longer period as the Administrative Agent may agree in its sole discretion) and Loyalty Co provides written notice to the Trustee designating such Subsidiary as a "Permitted Loyalty Subsidiary" and an "SPV Party".

(m) Parent shall not enter into, be party to or otherwise obtain any rights under any AAdvantage Agreement.

Section 4.17 Notes Reserve Account.

(a) Loyalty Co shall establish and maintain or cause to be maintained at the Collateral Custodian, a segregated non-interest bearing trust account in the name of Loyalty Co, for the purpose of holding a minimum balance of not less than the Notes Reserve Account Required Balance (such account, the "Notes Reserve Account"). The Notes Reserve Account shall be subject at all times to an Account Control Agreement. So long as the Collateral Custodian has not been notified by the Trustee or any Issuer that an Event of Default has occurred and is continuing, then the Collateral Custodian shall, at the written direction of either Issuer from time to time cause the funds held in the Notes Reserve Account, from time to time, to be invested in one or more Cash Equivalents selected by such Issuer (which Cash Equivalents shall at all times be subject to the Lien created under this Indenture); provided that in no event shall the Collateral Custodian: (i) have any responsibility whatsoever as to the validity or quality of any Cash Equivalent (or for determining whether any investment made qualifies under the definition of "Cash Equivalent"), (ii) be liable for the selection of Cash Equivalents or for investment losses incurred thereon or in respect of losses incurred as a result of the liquidation of any Cash Equivalent before its stated maturity pursuant to this Section 4.17 or the failure of an Issuer to provide timely written investment direction or (iii) have any obligation to invest or reinvest any such amounts in the absence of such investment direction. Following the Collateral Custodian's receipt of written notice from the Trustee or from an Issuer that an Event of Default has occurred and is continuing, the Collateral Custodian shall cease making or renewing such Investments and funds on deposit in the Notes Reserve Account shall thereafter remain uninvested. The Collateral Custodian shall not have any obligation to invest or reinvest the funds

held in the Notes Reserve Account on any day to the extent that the Collateral Custodian has not received investment instruction on or prior to 11:00 a.m. (New York time) on such day. Notwithstanding anything in this Indenture to the contrary, in no event shall any Issuer direct any investment in any such Cash Equivalent that will mature later than the Business Day before the next occurring Payment Date. It is agreed and understood that the entity serving as the Trustee or the Collateral Custodian may earn fees associated with the investments outlined above in accordance with the terms of such investments. In no event shall the Trustee or the Collateral Custodian be deemed an investment manager or adviser in respect of any selection of investments hereunder. It is understood and agreed that the Trustee, the Collateral Custodian or their respective affiliates are permitted to receive additional compensation that could be deemed to be in the Trustee's or the Collateral Custodian's economic self-interest for (1) serving as investment adviser, administrator, shareholder servicing agent, custodian or sub custodian with respect to certain of the investments, (2) using affiliates to effect transactions in certain investments and (3) effecting transactions in investments. All income from such Cash Equivalents shall be retained in the Notes Reserve Account, subject to release as permitted by this Indenture. All investments in such Cash Equivalents shall be at the risk of Loyalty Co. All income from Cash Equivalents in the Notes Reserve Account shall be taxable to Loyalty Co (or its regarded parent entity), and the Collateral Custodian shall prepare and timely distribute to American or, Loyalty Co, as applicable, Form 1099 or other appropriate U.S. federal and state income tax forms with respect to such income.

(b) As security for the prompt payment or performance in full when due, whether at stated maturity, by acceleration or otherwise, of all Obligations, Loyalty Co hereby grants to the Trustee for the benefit of the secured parties under this Indenture a security interest in and lien upon, all of the Loyalty Co's right, title and interest in and to (i) the Notes Reserve Account, (ii) all funds held in the Notes Reserve Account, and all certificates and instruments, if any, from time to time representing or evidencing the Notes Reserve Account or such funds, (iii) all Investments from time to time of amounts in the Notes Reserve Account and all certificates and instruments, if any, from time to time representing or evidencing such Investments, (iv) all notes, certificates of deposit and other instruments from time to time delivered to or otherwise possessed by the Trustee or any secured party under this Indenture or any assignee or agent on behalf of the Trustee or any secured party under this Indenture in substitution for or in addition to any of the then existing Collateral in the Notes Reserve Account, and (v) all interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any and all of the then existing Collateral in the Notes Reserve Account.

(c) The Issuers hereby acknowledge and agree that: (i) the Trustee shall be the only Person that has a right to withdraw from the Notes Reserve Account and (ii) the funds on deposit in the Notes Reserve Account shall at all times continue to be Collateral security for the benefit of the secured parties under this Indenture and shall not be subject to any Lien other than a Lien benefiting the Trustee on behalf of the secured parties under this Indenture.

(d) If, on any Determination Date, the amount on deposit in the Notes Reserve Account exceeds the Notes Reserve Account Required Balance for the related Payment Date, Loyalty Co shall be entitled to request the Trustee by notice in writing (which may be the

Payment Date Statement) to transfer such excess amounts in the Notes Reserve Account to the Collection Account on the related Allocation Date. In such circumstances, the Trustee shall promptly direct the Collateral Custodian to wire such excess amounts from the Notes Reserve Account to the Collection Account.

(e) If, on any Determination Date, Available Funds for the related Payment Date will not be sufficient to pay in full the amounts due pursuant to (a) through (c) of Section 4.01 on the related Payment Date, Loyalty Co shall request by notice in writing (which may be the Payment Date Statement) to the Trustee that the Trustee, on or prior to the related Payment Date, transfer amounts in the Notes Reserve Account to the Notes Payment Account to the extent necessary so that Available Funds on the related Payment Date will be sufficient to pay such amounts on the related Payment Date. In such circumstances, the Trustee shall promptly direct the Collateral Custodian to wire such amounts from the Notes Reserve Account to the Notes Payment Account.

(f) Loyalty Co will at all times maintain a minimum balance of not less than the Notes Reserve Account Required Balance in the Notes Reserve Account (for the avoidance of doubt, except to the extent a lesser balance is maintained during the period from (and including) any Allocation Date to the time at which funds are distributed in accordance with Section 4.01 on the related Payment Date as a result of funds being remitted from the Notes Reserve Account to the Notes Payment Account in accordance with the Notes Documents).

(g) In the event that (A) an Officer of an Issuer obtains actual knowledge that the Collateral Custodian shall no longer have the deposit rating necessary for the Notes Reserve Account to be an Eligible Deposit Account or (B) an Issuer receives notice from the Trustee of such deposit rating change, Loyalty Co shall provide prompt written notice to the Trustee and, within thirty (30) days (provided, that such period shall be automatically extended if and to the extent such period is extended under the corresponding provision of the Credit Agreement) of obtaining such knowledge or receiving such notice, move the Notes Reserve Account to a new depositary institution pursuant terms of this Indenture. In the event that any reserve account with respect to the Credit Agreement has been moved to a new depositary institution pursuant to the terms of the Credit Agreement, such new depositary institution shall be deemed to satisfy the ratings required to be an Eligible Deposit Account with respect to the Notes Reserve Account.

Section 4.18 Notes Payment Account

(a) Loyalty Co shall establish and maintain or cause to be maintained at the Collateral Custodian, a segregated non-interest bearing trust account in the name of Loyalty Co, for the purpose of holding amounts allocated to the Notes pursuant to the Collateral Agency and Accounts Agreement and the terms of this Indenture (such account, the "Notes Payment Account"). The Notes Payment Account shall be subject at all times to an Account Control Agreement. Funds on deposit in the Notes Payment Account shall be uninvested.

(b) As security for the prompt payment or performance in full when due, whether at stated maturity, by acceleration or otherwise, of all Obligations, Loyalty Co will under this Indenture grant to the Trustee for the benefit of the secured parties under this

Indenture a security interest in and lien upon, all of the Loyalty Co's right, title and interest in and to (i) the Notes Payment Account, (ii) all funds held in the Notes Payment Account, and all certificates and instruments, if any, from time to time representing or evidencing any Notes Payment Account or such funds, (iii) all Investments from time to time of amounts in the Notes Payment Account and all certificates and instruments, if any, from time to time representing or evidencing such Investments, (iv) all notes, certificates of deposit and other instruments from time to time delivered to or otherwise possessed by the Trustee or any secured party under this Indenture or any assignee or agent on behalf of the Trustee or any secured party under this Indenture in substitution for or in addition to any of the then existing Collateral in the Notes Payment Account, and (v) all interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any and all of the then existing Collateral in the Notes Payment Account.

(c) Each Issuer Party hereby acknowledges and agrees that: (i) at all times, the Trustee shall be the only Person that has a right to withdraw funds from the Notes Payment Account and (ii) the funds on deposit in the Notes Payment Account shall at all times continue to be Collateral security for all of the Obligations and shall not be subject to any Lien other than a Lien benefiting the Trustee on behalf of the secured parties under this Indenture.

(d) In the event that (A) an Officer of an Issuer obtains actual knowledge that the Collateral Custodian shall no longer have the deposit rating necessary for the Notes Payment Account to be an Eligible Deposit Account or (B) an Issuer receives notice from the Trustee of such deposit rating change, Loyalty Co shall provide prompt written notice to the Trustee and, within thirty (30) days (provided, that such period shall be automatically extended if and to the extent such period is extended under the corresponding provision of the Credit Agreement) of obtaining such knowledge or receiving such notice, move the Notes Payment Account to a new depositary institution pursuant to terms of this Indenture. In the event that any payment account with respect to the Credit Agreement has been moved to a new depositary institution pursuant to the terms of the Credit Agreement, such new depositary institution shall be deemed to satisfy the ratings required to be an Eligible Deposit Account with respect to the Notes Payment Account.

Section 4.19 Collections; Releases from Collection Account.

(a) American and Loyalty Co shall instruct and use commercially reasonable efforts to cause sufficient counterparties to AAdvantage Agreements to direct payments of Transaction Revenues into the Collection Account such that in any Quarterly Reporting Period, at least 90% of AAdvantage Revenues are deposited directly into the Collection Account.

(b) To the extent any Issuer Party or any of its controlled Affiliates receives any payments of Transaction Revenue to an account other than the Collection Account, such Issuer Party or Affiliate shall cause such amounts to be deposited into the Collection Account within three (3) Business Days after receipt and identification thereof.

(c) American, Parent and HoldCo 2 shall make, and Loyalty Co shall ensure that, all payments payable to Loyalty Co pursuant to the Intercompany Agreement and the IP Licenses are made directly into the Collection Account.

(d) No Issuer Party shall withdraw or release funds from the Collection Account except in accordance with the terms of the Collateral Agency and Accounts Agreement.

(e) Notwithstanding anything to the contrary in this Indenture or any Transaction Document, any funds released from the Notes Payment Account to Loyalty Co in accordance with *eleventh* described under Section 4.01 or from the Collection Account to Loyalty Co pursuant to Section 2.11 of the Collateral Agency and Accounts Agreement, may, in each case, be transferred by Loyalty Co to American in any manner without restriction.

Section 4.20 Mandatory Prepayments or Repurchases.

Solely to the extent not applied in accordance with Section 3.08 or Section 3.09, the Issuers shall cause an amount equal to the Net Proceeds from all transactions that result in mandatory prepayments or repurchases pursuant to the terms of Section 3.08 or Section 3.09 to be deposited promptly into the Collection Account, which amounts shall be applied in accordance with the terms of Section 4.01.

Section 4.21 Privacy and Data Security.

Except as would not reasonably be expected to result in a Material Adverse Effect, each applicable Issuer or Guarantor shall maintain in effect commercially reasonable privacy and data security policies. Without limiting the generality of the foregoing, except as would not reasonably be expected to result in a Material Adverse Effect, each applicable Issuer and Guarantor shall comply in all material respects, and shall cause each of its Subsidiaries and shall use commercially reasonable efforts to cause each of its Third-Party Processors to be in compliance in all material respects, with (i) all applicable internal privacy policies and privacy policies contained on any websites maintained by or on behalf of each such Issuer Party or such Subsidiary and such policies are consistent with the actual practices of such entity, (ii) all applicable Data Protection Laws with respect to Personal Data, including Data Protection Laws anywhere in the United States, the State of California, the Cayman Islands, the United Kingdom and the European Union and (iii) its contractual commitments and obligations regarding Personal Data.

Section 4.22 Restricted Payments.

(a) The Parent shall not, and shall not permit any of its Restricted Subsidiaries (other than the SPV Parties, who shall be governed exclusively by Section 4.22(f) below) to, directly or indirectly:

(i) declare or pay any dividend or make any other payment or distribution on account of the Parent's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Parent or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Parent's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than, solely with respect to the Issuer Parties that are not SPV Parties, (x) dividends, distributions or payments payable in Qualifying Equity Interests or in the case of preferred stock of the Parent, an increase in the liquidation value thereof, and (y) dividends, distributions or payments payable to the Parent or a Restricted Subsidiary of the Parent);

(ii) purchase, redeem or otherwise acquire or retire for value any Equity Interests of the Parent or any SPV Party;

(iii) make any voluntary payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value (collectively for purposes of this clause (3), a "purchase") any Indebtedness of the Issuer Parties that is contractually subordinated in right of payment to the Notes or to the note guarantees (excluding, solely with respect to the Issuer Parties that are not SPV Parties, (x) any intercompany Indebtedness between or among the Parent and any of its Restricted Subsidiaries) and (y) any scheduled payment of interest and any purchase within two years of the Scheduled Maturity of such Indebtedness; or

(iv) make any Restricted Investment (all such payments and other actions set forth in these clauses (i) through (iv) above being collectively referred to as "**Restricted Payments**"), unless, at the time of and after giving effect to such Restricted Payment, together with the aggregate amount of all other Restricted Payments (other than Restricted Investments) made by the Parent and its Restricted Subsidiaries since the Closing Date and together with Restricted Investments outstanding at the time of giving effect to such Restricted Payment (excluding, in each case, Restricted Payments permitted by clauses (2) through (21) of Section 4.22(b) below), the sum of such Restricted Payments is less than the greater of (i) $0 and (ii) the sum, without duplication, of:

(1) 50% of the Consolidated Net Income (less 100% of such Consolidated Net Income which is a deficit) of the Parent for the period (taken as one accounting period) from April 1, 2013 to the end of the Parent's most recently ended fiscal quarter for which financial statements are available at the time of such Restricted Payment or Restricted Investment; plus 50% of the Consolidated Net Income (less 100% of such Consolidated Net Income which is a deficit) of US Airways for the period (taken as one accounting period) from October 1, 2011 through December 8, 2013; plus

(2) 100% of the aggregate net cash proceeds and the Fair Market Value of non-cash consideration received by the Parent after June 30, 2020, in each case, as a contribution to its common equity capital or from the issue or sale of Qualifying Equity Interests (other than Qualifying Equity Interests sold to a Subsidiary of the Parent, and excluding Excluded Contributions and other than proceeds from any Permitted Warrant Transaction); plus

(3) 100% of the aggregate net cash proceeds and the Fair Market Value of non-cash consideration received by the Parent or a Restricted Subsidiary of the Parent from the issue or sale of convertible or exchangeable Disqualified Stock of the Parent or a Restricted Subsidiary of the Parent or convertible or exchangeable debt securities of the Parent or a Restricted Subsidiary of the Parent (regardless of when issued or sold) or in connection with the conversion or exchange thereof, in each case that have

been converted into or exchanged after June 30, 2020, for Qualifying Equity Interests (other than Qualifying Equity Interests and convertible or exchangeable Disqualified Stock or debt securities sold to a Subsidiary of the Parent); plus

(4) to the extent that any Restricted Investment that was made after the Closing Date by the Parent or any of its Subsidiaries is (a) sold for cash or otherwise cancelled, liquidated or repaid for cash, or (b) made in an entity that subsequently becomes a Restricted Subsidiary of the Parent, the initial amount of such Restricted Investment (or, if less, the amount of cash received upon repayment or sale); plus

(5) to the extent that any Unrestricted Subsidiary (other than any Unrestricted Subsidiary to the extent the Investment in such Unrestricted Subsidiary constituted a Permitted Investment) of the Parent designated as such after June 30, 2020, is redesignated as a Restricted Subsidiary after the Closing Date, the greater of (i) the Fair Market Value of the Parent's Restricted Investment in such Subsidiary as of the date of such redesignation or (ii) such Fair Market Value as of the date on which such Subsidiary was originally designated as an Unrestricted Subsidiary after the Closing Date; plus

(6) 100% of any dividends received in cash by the Parent or a Restricted Subsidiary of the Parent after the June 30, 2020, from an Unrestricted Subsidiary (other than any Unrestricted Subsidiary to the extent the Investment in such Unrestricted Subsidiary constituted a Permitted Investment) of the Parent, to the extent that such dividends were not otherwise included in the Consolidated Net Income of the Parent for such period;

provided, however, there shall be no increase in respect of any amount contemplated by clause (4), (5) or (6) of this Section 4.22(a) pursuant to any such clause to the extent such amount otherwise increases the capacity of the Parent or any of its Restricted Subsidiaries to make Restricted Payments pursuant to Section 4.22(a) or clause (15) of the Section 4.21(b).

(b) Solely in the case of Parent and its Restricted Subsidiaries (other than SPV Parties), the provisions of Section 4.22(a) shall not prohibit:

(1) the payment of any dividend or distribution or the consummation of any irrevocable redemption within 60 days after the date of declaration of the dividend or distribution or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend or distribution or redemption payment would have complied with the provisions of this Indenture;

(2) the making of any Restricted Payment in exchange for, or out of or with the net cash proceeds of the substantially concurrent sale (other than to a Subsidiary of the Parent) of, Qualifying Equity Interests or from the substantially concurrent

contribution of common equity capital to the Parent; provided that the amount of any such net cash proceeds that are utilized for any such Restricted Payment will not be considered to be net proceeds of Qualifying Equity Interests for purposes of clause (2) of Section 4.22(a) and will not be considered to be Excluded Contributions;

(3) the payment of any dividend (or, in the case of any partnership or limited liability company, any similar distribution), distribution or payment by a Restricted Subsidiary of the Parent to the holders of its Equity Interests on a pro rata basis;

(4) the repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of the Parent, American or any Restricted Subsidiary (other than an SPV Party) that is contractually subordinated in right of payment to the Notes or to the note guarantee with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness;

(5) the repurchase, redemption, acquisition or retirement for value of any Equity Interests of the Parent or any Restricted Subsidiary of the Parent held by any current or former officer, director, consultant or employee (or their estates or beneficiaries of their estates) of the Parent or any of its Restricted Subsidiaries pursuant to any management equity plan or equity subscription agreement, stock option agreement, shareholders' agreement or other agreement to compensate such persons; provided that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests may not exceed $60.0 million in any twelve-month period (except to the extent such repurchase, redemption, acquisition or retirement is in connection with the acquisition of a Permitted Business or merger, consolidation or amalgamation otherwise permitted by this Indenture, in which case the aggregate price paid by the Parent and its Restricted Subsidiaries may not exceed $150.0 million in connection with such acquisition of a Permitted Business or merger, consolidation or amalgamation); provided further that the Parent or any of its Restricted Subsidiaries may carry over and make in subsequent twelve-month periods, in addition to the amounts permitted for such twelve-month period, up to $30.0 million of unutilized capacity under this clause (5) attributable to the immediately preceding twelve-month period;

(6) the repurchase of Equity Interests or other securities deemed to occur upon (a) the exercise of stock options, warrants or other securities convertible or exchangeable into Equity Interests or any other securities, to the extent such Equity Interests or other securities represent a portion of the exercise price of those stock options, warrants or other securities convertible or exchangeable into Equity Interests or any other securities or (b) the withholding of a portion of Equity Interests issued to employees and other participants under an equity compensation program of the Parent or its Subsidiaries to cover withholding tax obligations of such persons in respect of such issuance;

(7) so long as no Default has occurred and is continuing, the declaration and payment of regularly scheduled or accrued dividends, distributions or payments to holders of any class or series of Disqualified Stock or subordinated debt of the Parent or any preferred stock of any Restricted Subsidiary of the Parent in each case

either outstanding on the Closing Date or issued on or after the Closing Date in accordance with Section 4.29;

(8) payments of cash, dividends, distributions, advances, common stock or other Restricted Payments by the Parent or any of its Restricted Subsidiaries to allow the payment of cash in lieu of the issuance of fractional shares upon (i) the exercise of options or warrants, (ii) the conversion or exchange of Capital Stock of any such Person or (iii) the conversion or exchange of Indebtedness or hybrid securities into Capital Stock of any such Person;

(9) the declaration and payment of dividends to holders of any class or series of Disqualified Stock of the Parent or any Disqualified Stock or preferred stock of any Restricted Subsidiary of the Parent to the extent such dividends are included in the definition of Fixed Charges for such Person;

(10) in the event of a Parent Change of Control, and if no Default shall have occurred and be continuing, the payment, purchase, redemption, defeasance or other acquisition or retirement of any subordinated Indebtedness of the Parent or American, in each case, at a purchase price not greater than 101% of the principal amount of such subordinated Indebtedness, plus any accrued and unpaid interest thereon; provided, however, that prior to such payment, purchase, redemption, defeasance or other acquisition or retirement, the Parent or American (or a third party to the extent permitted by this Indenture) has made a Parent Change of Control Offer as a result of such Parent Change of Control (it being agreed that the Parent or American may pay, purchase, redeem, defease or otherwise acquire or retire such subordinated Indebtedness even if the purchase price exceeds 101% of the principal amount of such subordinated Indebtedness; provided that the amount paid in excess of 101% of such principal amount is otherwise permitted under the Restricted Payments covenant);

(11) Restricted Payments made with Excluded Contributions;

(12) the distribution, as a dividend or otherwise, of shares of Capital Stock of, or Indebtedness owed to the Parent or any of its Restricted Subsidiaries by, any Unrestricted Subsidiary;

(13) the distribution or dividend of assets or Capital Stock of any Person in connection with any full or partial "spin-off" of a Subsidiary (other than any SPV Party) or similar transactions; provided that (a) in connection with any full or partial "spin-off" or similar transactions of the Subsidiary that is American, the Parent would, on the date of such distribution after giving pro forma effect thereto as if the same had occurred at the beginning of the applicable four-quarter period, (i) be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4.29(a) or (ii) the Fixed Charge Coverage Ratio for the Parent and its Restricted Subsidiaries would be greater than or equal to such ratio for the Parent and its Restricted Subsidiaries immediately prior to such transaction and (b) for any full or partial "spin-off" or similar transactions of the Subsidiary that is not American, no Default has

occurred and is continuing; provided, further, that the assets distributed or dividended do not include, directly or indirectly, any property or asset that constitutes Collateral;

(14) the distribution or dividend of assets or Capital Stock of any Person in connection with any full or partial "spin-off" of a Subsidiary (other than any SPV Party) or similar transactions having an aggregate Fair Market Value not to exceed $600.0 million since the Closing Date; provided, further, that the assets distributed or dividended do not include, directly or indirectly, any property or asset that constitutes Collateral;

(15) so long as no Default or Event of Default has occurred and is continuing any Restricted Payment (other than a Restricted Investment) made on and after the Closing Date in an aggregate amount not to exceed $900.0 million;

(16) the payment of any amounts in respect of any restricted stock units or other instruments or rights whose value is based in whole or in part on the value of any Equity Interests issued to any directors, officers or employees of the Parent or any Restricted Subsidiary of the Parent;

(17) the making of cash payments in connection with any conversion of Convertible Indebtedness in an aggregate amount since the date of this Indenture not to exceed the sum of (a) the principal amount of such Convertible Indebtedness plus (b) any payments received by the Parent or any of its Restricted Subsidiaries pursuant to the exercise, settlement or termination of any related Permitted Bond Hedge Transaction;

(18) (a) any payments in connection with a Permitted Bond Hedge Transaction and (b) the settlement of any related Permitted Warrant Transaction (i) by delivery of shares of the Parent's or a parent company of the Parent's common stock upon settlement thereof or (ii) by (A) set-off against the related Permitted Bond Hedge Transaction or (B) payment of an early termination amount thereof upon any early termination thereof in common stock or, in the case of a nationalization, insolvency, merger event (as a result of which holders of such common stock are entitled to receive cash or other consideration for their shares of the such common stock) or similar transaction with respect to the Parent, such parent company or such common stock, cash and/or other property;

(19) so long as no Default or Event of Default has occurred and is continuing, Restricted Payments (i) made to purchase or redeem Equity Interests of the Parent or (ii) consisting of payments in respect of any Indebtedness (whether for purchase or prepayment thereof or otherwise);

(20) any Restricted Payment so long as both before and after giving effect to such Restricted Payment, the Parent and its Restricted Subsidiaries are in pro forma compliance with the covenant in Section 4.27 at such times; and

(21) Restricted Payments (with assets or properties that do not consist of Collateral or Capital Stock of Parent) in an aggregate amount which, when taken together with all other Restricted Payments made pursuant to this clause (21), do not exceed 5.0% of the Consolidated Tangible Assets of the Parent and its Restricted Subsidiaries.

(c) For purposes of determining compliance with this Section 4.22(b), if a proposed Restricted Payment (or portion thereof) meets the criteria of more than one of the categories of Restricted Payments described in clauses (1) through (21) above, or is entitled to be made pursuant to Section 4.22(a) the Parent will be entitled to classify on the date of its payment or later reclassify such Restricted Payment (or portion thereof) in any manner that complies with this covenant.

(d) Notwithstanding anything in this Indenture to the contrary, if a Restricted Payment is made (or any other action is taken or omitted under this Indenture) at a time when a Default or Event of Default has occurred and is continuing and such Default or Event of Default is subsequently cured, any Default or Event of Default arising from the making of such Restricted Payment (or the taking or omission of such other action) during the existence of such Default or Event of Default shall simultaneously be deemed cured.

(e) In the case of any Restricted Payment that is not cash, the amount of such non-cash Restricted Payment will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Parent or such Restricted Subsidiary of the Parent, as the case may be, pursuant to the Restricted Payment.

(f) Notwithstanding anything in this Indenture or any other Collateral Document to the contrary, no SPV Party shall, directly or indirectly, make any Restricted Payments or any payments in respect of any intercompany Indebtedness; provided that the provisions of this paragraph of this section will not prohibit:

(1) Restricted Payments (including the making of any intercompany loans, any payments in respect of intercompany debt or Junior Lien Debt or any payments with respect to Indebtedness in the nature of an "AHYDO catch up" payment with respect to any Indebtedness that constitutes an applicable high yield discount obligation) with amounts released to Loyalty Co under Section 4.01(k) or pursuant to Section 2.11 of the Collateral Agency and Accounts Agreement; and

(2) (i) the making of the American Intercompany Loan on the Closing Date from the proceeds of the Term Loans and the Notes;

provided, further, that notwithstanding anything to the contrary in this Indenture or any other Notes Document, other than funds released to Loyalty Co pursuant to Section 6.02(b)(iv), no SPV Party shall be permitted to make any Restricted Payment at any time when an Event of Default has occurred and is continuing.

Section 4.23 Incurrence of Indebtedness and Issuance of Preferred Stock by SPV Parties.

The SPV Parties shall not, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to any Indebtedness other than the following (and Parent and its Restricted Subsidiaries shall not, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to any Indebtedness with respect to any Pre-paid Miles Purchase other than as set forth in clause (b) below):

(a) Junior Lien Debt; *provided* that (i) prior to the incurrence of such Junior Lien Debt, the Rating Agency Condition shall have been satisfied with respect to the incurrence of such Junior Lien Debt, (ii) no Event of Default or Early Amortization Event shall have occurred and be continuing or would result from the issuance of such Junior Lien Debt, (iii) to the extent that immediately after giving effect to the issuance of such Junior Lien Debt the aggregate outstanding amount of Junior Lien Debt would exceed $1.0 billion, the ratio of (A) (I) the aggregate outstanding amount of Junior Lien Debt (including such Junior Lien Debt being then issued) plus (II) the greater of (x) the then-outstanding principal amount of Priority Lien Debt and (y) the Priority Lien Cap divided by (B) the sum of (x) the aggregate amount of Transaction Revenue received during the period of four consecutive Quarterly Reporting Periods ending on the most recent Determination Date, and (y) Cure Amounts transferred to the Collection Account pursuant to Section 4.33 in connection with such Determination Date shall not exceed 1.65 to 1.00 on a pro forma basis and (iv) such Junior Lien Debt shall not be incurred by or subject to a guarantee by any Subsidiary of Parent other than any SPV Party, unless such Subsidiary guarantees the Notes;

(b) Pre-paid Miles Purchases, so long as (i) the aggregate amount of Miles purchased under all Pre-paid Miles Purchases since the Closing Date does not reduce the present value of the cash payments to the Issuer Parties under the related co-brand, partnering or similar agreements relating to the AAdvantage Program by more than $550,000,000 (computed on the date of each Pre-paid Miles Purchase using a discount rate equal to 5.750% per annum), (ii) such sale is non-refundable by the SPV Parties and non-recourse to the SPV Parties, (iii) such Miles are purchased by American from Loyalty Co pursuant to the Intercompany Agreement in order to satisfy its obligations in connection therewith, (iv) the Indebtedness related thereto is unsecured or secured by assets of Parent or its Subsidiaries (other than the SPV Parties) that do not constitute Collateral (subject, in each case, to customary rights of setoff) and (v) no Early Amortization Period or Event of Default is continuing at the time of such sale or would immediately result therefrom;

(c) Indebtedness represented by (1) the Notes issued and outstanding as of the Closing Date, and the Note Guarantees related thereto, (2) the Term Loans outstanding on the Closing Date, and the related Guarantees by the Guarantors thereof, and (3) additional Priority Lien Debt incurred under the Credit Agreement, this Indenture or one or more other indenture(s); *provided* that, in the case of this clause (3), (i) any such Indebtedness (other than with respect to Section 4.23(c)(A) and (B), (1) customary bridge loans which, subject only to customary conditions (which shall be limited to no payment or bankruptcy event of default) would either automatically be converted into or required to be exchanged for long-term refinancing in the form of debt securities issued under an indenture or incremental term loans, replacement term loans or Priority Lien Debt, as applicable, permitted under (and subject to the requirements of) Section 4.23(c)(A) and (B) and each other provision of this Section 4.23(c)(3) and (2) Term Loans made on the Closing Date so long as such Term Loans are not amended to make the maturity date thereof earlier than the maturity date thereof as in effect on the Closing Date or to shorten the Weighted Average Life to Maturity thereof), (A) shall have a maturity date not earlier than the Latest Maturity Date, (B) shall have a Weighted Average Life to Maturity thereof no shorter than the remaining Weighted Average Life to Maturity of the then-outstanding Notes or the Term Loans (in the case of Indebtedness to be incurred under the Credit Agreement), and (C) shall not be subject to or benefit from any Guarantee by any Person other than an Issuer Party, (ii) after giving effect to such Indebtedness, the outstanding principal amount of the

Priority Lien Debt shall not exceed the Priority Lien Cap (plus, fees, expenses, premium and accrued interest in respect of any Indebtedness incurred pursuant to this Section 4.23(c) which refinances other Indebtedness of Loyalty Co permitted under this Indenture), (iii) prior to the issuance of any additional Indebtedness issued in a Capital Markets Offering after the initial issuance of the Notes on the Closing Date, the Rating Agency Condition shall have been satisfied, (iv) [reserved], (v) in the case of the issuance of any additional Indebtedness issued in a Capital Markets Offering after the initial issuance of the Notes, (A) the terms and conditions governing such Indebtedness shall (x) be reasonably acceptable to the Administrative Agent pursuant to the comparable provision of the Credit Agreement or (y) be substantially similar to, or (taken as a whole) no more favorable (as reasonably determined by Loyalty Co) to the investors or holders providing such Indebtedness than those applicable to the Notes under this Indenture (except to the extent such terms are (I) are conformed (or added) in the Notes Documents for the benefit of the Holders of the Notes pursuant to a supplemental indenture, (II) are applicable solely to periods after the latest final maturity date of the then-outstanding Notes at the time of such incurrence) or (III) consist of pricing fees, rate floors, premiums, optional prepayment or redemption terms) and (B) shall be issued pursuant to this Indenture (or one or more other indenture(s)) and the trustee thereunder shall become a Senior Secured Debt Representative and the holders of such Indebtedness shall be subject to and bound by the Collateral Agency and Accounts Agreement; *provided* that notwithstanding the foregoing, in no event shall such Indebtedness be subject to events of default resulting (either directly or through a cross-default or cross-acceleration provision) from the occurrence of any event described in the definition of "Parent Bankruptcy Event" (or the occurrence of any such event with respect to any Subsidiary of Parent other than any SPV Party) except on the same terms as the then-outstanding Notes, (v) no Event of Default or Early Amortization Event shall have occurred and be continuing or would result from the issuance of such Indebtedness and (vi) the pro forma Peak Debt Service Coverage Ratio (calculated using the Maximum Quarterly Debt Service of the then outstanding Priority Lien Debt and such Indebtedness) as of the immediately preceding Determination Date, immediately after giving effect to the issuance of such Indebtedness shall be more than (i) for any date of determination prior to the Determination Date occurring in January 2022, 1.10 to 1:00, (ii) for any date of determination during the period beginning on or after the Determination Date occurring in January 2022 but excluding the Determination Date occurring in January 2023, 1.50 to 1.00, (iii) for any date of determination during the period beginning on or after the Determination Date occurring in January 2023 but excluding the Determination Date occurring in July 2023, 1.75 to 1:00 and (iv) for any date of determination occurring on or after the Determination Date in July 2023, 2.25 to 1:00;

(d) Indebtedness arising from customary indemnification or other similar obligations under the Notes Documents and the other agreements entered into on the Closing Date in connection therewith (or replacements or amendments thereto which are permitted under this Indenture); and

(e) Indebtedness otherwise permitted to be secured under Section 4.25.

Section 4.24 Disposition of Collateral.

None of the Grantors shall sell or otherwise Dispose of any Collateral (or, in the case of any SPV Party, any of its property or assets (including the Collateral)), including by way

of any Sale of a Grantor, except for (i) a Permitted Disposition, (ii) Permitted Pre-paid Miles Purchases in an aggregate amount not to exceed $550.0 million since the Closing Date and (iii) any other sale or Disposition (other than a Sale of a Grantor) of assets having a Fair Market Value in an aggregate amount not to exceed $25.0 million in any fiscal year.

Section 4.25 Liens.

No Issuer Party will, and each Issuer Party will not permit any of its Restricted Subsidiaries to, directly or indirectly create, incur, assume or suffer to exist any Lien of any kind on any property or assets that constitutes Collateral except Permitted Liens. No SPV Party shall directly or indirectly create, incur, assume or suffer to exist any Lien of any kind on any of its property or assets (including the Collateral) except Permitted Liens.

Section 4.26 Business Activities.

(a) Parent will not, and will not permit any of its Restricted Subsidiaries to, engage in any business other than Permitted Businesses, except to such extent as would not be material to Parent and its Restricted Subsidiaries taken as a whole.

(b) The SPV Parties shall not engage in any business other than Permitted Businesses.

Section 4.27 Minimum Liquidity.

Parent will not permit the aggregate amount of Liquidity at the close of any Business Day to be less than $2,000,000,000.

Section 4.28 Merger, Consolidation, or Sale of Assets.

(a) Neither Parent nor American (whichever is applicable, the "Subject Company") shall directly or indirectly: (i) consolidate or merge with or into another Person or (ii) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Subject Company and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

(i) either:

(A) the Subject Company is the surviving corporation; or

(B) the Person formed by or surviving any such consolidation or merger (if other than the Subject Company) or to which such sale, assignment, transfer, conveyance or other disposition has been made is an entity organized or existing under the laws of the United States, any state of the United States or the District of Columbia;

(ii) the Person formed by or surviving any such consolidation or merger (if other than the Subject Company) or the Person to which such sale, assignment, transfer, conveyance or other disposition has been made assumes all the obligations of the Subject

Company under the Notes Documents by operation of law (if the surviving Person is the Subject Company) or pursuant to customary (as determined by Parent) assumption agreements;

(iii) immediately after such transaction, no Early Amortization Event or Event of Default exists; and

(iv) the Subject Company shall have delivered to the Trustee an Officer's Certificate stating that such consolidation, merger, sale, assignment, transfer, conveyance or other disposition complies with this Indenture.

(b) In addition, a Subject Company will not, directly or indirectly, lease all or substantially all of the properties and assets of such Subject Company and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to any other Person.

(c) The above paragraph will not apply to any sale, assignment, transfer, conveyance, lease or other disposition of assets between or among Parent and/or its Restricted Subsidiaries that are not SPV Parties.

Clauses (iii) and (iv) above will not apply to any merger, consolidation or transfer of assets:

(i) between or among Parent and any of Parent's Restricted Subsidiaries that are not SPV Parties;

(ii) between or among any of Parent's Restricted Subsidiaries that are not SPV Parties or by a Restricted Subsidiary that is not an Issuer Party; or

(iii) with or into an Affiliate solely for the purpose of reincorporating a Subject Company in another jurisdiction.

(d) Notwithstanding the foregoing, no SPV Party shall: (i) consolidate or merge with or into another Person, or permit any other Person to merge into or consolidate with it, or (ii) sell, assign, transfer, convey, lease or otherwise dispose of all or substantially all of its properties, in one or more related transactions, to another Person.

(e) Upon any consolidation or merger, or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the properties or assets of any Subject Company in a transaction that is subject to, and that complies with the provisions above the successor Person formed by such consolidation or into or with which such Subject Company is merged or to which such sale, assignment, transfer, lease, conveyance or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition, the provisions of this Indenture referring to such Subject Company shall refer instead to the successor Person and not to such Subject Company), and may exercise every right and power of such Subject Company under this Indenture with the same effect as if such successor Person had been named as such Subject Company herein; provided, however, that the predecessor Subject Company, if applicable, shall not be relieved from the obligation to pay the principal of, and

interest, if any, on the Notes except in the case of a sale of all or substantially all of such Subject Company's assets in a transaction that is subject to, and that complies with the above.

Section 4.29 Incurrence of Indebtedness and Issuance of Preferred Stock by Parent and its Restricted Subsidiaries

(a) The Parent will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "incur") any Indebtedness (including Acquired Debt), and the Parent will not issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; provided, however, that (1) the Parent may incur Indebtedness (including Acquired Debt but excluding Pre-paid Miles Purchases, which shall only be permitted in accordance with clause (b) in Section 4.23) or issue Disqualified Stock and the Parent's Restricted Subsidiaries (other than the SPV Parties) may incur Indebtedness (including Acquired Debt) or issue preferred stock, if the Parent's Fixed Charge Coverage Ratio for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or such preferred stock is issued, as the case may be, would have been at least 1.1 to 1.0, determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the Disqualified Stock or the preferred stock had been issued, as the case may be, at the beginning of such four-quarter period, and (2) the SPV Parties may create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to any Indebtedness in accordance with Section 4.23.

(b) Section 4.29(a) above will not prohibit the incurrence of any of the following items of Indebtedness by Parent or its Restricted Subsidiaries that are not SPV Parties (collectively, "Permitted Debt"):

(i) the incurrence by the Parent or any of its Restricted Subsidiaries (other than the SPV Parties) of the Priority Lien Debt, the Junior Lien Debt and any Permitted Refinancing Indebtedness that is incurred to renew, refund, refinance, replace, defease, extend or discharge any other Indebtedness incurred pursuant to this clause (1);

(ii) the incurrence by the Parent or any of its Restricted Subsidiaries (other than the SPV Parties) of the Existing Indebtedness, the Existing Notes and any Indebtedness that is incurred pursuant to or in lieu of a commitment in existence as of the Closing Date;

(iii) the incurrence by the Parent or any of its Restricted Subsidiaries (other than the SPV Parties) of (A) Indebtedness and letters of credit (and reimbursement obligations with respect thereto) under Credit Facilities in an aggregate principal amount at any one time outstanding under this clause (iii) (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of the Parent and its Restricted Subsidiaries thereunder) not to exceed the greater of (x) $21.0 billion and (y) 40% of the Consolidated Tangible Assets of the Parent and its Restricted Subsidiaries and (B) Indebtedness and letters of credit (and reimbursement obligations with respect

thereto) under Credit Facilities secured on a junior priority basis by some or all of the collateral securing Indebtedness under Credit Facilities contemplated by clause (A) of this clause (iii) in an aggregate principal amount at any one time outstanding under this clause (iii)(B) (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of the Parent and its Restricted Subsidiaries thereunder) not to exceed $4.0 billion;

(iv) the incurrence by the Parent or any of its Restricted Subsidiaries (other than the SPV Parties) of Indebtedness (including Finance Lease Obligations, mortgage financings, purchase money obligations and government bond financings) incurred to finance (or to reimburse the Parent or any of its Restricted Subsidiaries for) all or any part of the purchase price or cost of use, design, construction, installation or improvement of property, plant or equipment (including without limitation (and in each case, whether or not owned by the Parent or its Restricted Subsidiaries) Aircraft Related Facilities or Aircraft Related Equipment) used in the business of the Parent or any of its Restricted Subsidiaries;

(v) the incurrence by the Parent or any of its Restricted Subsidiaries (other than the SPV Parties) of (A) Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, extend, defease or discharge any Indebtedness (other than intercompany Indebtedness) that was permitted by this Indenture to be incurred under the Section 4.29(a) or clauses (2), (4), (5), (6), (13), (20), (21), (24) or (25) of this Section 4.29(b) and (B) Permitted Refinancing Indebtedness secured by Aircraft Related Equipment or other assets replacing, renewing, refunding, extending, refinancing, defeasing or discharging any other Indebtedness of the Parent or any of its Restricted Subsidiaries that was secured by Aircraft Related Equipment or other assets; including, in the case of both clauses (A) and (B), the incurrence (including by way of assumption, merger or co-obligation) by one or more of the Parent and its Restricted Subsidiaries (other than the SPV Parties) of Indebtedness of any other Restricted Subsidiaries (other than the SPV Parties) in connection with, or in contemplation of, a spin-off of such other Restricted Subsidiary;

(vi) the incurrence by the Parent or any of its Restricted Subsidiaries (other than the SPV Parties) of Indebtedness, Disqualified Stock or preferred stock (including Acquired Debt) (A) as part of, or to finance, the acquisition (including by way of merger) of any Permitted Business, (B) incurred in connection with, or as a result of, the merger, consolidation or amalgamation of any Person (including the Parent or any of its Restricted Subsidiaries) that owns a Permitted Business with or into the Parent or a Restricted Subsidiary of the Parent, or into which the Parent or a Restricted Subsidiary of the Parent is merged, consolidated or amalgamated, or (C) that is an outstanding obligation or commitment to enter into an obligation of a Person that owns a Permitted Business at the time that such Person is acquired by the Parent or a Restricted Subsidiary of the Parent and becomes a Restricted Subsidiary of the Parent;

(vii) the incurrence by the Parent or any of its Restricted Subsidiaries (other than the SPV Parties) of intercompany Indebtedness between or among the Parent and/or any of its Restricted Subsidiaries;

(viii) the issuance by any of the Parent's Restricted Subsidiaries (other than the SPV Parties) to the Parent or to any of its Restricted Subsidiaries of shares of preferred stock;

(ix) the incurrence by the Parent or any of its Restricted Subsidiaries (other than the SPV Parties) of Hedging Obligations in the Ordinary Course of Business;

(x) the Guarantee (including by way of co-obligation or assumption) by the Parent or any Restricted Subsidiary of the Parent (other than the SPV Parties) of Indebtedness of the Parent or a Restricted Subsidiary of the Parent (including in connection with or in contemplation of a spin-off of the original obligor of the guaranteed or assumed Indebtedness) to the extent that the guaranteed Indebtedness was permitted to be incurred by another provision of this covenant; provided that if the Indebtedness being guaranteed is subordinated to or pari passu with the Notes, then the Guarantee must be subordinated or pari passu, as applicable, to the same extent as the Indebtedness guaranteed or assumed;

(xi) the incurrence by the Parent or any of its Restricted Subsidiaries (other than the SPV Parties) of Indebtedness or reimbursement obligations in respect of workers' compensation claims, self-insurance obligations (including reinsurance), bankers' acceptances, performance bonds and surety bonds in the Ordinary Course of Business (including without limitation in respect of customs obligations, landing fees, taxes, airport charges, overfly rights and any other obligations to airport and governmental authorities);

(xii) the incurrence by the Parent or any of its Restricted Subsidiaries (other than the SPV Parties) of Indebtedness in respect of any overdrafts and related liabilities arising from treasury, depository and cash management services or in connection with any automated clearing house transfers of funds;

(xiii) Indebtedness of the Parent or any of its Restricted Subsidiaries (other than the SPV Parties) (A) constituting credit support or financing from aircraft or engine or parts manufacturers or their affiliates or (B) incurred to finance or refinance Aircraft Related Equipment or other operating assets (including, without limitation, to reimburse the Parent or any of its Restricted Subsidiaries for the acquisition cost of any of the foregoing, to finance any pre-delivery, progress or similar payment or pursuant to a sale and lease-back) (whether in advance of or at any time following any acquisition of items being financed, and whether such Indebtedness is unsecured in whole or in part or is secured by such items or by other items or by any combination); provided that the principal amount of such Indebtedness incurred in reliance on subsection (B) of this clause (xiii), at the time of incurrence of such Indebtedness, may exceed the aggregate incurred and anticipated costs to finance acquisition of the item or items being financed by such Indebtedness (calculated at the time of incurrence of such Indebtedness and determined in good faith by an officer of the Parent or Restricted Subsidiary, as applicable, (including reasonable estimates of anticipated costs) and calculated to include, without limitation, purchase price, fees, expenses, repayment of any pre-delivery

financing and related interest expense (whether or not capitalized) and premium (if any), delivery and late charges and other costs associated with such acquisition (as so calculated, for purposes of this proviso, the "financing costs")) but, if such principal amount exceeds such financing costs, it may not exceed the aggregate Fair Market Value of the item or items securing such Indebtedness (which Fair Market Value may, at the time of an advance commitment, be determined to be the Fair Market Value at the time of such commitment or (at the option of the issuer of such Indebtedness) the Fair Market Value projected for the time of incurrence of such Indebtedness);

(xiv) Indebtedness of the Parent or any of its Restricted Subsidiaries (other than the SPV Parties) issued to current or former directors, consultants, managers, officers and employees and their spouses or estates (A) to purchase or redeem Capital Stock of the Parent issued to such director, consultant, manager, officer or employee in an aggregate principal amount not to exceed $30.0 million in any twelve-month period or (B) pursuant to any deferred compensation plan approved by the Board of Directors of the Parent;

(xv) reimbursement obligations in respect of standby or documentary letters of credit or banker's acceptances (other than with respect to the SPV Parties);

(xvi) surety and appeal bonds that do not secure judgments that constitute an Event of Default (other than with respect to the SPV Parties);

(xvii) Indebtedness of the Parent or any of its Restricted Subsidiaries (other than the SPV Parties) to Credit Card, travel charge or clearing house processors in connection with Credit Card processing, travel charge or clearing house services incurred in the Ordinary Course of Business, whether in the form of hold-backs or otherwise;

(xviii) the incurrence by a Receivables Subsidiary of Indebtedness in a Qualified Receivables Transaction that is without recourse to the Parent or to any other Restricted Subsidiary of the Parent or their assets (other than such Receivables Subsidiary and its assets and, as to the Parent or any other Restricted Subsidiary of the Parent, other than Standard Securitization Undertakings) and is not guaranteed by any such Person;

(xix) the incurrence of Indebtedness of the Parent or any of its Restricted Subsidiaries owed to one or more Persons in connection with the financing of insurance premiums in the Ordinary Course of Business;

(xx) Indebtedness in respect of or in connection with tax-exempt or tax-advantaged municipal bond and similar financings related to Aircraft Related Facilities (other than with respect to the SPV Parties);

(xxi) Credit Card purchases of fuel (other than with respect to the SPV Parties);

(xxii) Indebtedness arising from agreements of the Parent or any of its Restricted Subsidiaries (other than the SPV Parties) providing for indemnification, adjustment of purchase price or similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business, assets or a Subsidiary; provided that,

in the case of a disposition, the maximum assumable liability in respect of all such Indebtedness shall at no time exceed the gross proceeds, including non-cash proceeds (the Fair Market Value of such non-cash proceeds being measured at the time received and without giving effect to any subsequent changes in value) actually received by the Parent or any of its Restricted Subsidiaries in connection with such disposition;

(xxiii) Indebtedness of the Parent or any of its Restricted Subsidiaries (other than the SPV Parties) consisting of take-or-pay or like obligations contained in supply, maintenance, repair, power-by-the-hour, overhaul or like agreements either (a) entered into in the Ordinary Course of Business or (b) otherwise customary, typical or appropriate for a Permitted Business;

(xxiv) the incurrence by the Parent or any of its Restricted Subsidiaries (other than the SPV Parties) of additional Indebtedness that is either (a) unsecured and expressly contractually subordinated in right of payment to the prior payment in full in cash of all Notes and the Guaranteed Obligations on terms not materially less favorable to the Holders of the Notes than those customary at the time of incurrence (determined in good faith by a senior financial officer of the Parent) for senior subordinated "high yield" debt securities or (b) unsecured, pari passu with all Notes and the Guaranteed Obligations and convertible into common stock of the Parent; provided that the aggregate principal amount of Indebtedness incurred pursuant to clauses (a) and (b) together, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, extend, defease or discharge any Indebtedness incurred pursuant to this clause (xxiv), does not exceed $1.5 billion at any time outstanding; and

(xxv) the incurrence by the Parent or any of its Restricted Subsidiaries (other than the SPV Parties) of additional Indebtedness in an aggregate principal amount (or accreted value, as applicable), including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, extend, defease or discharge any Indebtedness incurred pursuant to this clause (xx), not to exceed $3.0 billion, at any time outstanding.

For the avoidance of doubt, (i) the SPV Parties may only create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to any Indebtedness pursuant to Section 4.23, and (ii) Parent and its Restricted Subsidiaries may only create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to any Indebtedness with respect to any Pre-paid Miles Purchase pursuant to Section 4.29(a).

(c) For purposes of determining compliance with this Section 4.29 covenant for the Parent and its Restricted Subsidiaries that are not SPV Parties, if an item of Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (i) through (xxv) above, or is entitled to be incurred pursuant to Section 4.29(a), the Parent will be permitted to classify all or a portion of such item of Indebtedness on the date of its incurrence, or later reclassify all or a portion of such item of Indebtedness, in any manner that complies with this covenant; provided that the term "Existing Indebtedness" will not include any Indebtedness that is permitted to be incurred under clauses (i) or (iii) of the definition of Permitted Debt.

Additionally, all or any portion of any item of Indebtedness may later be reclassified as having been incurred pursuant to the first paragraph of this covenant or under any category of Permitted Debt described in clauses (i) through (xxv) above so long as such item (or portion) of Indebtedness is permitted to be incurred pursuant to such provision at the time of reclassification.

(d) None of the following will constitute an incurrence of Indebtedness or an issuance of preferred stock or Disqualified Stock for purposes of this Section 4.29 covenant for the Parent and its Restricted Subsidiaries:

(i) the accrual of interest or preferred stock dividends,

(ii) the accretion or amortization of original issue discount,

(iii) the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms,

(iv) the reclassification of preferred stock or any other instrument or transaction as Indebtedness due to a change in accounting principles or in GAAP, and

(v) the payment of dividends on preferred stock or Disqualified Stock in the form of additional shares of the same class of preferred stock or Disqualified Stock.

(e) For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness for the Parent and its Restricted Subsidiaries, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a foreign currency shall be utilized, calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Parent or any of its Restricted Subsidiaries may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values.

(f) The amount of any Indebtedness outstanding as of any date will be:

(i) the accreted value of the Indebtedness as of such date, in the case of any Indebtedness issued with original issue discount;

(ii) the principal amount of the Indebtedness as of such date, in the case of any other Indebtedness; and

(iii) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of:

(1) the Fair Market Value of such assets as of such date; and

(2) the amount of the Indebtedness of the other Person as of such date.

Section 4.30 [Reserved].

Section 4.31 Intellectual Property.

(a) The Issuer Parties shall not terminate, amend, waive, supplement or otherwise modify any IP Agreement or any provision thereof, or exercise any right or remedy under or pursuant to or under any IP Agreement, in each case, without the prior written consent of the Permitted Noteholders for each Series of Notes if such termination, amendment, waiver, supplement or modification or exercise of remedies would reasonably be expected to result in a Material Adverse Effect; provided, that (i) termination of any IP Agreement or any amendment to the termination provisions thereof, or (ii) any amendment to an IP Agreement that (A) materially and adversely affects rights to the AAdvantage Intellectual Property or rights to use the AAdvantage Intellectual Property or in the case of the Contribution Agreements, rights to or rights to use other applicable Collateral, (B) shortens the scheduled term thereof, (C) in the case of any IP License, materially and adversely changes the amount or calculation of the termination payment, or the amount, calculation or rate of fees due and owing thereunder, (D) changes the contractual subordination of payments thereunder in a manner materially adverse to Holders, (E) reduces the frequency of payments thereunder to an SPV Party or permits payments due to an SPV Party thereunder to be deposited to an account other than the Collection Account, (F) changes the amendment standards applicable to such IP Agreement (other than changes affecting rights of the Trustee or the Master Collateral Agent to consent to amendments, which is covered by the following clause (G)) in a manner that would reasonably be expected to result in a Material Adverse Effect or (G) materially impairs the rights of the Trustee or the Master Collateral Agent to enforce or consent to amendments to any provisions thereof in accordance therewith shall, in each case, be deemed to have a Material Adverse Effect.

(b) American shall grant to Loyalty Co a license to the Composite Marks pursuant to and as set forth in the Intercompany Agreement.

(c) Any assignment, pursuant to a Contribution Agreement, of AAdvantage Intellectual Property registered in the United States shall be filed in the applicable intellectual property office on or before the date that is thirty (30) days after the Closing Date (as extendable automatically for not more than thirty (30) days without further consent to the extent the Issuers are diligently pursuing satisfaction of the terms hereof, but such completion has been delayed as a result of the COVID-19 pandemic or other similar events and conditions (e.g., natural disaster), which are outside the control of the Issuers); *provided* that such period may be extended to a later date as the Master Collateral Agent (acting at the direction of the Collateral Controlling Party) may agree. Any assignment, pursuant to a Contribution Agreement, of AAdvantage Intellectual Property registered outside the United States shall be filed in the applicable intellectual property office on or before the date that is one hundred and eighty (180) days after the Closing Date (as extended automatically without further consent to the extent the Issuers are diligently pursuing satisfaction of the terms hereof, but such completion has been delayed as a result of applicable law or the COVID-19 pandemic or other similar events and conditions (e.g., natural disaster), which are outside the control of the Issuers); *provided* that such period may be extended to a later date as the Master Collateral Agent (acting at the direction of the Collateral Controlling Party) may agree.

(d) [Reserved].

(e) On or before the date that is six (6) months after the Closing Date (or such later date as agreed by the Master Collateral Agent (acting at the direction of the Collateral Controlling Party)), American shall segregate, compile and host, and thereafter American shall maintain, current and future AAdvantage Customer Data in a database (the "AAdvantage Customer Database") separate from the database containing any data owned or purported to be owned, or later developed or acquired and owned or purported to be owned, by Parent or any of its Subsidiaries (other than the AAdvantage Customer Data); provided that American is not required to segregate or remove copies of American Traveler Related Data contained in the AAdvantage Customer Database but copies of any such American Traveler Related Data contained in the AAdvantage Customer Database shall be subject to the Lien granted under the Collateral Documents over the AAdvantage Customer Database and American shall not have access to the AAdvantage Customer Database (including the copies of American Traveler Related Data contained therein) upon the termination of the licenses granted under any IP License (excluding the Madrid IP License). The proviso in the immediately preceding sentence shall not restrict or limit American's rights with respect to American Traveler Related Data maintained on any database that is not the AAdvantage Customer Database. As between the parties, it is American's responsibility to maintain a separate version of the American Traveler Related Data, but a failure by American to do so shall not be deemed a breach of this Indenture. The AAdvantage Customer Database shall be property of Loyalty Co and subject to the Lien granted under the Collateral Documents.

(f) Within one hundred twenty (120) days after the Closing Date (as extended automatically for not more than sixty (60) days without consent to the extent the Issuers are diligently pursuing satisfaction of the terms hereof, but such completion has been delayed as a result of events and conditions (e.g., natural disaster, pandemic) outside the control of the Issuers, provided that such period may be extended to a later date as the Administrative Agent may agree), the Issuers and Guarantors shall enter into a series of transactions that will result in, among other things: (i) pursuant to a series of Contribution Agreements, the transfer of the rights in the Madrid IP to an entity to be organized in Luxembourg as a wholly-owned subsidiary of American ("Madrid IP Lux Holdco"), (ii) the assignment by American, as licensor, of the Madrid IP License to Madrid IP Lux Holdco, (iii) the contribution of the equity of Madrid IP Lux Holdco to an entity to be organized in Luxembourg as a wholly-owned subsidiary of American ("Madrid IP Lux Holdco 2"), resulting in Madrid IP Lux Holdco becoming a wholly-owned subsidiary of Madrid IP Lux Holdco 2, and (iv) the contribution of the equity of Madrid IP Lux Holdco 2 to Loyalty Co, resulting in Madrid IP Lux Holdco 2 becoming a wholly-owned subsidiary of Loyalty Co (the "Madrid Protocol Holding Structure"). For the avoidance of doubt, all transfers of the Madrid IP and the assignment of the Madrid IP License as described above will be subject to Permitted Liens.

(g) Notwithstanding the foregoing or any provision in this Indenture or any Notes Document to the contrary, if, (a) at any time after the Closing Date, an Issuer or Guarantor determines in its reasonable judgment that due to applicable law or a change in law (including, for the avoidance of doubt, any legislative or regulatory action or decision by any administrative or judicial body responsible for the administration of taxes) implementation or maintenance of the Madrid Protocol Holding Structure has resulted or will result in any Issuer or Guarantor or any of its Subsidiaries incurring any material tax detriment (determined after taking into account the ability to utilize any foreign tax credit within the same tax year) that such Issuer or Guarantor (or such Subsidiary) would not have incurred had the Madrid Protocol Holding Structure not

been in place; and (b) American and the Administrative Agent reasonably conclude that there is another structure for holding the Madrid IP in a bankruptcy remote special purpose entity that is, or will contemporaneously with the effectiveness of the contemplated transactions become, a subsidiary of Loyalty Co ("Alternative Madrid SPV") that would eliminate the material tax detriment described in the foregoing clause (a) without the incurrence of material costs, then upon notice to the Trustee and the Master Collateral Agent that the Madrid Protocol Holding Structure cannot be implemented or is required to be unwound for the foregoing reasons, the Issuers and the Guarantors and their applicable Subsidiaries shall implement an alternative structure for the ownership and licensing of the Madrid IP (the "Alternative Madrid Structure") in which, if applicable, the Madrid Protocol Holding Structure will be unwound and that will result in (A) pursuant to existing or newly executed Contribution Agreements that are substantially similar to those existing on the Closing Date, the transfer of the Madrid IP and the Madrid IP License to Alternative Madrid SPV and (B) the filing of corresponding national trademark registrations in each Madrid Protocol Contracting State or Organization originally designated in each of International Registration No. 1240856, 1330760, 1321874 and 1321705 registered with the World Intellectual Property Organization; and if there is no feasible Alternative Madrid Structure that would eliminate the material tax detriment described in the foregoing clause (a), then (X) the Madrid IP and the Madrid IP License would be re-assigned to American as licensor and Loyalty Co would remain as licensee (the "Default Structure"); and (Y) corresponding national trademark registrations in each Madrid Protocol Contracting State or Organization originally designated in each of International Registration Nos. 1240856, 1330760, 1321874 and 1321705 registered with the World Intellectual Property Organization will be filed; provided that the Issuers and the Guarantors shall exercise commercially reasonable efforts to take such actions to implement such Alternative Madrid Structure or Default Structure, as applicable, that are within the control of the Issuers and the Guarantors within one hundred and eighty (180) days of providing such notice to the Trustee and Master Collateral Agent (as extended automatically for not more than sixty (60) days without further consent to the extent the Issuers are diligently pursuing satisfaction of the terms hereof, but such completion has been delayed as a result of events and conditions (e.g., natural disaster, pandemic) outside the control of the Issuers), and provided, further, that such period may be extended to a later date, as the Administrative Agent may agree. The actions taken by any Issuer or Guarantor to consummate the Madrid Protocol Holding Structure or the Alternative Madrid Structure, or if applicable the reversion to the Default Structure, consistent with this and the preceding paragraph shall be permitted under this Indenture and the other Notes Documents and, notwithstanding anything to the contrary in this Indenture and the other Notes Documents, shall not constitute a violation of any other provision of this Indenture or any other Notes Document. If the Madrid Protocol Holding Structure is implemented, the Issuers and the Guarantors will cause any registrations of AAdvantage Intellectual Property under the Madrid System of the World Intellectual Property Organization after the Closing Date to be filed in the name of Madrid IP Lux Holdco (provided that none of the Issuers or the Guarantors has any obligation to file any such registrations). If the Alternative Madrid Structure is implemented, the Issuer Parties will cause any registration of AAdvantage Intellectual Property under the Madrid System of the World Intellectual Property Organization after the Closing Date to be filed in the name of Alternative Madrid SPV (provided that no Issuer Party has any obligation to file any such registrations). Unless and until the Madrid Protocol Holding Structure or the Alternative Madrid Structure is implemented, the Issuer Parties may only file registrations for AAdvantage Intellectual Property under the Madrid System of the World Intellectual Property Organization in the Ordinary Course of Business. Any

registrations for AAdvantage Intellectual Property filed by the Issuer Parties under the Madrid System of the World Intellectual Property Organization after the Closing Date will be added to the Madrid IP.

Section 4.32 Specified Organization Documents.

No Issuer Party shall amend, modify or waive any SPV Provision of any Specified Organization Document. No Issuer Party shall amend, modify or waive any other provision of any Specified Organization Document in a manner materially adverse to the Holders.

Section 4.33 Peak Debt Service Coverage Ratio Cure.

To the extent that Collections received in the Collection Account with respect to any Quarterly Reporting Period are insufficient to satisfy the Peak Debt Service Coverage Ratio Test for such Quarterly Reporting Period (the "**Shortfall Period**"), at any time prior to the related Determination Date the Issuers may deposit, or cause to be deposited into the Collection Account, funds in an amount necessary to satisfy the Peak Debt Service Coverage Ratio Test for such Shortfall Period (determined as if such deposited funds constitute Collection attributable to such Shortfall Period); *provided* that (x) deposits made pursuant to this Section 4.33 shall not occur more than five (5) times in the aggregate prior to the final maturity date of the 2029 Notes and no more than two times in any twelve (12) month period, (y) any such amounts received in the Collection Account on or prior to the applicable Determination Date in accordance with this Section 4.33 will be treated as Collections for the Shortfall Period for purposes of the Peak Debt Service Coverage Ratio Test and for all other purposes and (z) amounts deposited in the Collection Account after such Determination Date shall be treated as Collections for the Quarterly Reporting Period in which such funds were deposited and shall not be included in the Peak Debt Service Coverage Ratio Test for the Shortfall Period (amounts deposited pursuant to this Section 4.33 being "Cure Amounts").

Section 4.34 Offer to Repurchase Upon Parent Change of Control.

(a) If a Parent Change of Control occurs, each Holder of Notes shall have the right to require the Issuers to repurchase all or any part of that Holder's Notes pursuant to an offer to purchase (a "Parent Change of Control Offer") at a purchase price in cash equal to 101% of the aggregate principal amount of Notes repurchased, plus accrued and unpaid interest thereon (if any), up to, but excluding, the date of repurchase (the "Parent Change of Control Payment"), subject to the rights of Holders of Notes on the relevant record date to receive interest due on the relevant Payment Date. Within thirty (30) days following any Parent Change of Control, the Issuers shall mail or send electronically pursuant to the Notes Depositary's Applicable Procedures a notice to each Holder and the Trustee describing the transaction or transactions that constitute the Parent Change of Control and offering to repurchase Notes on the date specified in the notice (the "Parent Change of Control Payment Date"), which date will be no earlier than thirty (30) days and no later than sixty (60) days from the date such notice is mailed or sent electronically pursuant to the Notes Depositary's Applicable Procedures, pursuant to the procedures required by this Indenture and described in such notice and stating:

(i) that the Parent Change of Control Offer is being made pursuant to this Section 4.34 and that all Notes validly tendered and not validly withdrawn will be accepted for payment;

(ii) the purchase price and the Parent Change of Control Payment Date;

(iii) that any Note not tendered will continue to accrue interest;

(iv) that, unless the Issuers default in the payment of the Parent Change of Control Payment, all Notes accepted for payment pursuant to the Parent Change of Control Offer will cease to accrue interest after the Parent Change of Control Payment Date;

(v) that Holders of Notes electing to have any Notes purchased pursuant to a Parent Change of Control Offer will be required to surrender the Notes, with the form entitled "Option of Holder to Elect Purchase" attached to the Notes completed, or transfer such Notes by book-entry transfer, to the Paying Agent at the address specified in the notice prior to the close of business on the third Business Day preceding the Parent Change of Control Payment Date; and

(vi) that Holders of Notes will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the second Business Day preceding the Parent Change of Control Payment Date, a facsimile or other electronic transmission or letter setting forth the name of the Holder, the principal amount of Notes delivered for purchase, and a statement that such Holder is withdrawing its election to have the Notes purchased.

The Issuers shall comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Parent Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Section 4.34, the Issuers shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Section 4.34 by virtue of such compliance. The Issuers shall provide a copy of such notice to the Trustee.

(b) On the Parent Change of Control Payment Date, the Issuers shall, to the extent lawful:

(i) accept for payment all Notes or portions of Notes properly tendered pursuant to the Parent Change of Control Offer;

(ii) deposit with the paying agent an amount equal to the Parent Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(iii) deliver or cause to be delivered to the trustee the Notes properly accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Issuers.

(c) The paying agent shall promptly mail or otherwise pay in accordance with this Indenture and the Notes Depositary's Applicable Procedures to each Holder of Notes properly tendered the Parent Change of Control Payment for the Notes, and the Issuers shall issue and the Trustee shall promptly authenticate and mail (or cause to be transferred by book entry) to each Holder a new note equal in principal amount to any unpurchased portion of the Notes surrendered, if any. The provisions described above that require the Issuers to make a Parent Change of Control Offer following a Parent Change of Control will be applicable whether or not any other provisions of this Indenture are applicable.

(d) The Issuers will not be required to make a Parent Change of Control Offer upon a Parent Change of Control if (1) a third party makes the Parent Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Indenture applicable to a Parent Change of Control Offer made by the Issuers and purchases all Notes properly tendered and not withdrawn under the Parent Change of Control Offer, or (2) notice of redemption with respect to all Notes has been given pursuant to Section 3.07 unless and until there is a default in payment of the applicable redemption price; and a Parent Change of Control Offer may be made in advance of a Parent Change of Control, conditioned upon the consummation of such Parent Change of Control, if a definitive agreement is in place for the relevant Parent Change of Control at the time the Parent Change of Control Offer is made. For the avoidance of doubt, the Issuers' failure to offer to purchase the Notes shall constitute an Event of Default under Section 6.02(a)(iii) and not Section 6.02(a)(i), but the failure of the Issuers to pay the Parent Change of Control Payment when due shall constitute an Event of Default under Section 6.02(a)(i).

(e) If Holders of not less than 90% in aggregate principal amount of the outstanding Notes of a Series validly tender and do not withdraw the Notes in a Parent Change of Control Offer and the Issuers, or any third party making a Parent Change of Control Offer in lieu of the Issuers, purchase all of such Notes validly tendered and not withdrawn by such Holders, the Issuers shall have the right, upon not less than ten (10) nor more than sixty (60) days' prior notice, given not more than thirty (30) days following such purchase pursuant to the Parent Change of Control Offer described above, to redeem all Notes of such Series that remain outstanding following such purchase at a redemption price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest thereon, if any, to but not including the date of redemption (subject to the right of Holders of record on the relevant record date to receive interest on the relevant interest payment date).

(f) If a portion but not all of a Series of Notes are repaid, redeemed or repurchased, automatically upon such repayment, redemption or repurchase the remaining applicable Scheduled Principal Amortization Amounts shall be reduced on a *pro rata* basis to reflect such partial repayment, redemption or repurchase.

Section 4.35 Maintenance of Office or Agency.

(a) The Issuers shall maintain an office or agency (which may be an office of the Trustee or an affiliate of the Trustee, Registrar or co-registrar) where Notes may be surrendered for registration of transfer or for exchange and where notices and demands to or upon the Issuers in respect of the Notes and this Indenture may be served. The Issuers shall give prompt written notice to the Trustee of the location, and any change in the location, of such

office or agency. If at any time the Issuers shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made at the Corporate Trust Office of the Trustee.

(b) The Issuers may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; *provided*, that no such designation or rescission shall in any manner relieve the Issuers of their obligation to maintain an office or agency for such purposes. The Issuers shall give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

(c) The Issuers hereby designate the Corporate Trust Office of the Trustee as one such office or agency of the Issuers in accordance with Section 2.03 hereof; *provided*, that no service of legal process on the Issuers or any Guarantor may be made at any office of the Trustee.

ARTICLE 5

[RESERVED]

ARTICLE 6

EARLY AMORTIZATION, DEFAULTS AND REMEDIES

Section 6.01 Early Amortization.

(a) The occurrence of any of the following shall constitute an "Early Amortization Event":

(i) the Peak Debt Service Coverage Ratio Test is not satisfied on any Determination Date;

(ii) the balance in the Notes Reserve Account is less than the Notes Reserve Account Required Balance on any Payment Date after giving effect to the deposits set forth in Section 4.01 on such Payment Date;

(iii) an Issuer has received written notice or has actual knowledge that an Event of Default shall have occurred, and is continuing; or

(iv) an Issuer has received written notice or has actual knowledge that an "Early Amortization Event" shall have occurred and is continuing under the Credit Agreement or any other Senior Secured Debt Document

(b) Promptly upon knowledge thereof by an Officer of American or Loyalty Co, the Issuers shall give to the Trustee notice in writing of an Early Amortization Event.

Section 6.02 Events of Default.

(a) With respect to the Notes of any Series, each of the following is an "Event of Default":

(i) default in any payment of

(A) any principal amount, on any of the Notes of such Series when such amount becomes due and payable;

(B) any interest on the Notes of such Series and such default shall have continued for a period of more than five (5) Business Days; or

(C) any other amount payable under this Indenture when due and such default shall have continued unremedied for more than ten (10) Business Days after the earlier of (y) an Officer of an Issuer obtaining knowledge of such default or (z) receipt by an Issuer of notice from the Trustee of such default; *provided* that, if any default shall have been made by any Issuer or Guarantor in the due observance or performance of the covenants set forth in Article 4 hereof it shall not constitute a default under this Section 6.02(a)(i)(C); or

(ii) default shall have been made by any Issuer Party in the due observance or performance of any of the covenants in (i) Section 4.17, Section 4.18, Section 4.19, Section 4.20 or Section 4.27 or (ii) Section 4.32 and such default shall continue unremedied for, in the case of clause (i), more than ten (10) Business Days, and in the case of clause (ii), more than twenty (20) Business Days, after the earlier of (x) an Officer of an Issuer obtaining knowledge of such default or (y) receipt by an Issuer of notice from the Trustee of such default; or

(iii) default by any Issuer Party in the due observance or performance of any other covenant, condition or agreement to be observed or performed by it pursuant to the terms of this Indenture or any of the other Collateral Documents and such default continues unremedied or uncured for more than thirty (30) days (or 135 days in the case of Section 4.16(c) and (d)) after the earlier of (i) an Officer of an Issuer obtaining knowledge of such default or (ii) receipt by an Issuer of notice from the Trustee of such default; *provided* that, if such Person is proceeding with diligence and good faith to cure or remedy such default and such default is susceptible to cure or remedy, such thirty (30) day period (or 135 day period in the case of Section 4.16(c) and (d)) shall be extended as may be necessary to cure such failure, such extended period not to exceed ninety (90) days (or 150 days in the case of Section 4.16(c) and (d)) in the aggregate (inclusive of the original thirty (30) days (or the original 135 days in the case of Section 4.16(c) and (d))); or

(iv) (A) any material provision of this Indenture or of any Collateral Document to which any Issuer or Guarantor is a party ceases to be a valid and binding obligation of such party, or any action shall be taken to discontinue or to assert the invalidity or unenforceability of any Notes Document, (B) the Lien on any material portion of the Collateral intended to be created by the Collateral Documents shall cease to be or shall not be a valid and perfected (to the extent required hereunder or under such

Collateral Documents) Lien having the priorities contemplated by this Indenture or such Collateral Documents (subject to Permitted Liens, and except as permitted by the terms of this Indenture or the Collateral Documents or as a result of the action, delay or inaction of the Trustee) or (C) the Note Guarantee set forth in Article 10 shall fail to remain in full force or effect or any action shall be taken to discontinue or to assert the invalidity or unenforceability of such Note Guarantee, or any Guarantor shall fail to comply with any of the terms or provisions of such Note Guarantee, or any Guarantor shall deny that it has any further liability under such Note Guarantee; provided that, in each case, unless any Issuer Party shall have contested or challenged, other than good faith disputes regarding interpretation of contractual provisions, the validity, perfection or priority of, or attempted to invalidate, such liens or the validity or enforceability of a material provision of any Notes Document or material portion of any Collateral or guaranty document, such breach shall not be an Event of Default unless such breach continues unremedied or uncured for more than thirty (30) days after the earlier of (x) an Officer of an Issuer obtaining knowledge of such default or (y) receipt by Issuers of written notice from the Trustee of such default; or

(v) any SPV Party (i) commences a voluntary case or proceeding, (ii) consents to the entry of an order for relief against it in an involuntary case, (iii) consents to the appointment of a receiver, trustee, liquidator, provisional liquidator, custodian, conservator or other similar official of it or for all or substantially all of its property, (iv) makes a general assignment for the benefit of its creditors, (v) admits in writing its inability generally to pay its debts as they become due, or (vi) proposes or passes a resolution for its voluntary winding up or liquidation; or

(vi) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(A) is for relief against any SPV Party;

(B) appoints a receiver, trustee, liquidator, provisional liquidator, custodian, conservator or other similar official of any SPV Party or for all or substantially all of the property of any SPV Party;

(C) commences proceedings for a compromise or arrangement with any SPV Party's creditors (or class or classes of creditors), or

(D) orders the liquidation of any SPV Party

and, in each case, the order or decree remains unstayed and in effect for sixty (60) consecutive days; or

(vii) failure by any Issuer Party or any of Parent’s Restricted Subsidiaries to pay one or more final judgments entered by a court or courts of competent jurisdiction aggregating in excess of $200 million (determined net of amounts covered by insurance policies issued by creditworthy insurance companies or by third-party indemnities or a combination thereof), which judgments are not paid, discharged, bonded, vacated, satisfied or stayed for a period of sixty (60) days; or

(viii) (i) any of American, Parent or a Subsidiary Guarantor shall default in the performance of any obligation relating to Material Indebtedness and any applicable grace periods shall have expired and any applicable notice requirements shall have been complied with, and as a result of such default the holder or holders of such Material Indebtedness or any trustee or agent on behalf of such holder or holders shall have caused such Material Indebtedness to become due prior to its scheduled final maturity date or (ii) any of American, Parent or a Subsidiary Guarantor shall default in the payment of the outstanding principal amount due on the scheduled final maturity date of any Indebtedness outstanding under one or more agreements of such Issuer Party, any applicable grace periods shall have expired and such failure to make payment when due shall be continuing for a period of more than five (5) consecutive Business Days following the applicable scheduled final maturity date thereunder, in an aggregate principal amount at any time unpaid exceeding $200 million; *provided* that such payment default or acceleration resulting from any Parent Bankruptcy Event shall not constitute a default under this Section 6.02(a)(viii); or

(ix) (i) any SPV Party shall default in the performance of any obligation relating to Material Indebtedness and any applicable grace periods shall have expired and any applicable notice requirements shall have been complied with, and as a result of such default the holder or holders of such Material Indebtedness or any trustee or agent on behalf of such holder or holders shall have caused, or shall be entitled or permit or have the right to cause, such Material Indebtedness to become due prior to its scheduled final maturity date or (ii) any SPV Party shall default in the payment of the outstanding principal amount due on the scheduled final maturity date of any Indebtedness outstanding under one or more agreements of such SPV Party, any applicable grace periods shall have expired following the applicable scheduled final maturity date thereunder, in an aggregate principal amount at any time unpaid exceeding $200 million; provided, further, that if any such default shall be waived or cured (as evidenced in writing from the applicable holder, agent or trustee) then, to the extent of such waiver or cure, the Event of Default hereunder by reason of such default shall be deemed likewise to have been thereupon waived or cured; or

(x) a termination of a Plan of American or an ERISA Affiliate pursuant to Section 4042 of ERISA that would reasonably be expected to result in a Material Adverse Effect; or

(xi) (i) an exit from, or a termination or cancellation of, the AAdvantage Program or (ii) any termination, expiration or cancellation of (1) the Intercompany Agreement, (2) the American Intercompany Loan or (3) a Material AAdvantage Agreement for which, solely in the case of this Section 6.02(a)(xi)(3), (other than the Intercompany Agreement) a Permitted Replacement AAdvantage Agreement is not entered into as of the effective date of such termination, expiration or cancellation; or

(xii) any Issuer Party makes a Material Modification to a Material AAdvantage Agreement or the American Intercompany Loan without the prior written consent of the Master Collateral Agent (acting at the direction of the Required Debtholders); or

(xiii) any termination or cancellation of any IP License; or

(xiv) after the occurrence of a Parent Bankruptcy Event, any of the American Case Milestones shall cease to be met or complied with, as applicable; or

(xv) an SPV Party Change of Control; or

(xvi) (i) failure of any SPV Party to maintain at least the Required Number of Independent Directors for more than five (5) consecutive Business Days (or 30 days in the case of such Independent Director's death, disability or resignation, provided that in the case of Loyalty Co, one Independent Director remains at Loyalty Co during such period), (ii) the removal of any Independent Director of any SPV Party without "cause" (as such term is defined in the Specified Organization Documents of such SPV Party) or without giving prior written notice to the Trustee, each as required in the Specified Organization Documents of the related entity.

In case of any event described in clause (v), (vi) or (xiv) in the preceding paragraph, the actions and events described in Section 6.03(a) shall be required or taken automatically, without presentment, demand, protest or other notice of any kind, all of which will be waived by the Issuer Parties.

(b) Subject to the terms of the Collateral Agency and Accounts Agreement, after the occurrence and during the continuance of any Event of Default, any payments, recoveries or distributions received in any proceeding under any Bankruptcy Laws, including adequate protection and Chapter 11 plan distributions, to the extent received by the Trustee from the Master Collateral Agent as the Notes' Pro Rata Share thereof shall be applied by the Trustee and any Available Funds, as follows:

(i) *first*, (y) ratably, to (i) the Master Collateral Agent and the Depositary, for the amount of Fees, costs, expenses, reimbursements and indemnification amounts due and payable to such Agents pursuant to the terms of this Indenture and the Collateral Documents and, so long as Wilmington Trust, National Association shall be serving as the Master Collateral Agent and Depositary, such amounts to be transferred to the payment account under the Credit Agreement for payment to the Master Collateral Agent and Depositary in accordance with the Credit Agreement, and (ii) the Trustee and the Collateral Custodian, the amount of Fees, costs, expenses, reimbursements and indemnification amounts due and payable to such Agents pursuant to the terms of this Indenture and the Collateral Documents and *then* (z) ratably the Notes' Pro Rata Share of the amount of fees, expenses and other amounts (including indemnification amounts) due and owing to any Independent Director of any SPV Party (to the extent not otherwise paid);

(ii) *second*, to the Trustee, on behalf of the Holders, any due and unpaid interest on the Notes;

(iii) *third*, to the Trustee, on behalf of the Holders, in an amount equal to the amount necessary to pay the outstanding principal balance of the Notes in full;

(iv) *fourth*, to pay to the Trustee on behalf of the Holders, any additional Obligations then due and payable, including any premium;

(v) *fifth*, until all Priority Lien Debt is paid in full, to the Master Collateral Agent to be maintained in the Collection Account or distributed in accordance with the Collateral Agency and Accounts Agreement; and

(vi) *sixth*, all remaining amounts shall be released to or at the direction of Loyalty Co.

Section 6.03 Remedies Exercisable by the Trustee.

(a) Upon the occurrence of an Event of Default and at any time thereafter during the continuance of such event, the Trustee shall, at the request of the Permitted Noteholders with respect to a Series of Notes, by written notice to the Issuers (with a copy to the Master Collateral Agent and the Collateral Custodian), take one or more of the following actions, at the same or different times:

(i) declare the Notes of such Series or any portion thereof then outstanding to be forthwith due and payable, whereupon the principal of the Notes of such Series and other Obligations and all other liabilities of the Issuer Parties accrued under this Indenture and under any other Collateral Document, shall become forthwith due and payable, without presentment, demand, protest or any other notice of any kind, all of which are expressly waived by the Issuers or Guarantors, anything contained herein or in any other Collateral Document to the contrary notwithstanding;

(ii) [Reserved];

(iii) set-off amounts in any accounts (other than accounts pledged to secure other Indebtedness of any Issuer Party, Escrow Accounts, Payroll Accounts or other accounts held in trust for an identified beneficiary) maintained with the Trustee, the Master Collateral Agent, the Collateral Custodian or Depositary (or any of their respective affiliates) and apply such amounts to the obligations of the Issuer Parties under this Indenture and in the Collateral Documents; and

(iv) subject to the terms of the Collateral Documents, exercise any and all remedies under the Collateral Documents and under applicable law available to the Trustee, the Master Collateral Agent and the Holders of the Notes of such Series.

Section 6.04 Waiver of Past Defaults.

The Permitted Noteholders of a Series of Notes by notice to the Trustee may on behalf of the Holders of all of the Notes of such Series waive any existing Default and its consequences under this Indenture, except a continuing Default in the payment of interest, principal and premium, if any, on any Note of such Series held by a non-consenting Holder; *provided*, that subject to Section 6.03 hereof, the Permitted Noteholders of a Series of Notes may rescind an acceleration and its consequences with respect to the Notes of such Series, including

any related payment default that resulted from such acceleration. Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

Section 6.05 Control by Majority.

The Permitted Noteholders of a Series of Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee with respect to the Notes of such Series. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture or that, subject to Section 7.01, the Trustee determines is unduly prejudicial to the rights of any other Holder of a Note of such Series or that would subject the Trustee to personal liability; provided, however that the Trustee has no duty to determine whether any such action is prejudicial to any Holder or beneficial owner of the Notes.

Section 6.06 Limitation on Suits.

(a) Subject to Section 6.07 hereof, no Holder of the Notes of a Series may pursue any remedy with respect to this Indenture or the Notes of such Series unless:

(i) such Holder has previously given the Trustee written notice that an Event of Default is continuing;

(ii) the Permitted Noteholders of such Series have made a written request to the Trustee to pursue the remedy;

(iii) Holders of the Notes of such Series have offered and, if requested, provide to the Trustee indemnity or security reasonably satisfactory to the Trustee against any loss, liability or expense;

(iv) the Trustee has not complied with such request within 60 days after the receipt thereof and the offer of security or indemnity; and

(v) the Permitted Noteholders of such Series have not given the Trustee a direction inconsistent with such request within such 60-day period.

(b) A Holder of a Note may not use this Indenture to prejudice the rights of another Holder of a Note or to obtain a preference or priority over another Holder of a Note.

Section 6.07 Rights of Holders of Notes to Receive Payment.

Notwithstanding any other provision of this Indenture, the right of any Holder of a Note to receive payment of principal, interest and premium, if any, on the Notes, on or after the respective due dates expressed in the Note (including in connection with a Mandatory Repurchase Offer or a Parent Change of Control Offer), or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

Section 6.08 Collection Suit by Trustee.

If an Event of Default specified in Section 6.02(a)(i) hereof occurs and is continuing, the Trustee is authorized to recover judgment in its own name and as trustee of an express trust against the Issuers for the whole amount of interest remaining unpaid, principal and premium, if any, on the Notes and interest on overdue principal and, to the extent lawful, interest and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

Section 6.09 Restoration of Rights and Remedies.

If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceedings, the Issuers, the Trustee and the Holders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding has been instituted.

Section 6.10 Rights and Remedies Cumulative.

Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes in Section 2.07 hereof, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 6.11 Delay or Omission Not Waiver.

No delay or omission of the Trustee or of any Holder of any Note to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article 6 or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

Section 6.12 Trustee May File Proofs of Claim.

The Trustee is authorized to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel), the Collateral Custodian (including any claim for the reasonable compensation, expenses, disbursements and advances of the Collateral Custodian, its agents and counsel) and the Holders of the Notes allowed in any judicial proceedings relative to the Issuers (or any other obligor upon the Notes including the Guarantors), their creditors or their property

and shall be entitled and empowered to participate as a member in any official committee of creditors appointed in such matter and to collect, receive and distribute any money or other property payable or deliverable on any such claims and any custodian in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, the Collateral Custodian, their agents and counsel, and any other amounts due the Trustee or Collateral Custodian under Section 7.07 hereof. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Trustee, the Collateral Custodian, their agents and counsel, and any other amounts due the Trustee or Collateral Custodian under Section 7.07 hereof out of the estate in any such proceeding, shall be denied for any reason, payment of the same shall be secured by a Lien on, and shall be paid out of, any and all distributions, dividends, money, securities and other properties that the Holders may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 6.13 Undertaking for Costs.

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.13 does not apply to a suit by the Trustee, a suit by a Holder of a Note pursuant to Section 6.07 hereof, or a suit by Holders of more than 10.0% in principal amount of the then-outstanding Notes.

ARTICLE 7

TRUSTEE

Section 7.01 Duties of Trustee.

(a) If an Event of Default has occurred and is continuing (which is known to the Trustee), the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(i) the duties of the Trustee shall be determined solely by the express provisions of this Indenture and the Trustee need perform only those duties that are specifically set forth in this Indenture and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

(c) the Trustee may not be relieved from liabilities for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this Section 7.01(c) does not limit the effect of Section 7.01(b);

(ii) the Trustee shall not be liable for any error of judgment made in good faith, unless it is proved in a court of competent jurisdiction that the Trustee was negligent in ascertaining the pertinent facts; and

(iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.06 hereof.

(d) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to the provisions of this Article 7.

(e) The Trustee shall be under no obligation to exercise any of its rights or powers under this Indenture at the request or direction of any of the Holders of the Notes, unless the Holders have offered, and if requested, provided to the Trustee indemnity or security satisfactory to the Trustee against any loss, liability or expense.

(f) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Issuers. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

Section 7.02 Rights of Trustee.

(a) The Trustee may conclusively rely upon any document believed by it to be genuine and to have been signed or presented by the proper Person and upon any order or decree of a court of competent jurisdiction. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, they may require an Officer’s Certificate or an Opinion of Counsel or both. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officer’s Certificate or Opinion of Counsel. The Trustee may consult with counsel of its selection and the advice of such counsel or any Opinion of Counsel or both shall be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Trustee may act through its attorneys and agents and shall not be responsible for the misconduct or negligence of any agent or attorney appointed with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within the rights or powers conferred upon it by this Indenture.

(e) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Issuers shall be sufficient if signed by an Officer of the Issuers.

(f) None of the provisions of this Indenture shall require the Trustee to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or security or indemnity satisfactory to it against such risk or liability is not assured to it.

(g) The Trustee shall not be deemed to have notice of any Default or Event of Default unless a Responsible Officer of the Trustee has actual knowledge thereof or written notice of any event which is in fact such a Default is received by a Responsible Officer of the Trustee at the Corporate Trust Office of the Trustee and such notice references the Notes and this Indenture. The Trustee shall not be responsible for knowledge of the terms and conditions of any other agreement, instrument or document other than this Indenture and the Collateral Documents to which it is party.

(h) In no event shall the Trustee be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(i) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the entity acting as Trustee in each of its capacities hereunder and under the Collateral Documents (including as Collateral Custodian), and each agent, custodian and other Person employed to act hereunder.

(j) The Trustee may request that the Issuers and any Guarantor deliver an Officer’s Certificate (upon which the Trustee may conclusively rely) setting forth the names of the individuals and/or titles of Responsible Officers (with specimen signatures) authorized at such times to take specific actions pursuant to this Indenture, which Officer’s Certificate may be signed by any person specified as so authorized in any certificate previously delivered and not superseded.

(k) The Trustee shall not be required to give any bond or surety in respect of the performance of its powers and duties hereunder.

(l) The permissive right of the Trustee to take or refrain from taking any actions enumerated herein shall not be construed as a duty.

(m) The Trustee shall not be bound to make any investigation into (i) the performance or observance by the Issuers or any other Person of any of the covenants, agreements or other terms or conditions set forth in this Indenture or in any related document, (ii) the occurrence of any default, or the validity, enforceability, effectiveness or genuineness of this Indenture, any related document or any other agreement, instrument or document, (iii) the creation, perfection or priority of any Lien purported to be created by this Indenture or any related document or (iv) the value or the sufficiency of any Collateral.

(n) The Trustee shall not have any duty or responsibility in respect of (i) any recording, filing, or depositing of this Indenture or any other agreement or instrument, monitoring or filing any financing statement or continuation statement evidencing a security interest, the maintenance of any such recording, filing or depositing or to any re-recording, re-filing or re-depositing of any thereof, or otherwise monitoring the perfection, continuation of perfection or the sufficiency or validity of any security interest in or related to the Collateral, (ii) the acquisition or maintenance of any insurance or (iii) the payment or discharge of any tax, assessment, or other governmental charge or any lien or encumbrance of any kind owing with respect to, assessed or levied against, any part of the Collateral.

(o) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture or to institute, conduct or defend any litigation hereunder or in relation hereto, at the request, order or direction of any of the Holders pursuant to the provisions of this Indenture or any related document, unless such Holders shall have offered to the Trustee security, indemnity or prefunding satisfactory to the Trustee, in its sole discretion, against the losses, costs, expenses (including attorneys' fees and expenses) and liabilities that might be incurred by the Trustee in compliance with such request, order or direction.

(p) Each Holder, by its acceptance of a Note hereunder, represents that it has, independently and without reliance upon the Trustee or any other Person, and based on such documents and information as it has deemed appropriate, made its own investment decision in respect of the Notes. Each Holder also represents that it will, independently and without reliance upon the Trustee or any other Person, and based on such documents and information as it shall deem appropriate at the time, continue to make its own decisions in taking or not taking action under this Indenture and in connection with the Notes. Except for notices, reports and other documents expressly required to be furnished to the Holders by the Trustee hereunder, the Trustee shall not have any duty or responsibility to provide any Holder with any other information concerning the Issuer, the servicer or any other parties to any related documents which may come into the possession of the Trustee or any of its officers, directors, employees, agents, representatives or attorneys-in-fact.

(q) If the Trustee requests instructions from the Issuers or the Holders with respect to any action or omission in connection with this Indenture, the Trustee shall be entitled (without incurring any liability therefor) to refrain from taking such action and continue to refrain from acting unless and until the Trustee shall have received written instructions from the Issuers or the Holders, as applicable, with respect to such request.

(r) In no event shall the Trustee be liable for any failure or delay in the performance of its obligations under this Indenture or any related documents because of circumstances beyond the Trustee's control, including, but not limited to, a failure, termination,

or suspension of a clearing house, securities depositary, settlement system or central payment system in any applicable part of the world or acts of God, flood, war (whether declared or undeclared), civil or military disturbances or hostilities, nuclear or natural catastrophes, political unrest, explosion, severe weather or accident, earthquake, terrorism, fire, riot, labor disturbances, pandemics, strikes or work stoppages for any reason, embargo, government action, including any laws, ordinances, regulations or the like (whether domestic, federal, state, county or municipal or foreign) which delay, restrict or prohibit the providing of the services contemplated by this Indenture or any related documents, or the unavailability of communications or computer facilities, the failure of equipment or interruption of communications or computer facilities, or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility, or any other causes beyond the Trustee's control whether or not of the same class or kind as specified above; it being understood that the Trustee shall use reasonable efforts that are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

(s) The Trustee shall not be liable for failing to comply with its obligations under this Indenture in so far as the performance of such obligations is dependent upon the timely receipt of instructions and/or other information from any other person which are not received or not received by the time required.

(t) The Trustee shall be fully justified in failing or refusing to take any action under this Indenture or any other related document if such action (A) would, in the reasonable opinion of the Trustee, in good faith (which may be based on the advice or opinion of counsel), be contrary to applicable law, this Indenture or any other related document, or (B) is not provided for in this Indenture or any other related document.

Section 7.03 Individual Rights of Trustee.

The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Issuers or any Affiliate of the Issuers with the same rights it would have if it were not Trustee. The Agents may do the same with like rights.

Section 7.04 Trustee's Disclaimer.

The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Notes, it shall not be accountable for the Issuers' use of the proceeds from the Notes or any money paid to the Issuers or upon the Issuers' direction under any provision of this Indenture, it shall not be responsible for the use or application of any money received by any Paying Agent other than the Trustee, and it shall not be responsible for any statement or recital herein or any statement in the Notes or any other document in connection with the sale of the Notes or pursuant to this Indenture other than its certificate of authentication.

Section 7.05 Notice of Defaults.

If a Default occurs and is continuing and if it is known to the Trustee, the Trustee shall send to Holders of Notes a notice of the Default within 90 days after it occurs. Except in the case of a Default relating to the payment of interest, principal and premium, if any, on any Note, the Trustee may withhold from the Holders notice of any continuing Default if and so long

as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Holders of the Notes. The Trustee shall not be deemed to know of any Default except as provided in Section 7.02(g) above or unless written notice of any event which is such a Default is received by a Responsible Officer of the Trustee at the Corporate Trust Office of the Trustee.

Section 7.06 [Reserved.]

Section 7.07 Compensation and Indemnity.

(a) The Issuers shall pay to the Trustee and the Collateral Custodian from time to time such compensation for its acceptance of this Indenture and services hereunder as the parties shall agree in writing from time to time. Neither the Trustee's nor Collateral Custodian's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Issuers shall reimburse the Trustee and Collateral Custodian promptly upon request for all reasonable disbursements, advances and expenses incurred or made by it in addition to the compensation for its services. Such expenses shall include the reasonable compensation, disbursements and expenses of the Trustee's and Collateral Custodian's agents and counsel.

(b) Subject to the final sentence of this Section 7.07(b), the Issuers and the Guarantors, jointly and severally, shall indemnify the Trustee and the Collateral Custodian, each of their officers, directors, employees and agents for, and hold the Trustee and Collateral Custodian harmless against, any and all loss, damage, claim, liability or expense (including attorneys' fees) incurred by it in connection with the acceptance or administration of this Indenture and the performance of its duties hereunder (including the costs and expenses of enforcing this Indenture against the Issuers and the Guarantors (including this Section 7.07) or defending itself against any claim whether asserted by any Holder, the Issuers or any Guarantors, or liability in connection with the acceptance, exercise or performance of any of its powers or duties hereunder). The Trustee or Collateral Custodian, as applicable, shall notify the Issuers promptly of any claim for which it may seek indemnity. Failure by the Trustee or Collateral Custodian, as applicable, to so notify the Issuers shall not relieve the Issuers of their obligations hereunder. The Issuers shall defend the claim and the Trustee and Collateral Custodian may have separate counsel and the Issuers shall pay the fees and expenses of such counsel. The Issuers need not reimburse any expense or indemnify against any loss, damage, claim, liability or expense incurred by the Trustee or Collateral Custodian through the Trustee's or Collateral Custodian's, respectively, own willful misconduct or gross negligence.

(c) The obligations of the Issuers and the Guarantors under this Section 7.07 shall survive the satisfaction and discharge of this Indenture or the earlier resignation or removal of the Trustee or Collateral Custodian.

(d) To secure the payment obligations of the Issuers and the Guarantors in this Section 7.07, the Trustee shall have a Lien prior to the Notes on all money or property held or collected by the Trustee, except any funds held in trust and only available to pay principal and interest on particular Notes. Such Lien shall survive the satisfaction and discharge of this Indenture or the earlier resignation or removal of the Trustee.

(e) When the Trustee or Collateral Custodian incurs expenses or renders services after an Event of Default specified in Section 6.02(a)(v) or Section 6.02(a)(vi) hereof occurs, the expenses and the compensation for the services (including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under any Bankruptcy Law.

Section 7.08 Replacement of Trustee.

(a) A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 7.08. The Trustee may resign in writing at any time and be discharged from the trust hereby created by so notifying the Issuers. The Holders of a majority in principal amount of the then-outstanding Notes may remove the Trustee by so notifying the Trustee and the Issuers in writing. The Issuers may remove the Trustee if:

(i) the Trustee fails to comply with Section 7.10 hereof;

(ii) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;

(iii) a custodian or public officer takes charge of the Trustee or its property; or

(iv) the Trustee becomes incapable of acting.

(b) If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Issuers shall promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in principal amount of the then-outstanding Notes may appoint a successor Trustee to replace the successor Trustee appointed by the Issuers.

(c) If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee (at the Issuers' expense), the Issuers or the Holders of at least 10.0% in principal amount of the then-outstanding Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(d) If the Trustee, after written request by any Holder who has been a Holder for at least six months, fails to comply with Section 7.10 hereof, such Holder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(e) A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Issuers. Thereupon, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall send a notice of its succession to Holders. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee; *provided*, all sums owing to the Trustee hereunder have been paid and subject to the Lien provided for in Section 7.07 hereof. Notwithstanding replacement of

the Trustee pursuant to this Section 7.08, the Issuers' obligations under Section 7.07 hereof shall continue for the benefit of the retiring Trustee.

Section 7.09 Successor Trustee by Merger, Etc.

If the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another entity, the successor entity without any further act shall be the successor Trustee.

Section 7.10 Eligibility; Disqualification.

There shall at all times be a Trustee hereunder that is a corporation organized and doing business under the laws of the United States of America or of any state thereof that is authorized under such laws to exercise corporate trustee power, that is subject to supervision or examination by federal or state authorities and that has a combined capital and surplus of at least $50,000,000 as set forth in its most recent published annual report of condition.

ARTICLE 8

LEGAL DEFEASANCE AND COVENANT DEFEASANCE

Section 8.01 Option to Effect Legal Defeasance or Covenant Defeasance.

The Issuers may, at their option and at any time, elect to have either Section 8.02 or Section 8.03 hereof applied to all outstanding Notes of either Series upon compliance with the conditions set forth below in this Article 8.

Section 8.02 Legal Defeasance and Discharge.

(a) Upon the Issuers' exercise under Section 8.01 hereof of the option applicable to this Section 8.02, the Issuers and the Guarantors shall, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be deemed to have been discharged from their obligations with respect to all outstanding Notes of a Series and the related Note Guarantees on the date the conditions set forth below are satisfied ("Legal Defeasance"). For this purpose, Legal Defeasance means that the Issuers shall be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes of a Series, which shall thereafter be deemed to be "outstanding" only for the purposes of Section 8.05 hereof and the other Sections of this Indenture referred to in this Section 8.02(a) and Section 8.02(b), and to have satisfied all its other obligations under such Notes and this Indenture including that of the Guarantors (and the Trustee, on demand of and at the expense of the Issuers, shall execute such instruments reasonably requested by the Issuers acknowledging the same), except for the following provisions which shall survive until otherwise terminated or discharged hereunder:

(i) the rights of Holders of Notes of such Series to receive payments in respect of the interest, principal and premium, if any, on such Notes when such payments are due solely out of the trust created pursuant to this Indenture referred to in Section 8.04 hereof;

(ii) the Issuers' obligations with respect to Notes of such Series concerning issuing temporary Notes, registration of such Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(iii) the rights, powers, trusts, duties and immunities of the Trustee, and the Issuers' obligations in connection therewith; and

(iv) this Article 8.

(b) Subject to compliance with this Article 8, the Issuers may exercise their option under this Section 8.02 notwithstanding the prior exercise of its option under Section 8.03 hereof.

Section 8.03 Covenant Defeasance.

Upon the Issuers' exercise under Section 8.01 hereof of the option applicable to this Section 8.03, the Issuers and the Guarantors shall, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be released from their obligations under the covenants contained in Section 4.02, Section 4.06, Section 4.09, Section 4.10, Section 4.12 through Section 4.16, Section 4.21 through Section 4.24, Section 4.26, Section 4.27, Section 4.28 (except for Section 4.28(a)(B)), Section 4.29, Section 4.31, Section 4.32 and Section 4.34 hereof with respect to the outstanding Notes of a Series and related Note Guarantees on and after the date the conditions set forth in Section 8.04 hereof are satisfied ("Covenant Defeasance"), and the Notes of such Series shall thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Notes may not be deemed outstanding for accounting purposes). For this purpose, Covenant Defeasance means that, with respect to the outstanding Notes of a Series, the Issuers may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 6.02 hereof, but, except as specified above, the remainder of this Indenture and such Notes shall be unaffected thereby. In addition, upon the Issuers' exercise under Section 8.01 hereof of the option applicable to this Section 8.03, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, Section 6.02(a)(ii) (solely with respect to the defeased covenants listed above), Section 6.02(a)(iii) (solely with respect to the defeased covenants listed above) or Section 6.02(a)(iv) hereof shall not constitute Events of Default.

Section 8.04 Conditions to Legal or Covenant Defeasance.

The following shall be the conditions to the application of either Section 8.02 or Section 8.03 hereof to the outstanding Notes of a Series:

(a) the Issuers must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders of the Notes of such Series, cash in U.S. dollars, Government Securities,

or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the interest, principal and premium, if any, on the outstanding Notes of such Series on the stated date for payment thereof or on the applicable redemption date, as the case may be;

(b) in the case of Legal Defeasance, the Issuers shall have delivered to the Trustee an Opinion of Counsel confirming that,

(i) the Issuers have received from, or there has been published by, the United States Internal Revenue Service a ruling, or

(ii) since the date of this Indenture, there has been a change in the applicable U.S. federal income tax law,

in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that the Holders of the Notes of such Series shall not recognize income, gain or loss for U.S. federal income tax purposes, as applicable, as a result of such Legal Defeasance and shall be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(c) in the case of Covenant Defeasance, the Issuers shall have delivered to the Trustee an Opinion of Counsel confirming that the Holders of the Notes of such Series shall not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and shall be subject to such tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(d) such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than this Indenture) to which either Issuer is bound;

(e) the Issuers shall have delivered to the Trustee an Officer's Certificate stating that the deposit was not made by the Issuers with the intent of preferring the Holders of the Notes of such Series over any other creditors of the Issuers or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Issuers or others;

(f) the Issuers shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance, as the case may be, have been complied with; and

(g) no Event of Default shall have occurred and be continuing either: (x) on the date of such deposit (other than an Event of Default resulting from the borrowing of funds to be applied to such deposit); or (y) insofar as the Events of Default under Section 6.02(a)(v) or Section 6.02(a)(vi) are concerned, at any time in the period ending on the 91st day after the date of deposit.

Section 8.05 Deposited Money and Government Securities to Be Held in Trust; Other Miscellaneous Provisions.

(a) Subject to Section 8.06 hereof, all money and Government Securities (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 8.05, the "Trustee") pursuant to Section 8.04 hereof in respect of the outstanding Notes of a Series shall be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuers or a Guarantor acting as Paying Agent) as the Trustee may determine, to the Holders of such Notes of all sums due and to become due thereon in respect of interest, principal and premium, if any, on the Note of such Series, but such money need not be segregated from other funds except to the extent required by law.

(b) The Issuers shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash or Government Securities deposited pursuant to Section 8.04 hereof or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Notes.

(c) Anything in this Article 8 to the contrary notwithstanding, the Trustee shall deliver or pay to the Issuers from time to time upon the request of the Issuers any money or Government Securities held by it as provided in Section 8.04 hereof which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee (which may be the opinion delivered under Section 8.04 hereof), are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

Section 8.06 Repayment to Issuers.

Subject to applicable abandoned property law, any money deposited with the Trustee or any Paying Agent, or then held by the Issuers, in trust for the payment of the interest, principal and premium, if any, on any Note and remaining unclaimed for two years after such interest, principal and premium, if any, on such Note has become due and payable shall be paid to the Issuers on their request or (if then held by the Issuers) shall be discharged from such trust; and the Holder of such Note shall thereafter look only to the Issuers for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Issuers as trustee thereof, shall thereupon cease.

Section 8.07 Reinstatement.

If the Trustee or Paying Agent is unable to apply any United States dollars or Government Securities in accordance with Section 8.02 or Section 8.03 hereof, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Issuers' obligations under the Notes Documents shall be revived and reinstated as though no deposit had occurred pursuant to Section 8.02 or Section 8.03 hereof until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 8.02 or Section 8.03 hereof, as the case may be; *provided*, however, that if the Issuers make any payment of interest, principal and premium, if any, on any Note following the reinstatement of their obligations, the Issuers shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money held by the Trustee or Paying Agent.

Section 8.08 Application of Trust Money.

Subject to the provisions of Section 8.06, all money deposited with the Trustee pursuant to this Article 8 shall be held in trust and applied by it, in accordance with the provisions of the Notes and this Indenture, to the payment, either directly or through any Paying Agent (including either of the Issuers acting as Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the interest, principal and premium, if any, on the Notes for whose payment such money has been deposited with or received by the Trustee; but such money need not be segregated from other funds except to the extent required by law. Money so held in trust is subject to the Trustee's rights under Section 7.07.

ARTICLE 9

AMENDMENT, SUPPLEMENT AND WAIVER

Section 9.01 Without Consent of Holders of Notes.

(a) Notwithstanding Section 9.02 below, the Issuers, any Guarantor (with respect to any note guarantee, this Indenture, Collateral Document or Intercreditor Agreement to which such Guarantor is a party), the Trustee and the Master Collateral Agent (with respect to any Collateral Document or Intercreditor Agreement), subject to the restrictions in the Collateral Agency and Accounts Agreement, may amend or supplement the Notes, this Indenture and any of the Collateral Documents or Intercreditor Agreements (including, for the avoidance of doubt, any exhibit, schedule or other attachment to the Notes, this Indenture or any Collateral Document or Intercreditor Agreement) without the consent of any Holder of Notes and the Issuers may direct the Trustee, and the Trustee shall (upon receipt of the documents contemplated by, and subject to the terms of, the last paragraph of this Section 9.01), enter into an amendment to this Indenture or any of the Collateral Documents or Intercreditor Agreements, as applicable, to:

(i) effect the issuance of Additional Notes of a Series in accordance with the terms of this Indenture and the Collateral Documents, as applicable (including by increasing (but, for the avoidance of doubt, not decreasing), the amount of amortization due and payable with regard to any outstanding Series of Notes); or amend or supplement any Intercreditor Agreement; *provided*, that no such agreement shall amend, modify or otherwise directly and adversely affect the rights or duties of the Trustee under this Indenture or any Collateral Document without its prior written consent;

(ii) evidence the succession of another Person to any Issuer or any Guarantor or American pursuant to a consolidation, merger or conveyance, transfer or lease of assets permitted under this Indenture;

(iii) surrender any right or power conferred upon the Issuers or any Guarantor;

(iv) add to the covenants such further covenants, restrictions, conditions or provisions for the protection of the Holders of the Notes, and to add any additional Events of Default for the Notes;

(v) (w) to cure any ambiguity, omission, mistake, defect or inconsistency (as reasonably determined in good faith by either Issuer), (x) effect changes of a technical, conforming or immaterial nature (including, without limitation, any such changes in connection with the incurrence of Priority Lien Debt or Junior Lien Debt otherwise permitted to be incurred in accordance with the applicable provisions of this Indenture), (y) correct or cure any incorrect cross references or similar inaccuracies or (z) make any change that does not adversely affect the rights of any Holder of the Notes in any material respect; or;

(vi) convey, transfer, assign, mortgage or pledge any property to or with the Trustee, or to make such other provisions in regard to matters or questions arising under this Indenture as shall not adversely affect the interests of any Holders of Notes;

(vii) to modify or amend this Indenture in such a manner as to permit the qualification of this Indenture or any supplemental Indenture under the Trust Indenture Act as then in effect;

(viii) to add to or change any provisions of this Indenture to such extent as necessary to permit or facilitate the issuance of the Notes of a Series in bearer or uncertificated form, *provided* that any such action shall not adversely affect the interests of the Holders of Notes of such Series in any material respect;

(ix) (A) effect the granting, perfection, protection, expansion or enhancement of any security interest for the benefit of the Senior Secured Parties, in any property or so that the security interests therein comply with applicable requirements of law, (B) as required by local law or advice of counsel to give effect to, or protect any security interest for the benefit of the Senior Secured Parties, in any property or so that the security interests therein comply with applicable requirements of law, or (C) to cure ambiguities, omissions, mistakes or defects (as reasonably determined in good faith by either Issuer) or to cause such guarantee, collateral or security document or other document to be consistent with this Indenture and the Collateral Documents;

(x) provide additional guarantees for the Notes of any Series;

(xi) evidence the release of liens in favor of the Master Collateral Agent in the Collateral in accordance with the terms of this Indenture or the Collateral Documents;

(xii) evidence and provide for the acceptance of appointment of a separate or successor Trustee and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of this Indenture by more than one Trustee; or

(xiii) conform any term or provision of the Notes, the Note Guarantees or any of the Notes Documents to any provision of the section “Description of Notes” in the Offering Memorandum to the extent that such description in the Offering Memorandum was intended to be a verbatim recitation of such term or provision of the

Notes, the Note Guarantees or any of the Notes Documents, as set forth in an Officer's Certificate delivered to the Trustee.

(b) Upon the request of the Issuers and upon receipt by the Trustee of the documents described in Section 9.06 hereof, the Trustee shall join with the Issuers and the Guarantors in the execution of any amended or supplemental indenture authorized or permitted by the terms of this Indenture and to make any further appropriate agreements and stipulations that may be therein contained, but the Trustee shall not be obligated to, but may in its discretion, enter into such amended or supplemental indenture that affects its own rights, duties or immunities under this Indenture or otherwise. Notwithstanding the foregoing, no Opinion of Counsel shall be required in connection with the addition of a Guarantor under this Indenture.

Section 9.02 With Consent of Holders of Notes.

(a) Except as provided in Section 9.01 or as otherwise set forth in this Indenture, no modification, amendment or waiver of any provision of this Indenture or any Collateral Document (other than any Account Control Agreement), and no consent to any departure by any Issuer or Guarantor therefrom, shall in any event be effective unless the same shall be in writing and signed by the Issuers and the Permitted Noteholders of the affected Series (or signed by the Trustee with the written consent of the Permitted Noteholders of the affected Series); and, with respect to any Collateral Document, subject to the restrictions in the Collateral Agency and Accounts Agreement, *provided* that no such modification, amendment or supplement shall without the prior written consent of:

(i) each Holder directly and adversely affected thereby, (A) reduce the principal amount of, premium, if any, or interest if any, on, or (B) extend the Stated Maturity or interest payment periods, of the Notes of the affected Series (*provided* that only the consent of the Permitted Noteholders of the affected Series shall be necessary for a waiver of defaulted interest) or (C) modify such Holder's ability to vote its obligations pursuant to the Collateral Agency and Accounts Agreement;

(ii) all of the Holders of an affected Series of Notes, (A) amend or modify any provision of this Indenture which provides for the unanimous consent or approval of the Holders to reduce the percentage of principal amount of Notes the Holders required thereunder or (B) release all or substantially all of the Liens granted to the Master Collateral Agent under this Indenture or under any Collateral Document (other than as permitted under this Indenture or by the terms of the Collateral Document or the Junior Lien Intercreditor Agreements);

(iii) all of the Holders, except as permitted under this Indenture, release all or substantially all of the Guarantors;

(iv) the Holders holding no less than 66.67% of the outstanding principal amount of the Notes, (A) release any of the Collateral (other than as permitted under this Indenture, the Collateral Documents or the Intercreditor Agreements), (B) release any Note Guarantees of the Notes by Parent or any SPV Guarantor, (C) amend,

modify or waive any provision of Section 4.32 or (D) effect any shortening or subordination of term or reduction in liquidated damages under any IP License;

(v) the Permitted Noteholders of an affected Series of Notes, to make the Notes of such Holder payable in money or securities other than that as stated in the Notes;

(vi) the Permitted Noteholders of an affected Series of Notes, to impair the right of such Holder to institute suit for the enforcement of any payment with respect to the Notes;

(vii) all Holders of an affected Series of Notes, reduce the percentage specified in the definition of "Permitted Noteholders" or otherwise amend this Section 9.02 in a manner that has the effect of changing the number or percentage of Holders that must approve any modification, amendment, waiver or consent; or

(viii) all Holders of an affected Series of Notes, modify any of the foregoing Section 9.02(e)(i) through (vii).

(b) To the extent Holder consent is required, except as otherwise provided in this Section 9.02, the Issuers and the Trustee may amend or supplement this Indenture and any Collateral Document with the consent of the Permitted Noteholders (solely for purposes of this clause (b), meaning Holders holding more than 50% of the Notes) voting as a single class (including, without limitation, consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes).

(c) Section 2.08 and Section 2.09 hereof shall determine which Notes are considered to be "outstanding" for the purposes of this Section 9.02.

(d) Upon the request of the Issuers and upon the filing with the Trustee of evidence satisfactory to the Trustee of the consent of the Holders of Notes as aforesaid, and upon receipt by the Trustee and Master Collateral Agent, if applicable, of the documents described in Section 9.06 hereof, the Trustee shall join with the Issuers and the Guarantors in the execution of such amended or supplemental indenture or amendment or supplement to Collateral Documents unless such amended or supplemental indenture or amendment or supplement to any Collateral Document affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee, may in its discretion, but shall not be obligated to, enter into such amended or supplemental indenture.

(e) It shall not be necessary for the consent of the Holders of Notes under this Section 9.02 to approve the particular form of any proposed amendment, supplement or waiver. It shall be sufficient if such consent approves the substance of the proposed amendment or supplement. A consent to any amendment, supplement or waiver under this Indenture by any Holder given in connection with a tender of such Holder's Notes will not be rendered invalid by such tender.

(f) After an amendment, supplement or waiver under this Section 9.02 becomes effective, the Issuers shall send to the Holders of Notes affected thereby a notice briefly

describing the amendment, supplement or waiver. The failure to give such notice to all the Holders, or any defect in the notice will not impair or affect the validity of any such amendment, supplement or waiver. Furthermore, by its acceptance of the Notes, each Holder of the Notes is deemed to have consented to the terms of the Intercreditor Agreements and the Collateral Documents and to have authorized and directed the Trustee to execute, deliver and perform each of the Intercreditor Agreements and Collateral Documents to which it is a party, binding the Holders to the terms thereof.

(g) Notwithstanding any of the foregoing, the Collateral Controlling Party may, in its sole discretion, grant extensions of time for the satisfaction of any of the requirements described in Section 4.12(d) and Section 4.14.

Section 9.03 [Reserved].

Section 9.04 Revocation and Effect of Consents.

(a) Until an amendment, supplement or waiver becomes effective, a consent to it by a Holder of a Note is a continuing consent by the Holder of a Note and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. However, any such Holder of a Note or subsequent Holder of a Note may revoke the consent as to its Note if the Trustee receives written notice of revocation before the date the waiver, supplement or amendment becomes effective. An amendment, supplement or waiver becomes effective in accordance with its terms and thereafter binds every Holder.

(b) The Issuers may, but shall not be obligated to, fix a record date for the purpose of determining the Holders entitled to consent to any amendment, supplement or waiver. If a record date is fixed, then, notwithstanding the preceding paragraph, those Persons who were Holders at such record date (or their duly designated proxies), and only such Persons, shall be entitled to consent to such amendment, supplement, or waiver or to revoke any consent previously given, whether or not such Persons continue to be Holders after such record date. No such consent shall be valid or effective for more than 120 days after such record date unless the consent of the requisite number of Holders has been obtained.

Section 9.05 Notation on or Exchange of Notes.

(a) The Trustee may place an appropriate notation about an amendment, supplement or waiver on any Note thereafter authenticated. The Issuers in exchange for all Notes may issue and the Trustee shall, upon receipt of an Authentication Order, authenticate new Notes that reflect the amendment, supplement or waiver.

(b) Failure to make the appropriate notation or issue a new Note shall not affect the validity and effect of such amendment, supplement or waiver.

Section 9.06 Trustee to Sign Amendments, Etc.

The Trustee shall sign any amendment, supplement or waiver authorized pursuant to this Article 9 if the amendment, supplement or waiver does not adversely affect the rights, duties, liabilities or immunities of the Trustee. In executing any amendment, supplement or

waiver, the Trustee shall be entitled to receive and (subject to Section 7.01 hereof) shall be fully protected in relying upon, in addition to the documents required by Section 12.04 hereof, an Officer's Certificate and an Opinion of Counsel stating that the execution of such amended or supplemental indenture is authorized or permitted by this Indenture and an Opinion of Counsel stating that such amendment, supplement or waiver is the legal, valid and binding obligation of the Issuers and any Guarantors party thereto, enforceable against them in accordance with its terms, and complies with the provisions hereof. Notwithstanding the foregoing and upon satisfaction of the requirements set forth in the last sentence of Section 9.01 hereof, no Opinion of Counsel shall be required for the Trustee to execute any amendment or supplement adding a new Guarantor under this Indenture.

ARTICLE 10

GUARANTEES

Section 10.01 Guarantee.

(a) Subject to this Article 10 and the Agreed Guarantee Principles contemplated by Section 4.12 hereof, each of the Guarantors hereby, jointly and severally irrevocably and unconditionally guarantees (the "Note Guarantees"), to each Holder of a Note authenticated and delivered by the Trustee and to each Agent and its successors and assigns, irrespective of the validity and enforceability of this Indenture, the Notes or the obligations of the Issuers hereunder or thereunder, the due and punctual payment of the unpaid principal and interest on (including defaulted interest, if any, and interest accruing after the Stated Maturity of after the filing of any petition of bankruptcy, or the commencement of any insolvency, winding up, reorganization or like proceeding, relating to any Issuer, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) each Note, whether at the Stated Maturity, upon redemption, upon required prepayment, upon acceleration, upon required repurchase at the option of the holder or otherwise according to the terms of this Indenture and all other obligations of the Issuers to the Holders or any Agent hereunder or thereunder shall be promptly paid in full in cash, all in accordance with the terms hereof and thereof. Failing payment when due of any amount so guaranteed for whatever reason, the Guarantors shall be jointly and severally obligated to pay the same immediately. Each Guarantor agrees that this is a guarantee of payment and not a guarantee of collection.

(b) The Guarantors hereby agree that their obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Notes or this Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder of the Notes with respect to or any amendment of any provisions hereof or thereof, the recovery of any judgment against the Issuers, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a Guarantor. Each Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Issuers, any right to require a proceeding first against the Issuers, protest, notice and all demands whatsoever and covenants that this Note Guarantee shall not be discharged except pursuant to Article 8 or Article 10 or by complete performance of the obligations contained in the Notes and this Indenture.

(c) If any Holder or Agent is required by any court or otherwise to return to the Issuers, the Guarantors or any custodian, trustee, liquidator or other similar official acting in relation to either the Issuers or the Guarantors, any amount paid either to such Agent or such Holder, this Note Guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect.

(d) Each Guarantor agrees that it shall not be entitled to any right of subrogation in relation to the Holders in respect of any obligations guaranteed hereby until payment in full of all obligations guaranteed hereby. Each Guarantor further agrees that, as between the Guarantors, on the one hand, and the Holders and the Agents, on the other hand, (x) the maturity of the obligations guaranteed hereby may be accelerated as provided in Article 6 hereof for the purposes of this Note Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed hereby, and (y) in the event of any declaration of acceleration of such obligations as provided in Article 6 hereof, such obligations (whether or not due and payable) shall forthwith become due and payable by the Guarantors for the purpose of this Note Guarantee. The Guarantors shall have the right to seek contribution from any non-paying Guarantor so long as the exercise of such right does not impair the rights of the Holders under the Note Guarantees.

(e) Each Note Guarantee shall remain in full force and effect and continue to be effective should any petition be filed by or against the Issuers for liquidation or reorganization, should the Issuers become insolvent or make an assignment for the benefit of creditors or should a receiver or trustee be appointed for all or any significant part of the Issuers' assets, and shall, to the fullest extent permitted by law, continue to be effective or be reinstated, as the case may be, if at any time payment of the Notes are, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee on the Notes or Note Guarantees, whether as a "voidable preference," "fraudulent transfer" or otherwise, all as though such payment had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Notes shall, to the fullest extent permitted by law, be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

Section 10.02 Limitation on Guarantor Liability.

Each Guarantor, and by its acceptance of Notes, each Holder, hereby confirms that it is the intention of all such parties that the Note Guarantee of such Guarantor not constitute a fraudulent transfer or conveyance for purposes of Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar foreign, federal or state law to the extent applicable to any Note Guarantee. To effectuate the foregoing intention, the Trustee, the Holders and the Guarantors hereby irrevocably agree that the obligations of each Guarantor shall be limited to the maximum amount as will, after giving effect to such maximum amount and all other contingent and fixed liabilities of such Guarantor that are relevant under such laws and after giving effect to any collections from, rights to receive contribution from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under this Article 10, result in the obligations of such Guarantor under its Note Guarantee not constituting a fraudulent conveyance or fraudulent transfer under applicable law or to comply with corporate benefit, financial assistance and other laws.

Section 10.03 Execution and Delivery.

(a) To evidence its Note Guarantee set forth in Section 10.01 hereof, each Guarantor hereby agrees that this Indenture shall be executed on behalf of such Guarantor by one of its Responsible Officers.

(b) Each Guarantor hereby agrees that its Note Guarantee set forth in Section 10.01 hereof shall remain in full force and effect notwithstanding the absence of the endorsement of any notation of such Note Guarantee on the Notes.

(c) If an Officer whose signature is on this Indenture no longer holds that office at the time the Trustee authenticates the Note, the Note Guarantee shall be valid nevertheless.

(d) The delivery of any Note by the Trustee, after the authentication thereof hereunder, shall constitute due delivery of the Note Guarantee set forth in this Indenture on behalf of the Guarantors.

(e) If required by Section 4.12 hereof, the Issuers shall cause any newly created or acquired Grantor to comply with the provisions of Section 4.12 hereof and this Article 10, to the extent applicable.

Section 10.04 Benefits Acknowledged.

Each Guarantor acknowledges that it shall receive direct and indirect benefits from the financing arrangements contemplated by this Indenture and that the guarantee and waivers made by it pursuant to its Note Guarantee are knowingly made in contemplation of such benefits.

Section 10.05 Releases.

(a) In the event of any sale or other disposition of all or substantially all of the assets of any Guarantor (other than Parent and any SPV Party), by way of merger, consolidation or otherwise, or a sale or other disposition of all Capital Stock of any Guarantor (other than Parent and any SPV Party), in each case to a Person that is not (either before or after giving effect to such transactions) Parent or a Restricted Subsidiary of Parent or the merger or consolidation of a Guarantor (other than any SPV Party) with or into American or another Guarantor, in each case, in a transaction permitted under this Indenture, then such Guarantor (in the event of a sale or other disposition, by way of merger, consolidation or otherwise, of all of the Capital Stock of such Guarantor) or the Person acquiring the property (in the event of a sale or other disposition of all or substantially all of the assets of such Guarantor) will be automatically released and relieved of any obligations under its Guarantee of the Guaranteed Obligations.

(b) Upon designation of any Guarantor as an Unrestricted Subsidiary in accordance with the terms of the Indenture, such Guarantor will be automatically released and relieved of any obligations under its Guarantee of the Guaranteed Obligations. In addition, upon a Subsidiary Guarantor being released and relieved of its obligations under its Guarantee of the Credit Agreement (excluding any refinancing or replacement thereof, other than any refinancing or replacement with term loan debt that constitutes Priority Lien Debt or Junior Lien Debt), such

Guarantor will be automatically released and relieved of any obligations under its Guarantee of the Guaranteed Obligations under this Indenture or the Notes.

(c) The Guarantors will be automatically released from all Obligations under the Note Guarantees upon the satisfaction and discharge of this Indenture or upon the legal defeasance of the notes in accordance with Article 8.

(d) Upon receipt of an Officer's Certificate and an Opinion of Counsel, the Trustee shall execute and deliver, at the Issuers' expense, such documents as any Issuer or Guarantor may reasonably request and prepare to evidence the release of the guarantee of such Guarantor provided herein.

Section 10.06 Luxembourg Limitations.

(a) Notwithstanding any provision to the contrary in this Indenture, the liability of any Luxembourg Guarantor under this Article 10 for the obligations of any Issuer Party which is not a direct or indirect subsidiary of that Luxembourg Guarantor, may not exceed, in aggregate, the Maximum Amount.

(b) For the purposes of paragraph (a) above, the "**Maximum Amount**", in relation to a Luxembourg Guarantor, means an amount equal to the aggregate (without double counting) of:

(i) the aggregate amount of any intercompany or shareholder funding (in any form whatsoever) made available to that Luxembourg Guarantor or any of its direct or indirect subsidiaries by any other Issuer Party which has been directly or indirectly funded by an issuance of Notes under this Indenture; and

(ii) an amount equal to the greater of:

(A) ninety-five per cent (95%) of the sum of (i) such Luxembourg Guarantor's own funds (*capitaux propres*) (as referred to in Annex I to the Grand-Ducal Regulation dated December 18, 2015 setting out the form and content of the presentation of the balance sheet and profit and loss account, enforcing the Luxembourg act of December 19, 2002 on the trade and companies register and the accounting and annual accounts of undertakings, as amended) (the "**Own Funds**") and (ii) such Luxembourg Guarantor's debt which is subordinated in right of payment (whether generally or specifically) to any claim of any Issuer Party under any of the Loan Documents (the "**Subordinated Debt**"), in each case as determined on the basis of the then latest available annual accounts of the Luxembourg Guarantor duly established in accordance with applicable accounting rules, as at the date of this Indenture; and

(B) ninety-five per cent (95%) of the sum of (i) the Own Funds and (ii) the Subordinated Debt, in each case as determined on the basis of the then latest available annual accounts of the Luxembourg Guarantor duly established in accordance with applicable accounting rules), as at the

date on which a claim under such Luxembourg Guarantor's guarantee under this Indenture is made.

(c) The limitations set forth in this Section 10.06 shall not apply to any Collateral Document, or any recoveries derived from the enforcement of a Secured Party's rights under or in respect of any Collateral.

ARTICLE 11

SATISFACTION AND DISCHARGE

Section 11.01 Satisfaction and Discharge.

This Indenture shall be discharged and shall cease to be of further effect as to all Notes of a Series, when:

(a) either

(i) all Notes of such Series theretofore authenticated and delivered, except lost, stolen or destroyed Notes which have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust, have been delivered to the Trustee for cancellation; or

(ii) all Notes of such Series not theretofore delivered to the Trustee for cancellation have become due and payable, shall become due and payable at their maturity within one year or may be called for redemption within one year, and at the expense, of the Issuers and the Issuers or any Guarantor have irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the Holders of the Notes of such Series, cash in U.S. dollars, Government Securities or a combination thereof, in such amounts sufficient without consideration of any reinvestment of interest to pay and discharge the entire indebtedness on the Notes of such Series not theretofore delivered to the Trustee for cancellation for principal, premium, if any, and accrued interest, if any, to the date of such deposit (in the case of Notes which have become due and payable) or to the final maturity date or redemption date, as the case may be;

(b) the Issuers have paid or caused to be paid all other sums payable by it under this Indenture in respect of the Notes of such Series; and

(c) the Issuers have delivered irrevocable instructions to the Trustee to apply the deposited money toward the payment of the Notes of such Series at maturity or the redemption date, as the case may be.

In addition, the Issuers must deliver an Officer's Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Notwithstanding the satisfaction and discharge of this Indenture, the provisions of Section 7.07 hereof shall survive and, if money shall have been deposited with the Trustee

pursuant to subclause (i) of clause (a) of this Section 11.01, the provisions of Section 11.02 and Section 8.06 hereof shall survive.

Section 11.02 Application of Trust Money.

(a) Subject to the provisions of Section 8.06 hereof, all money deposited with the Trustee pursuant to Section 11.01 hereof shall be held in trust and applied by it, in accordance with the provisions of the Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuers acting as their own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the interest, principal and premium, if any on the Notes for whose payment such money has been deposited with the Trustee; but such money need not be segregated from other funds except to the extent required by law.

(b) If the Trustee or Paying Agent is unable to apply any money or Government Securities in accordance with Section 11.01 hereof by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Issuers' and any Guarantor's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 11.01 hereof; *provided*, that if the Issuers have made any payment of interest, principal and premium, if any, on any Notes because of the reinstatement of its obligations, the Issuers shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money or Government Securities held by the Trustee or Paying Agent.

ARTICLE 12

MISCELLANEOUS

Section 12.01 Issuers.

(a) Joint and Several Liability. All Obligations of the Issuers under this Indenture and the other Notes Documents shall be joint and several Obligations of the Issuers, each as principal. Anything contained in this Indenture and the other Notes Documents to the contrary notwithstanding, the Obligations of each Issuer hereunder, solely to the extent that such Issuer did not receive proceeds of Notes from any issuance hereunder, shall be limited to a maximum aggregate amount equal to the largest amount that would not render its Obligations hereunder subject to avoidance as a fraudulent transfer or conveyance under §548 of the Bankruptcy Code, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar foreign, federal or state law to the extent applicable to the Obligations of such Issuer (collectively, the "Fraudulent Transfer Laws"), in each case after giving effect to all other liabilities of such Issuer, contingent or otherwise, that are relevant under the Fraudulent Transfer Laws (specifically excluding, however, any liabilities of such Issuer in respect of intercompany Indebtedness to any other Issuer or Guarantor or their respective Affiliates to the extent that such Indebtedness would be discharged in an amount equal to the amount paid by such Issuer or Guarantor hereunder) and after giving effect as assets to the value (as determined under the applicable provisions of the Fraudulent Transfer Laws) of any rights to subrogation or contribution of such Issuer pursuant to (i) applicable law or (ii) any agreement providing for an

equitable allocation among such Issuer and other Affiliates of any Issuer or Guarantor of Obligations arising under guarantees by such parties.

(b) Subrogation. Until the Obligations shall have been paid in full in cash, each Issuer shall withhold exercise of any right of subrogation, contribution or any other right to enforce any remedy which it now has or may hereafter have against the other Issuer or any Guarantor of the Obligations. Each Issuer further agrees that, to the extent the waiver of its rights of subrogation, contribution and remedies as set forth herein is found by a court of competent jurisdiction to be void or voidable for any reason, any such rights such Issuer may have against the other Issuer, any collateral or security or any such other Guarantor, shall be junior and subordinate to any rights the Agents or the Holder may have against the other Issuer, any such collateral or security, and any such other Guarantor.

(c) Obligations Absolute. Each Issuer hereby waives, for the benefit of the Senior Secured Parties: (1) any right to require any Senior Secured Parties, as a condition of payment or performance by such Issuer, to (i) proceed against any other Issuer or any other Person, (ii) proceed against or exhaust any security held from any other Issuer, any Guarantor or any other Person, (iii) proceed against or have resort to any balance of any deposit account or credit on the books of any Senior Secured Party in favor of any other Issuer or any other Person, or (iv) pursue any other remedy in the power of any Senior Secured Party whatsoever; (2) any defense arising by reason of the incapacity, lack of authority or any disability or other defense of any other Issuer including any defense based on or arising out of the lack of validity or the unenforceability of the Obligations or any agreement or instrument relating thereto or by reason of the cessation of the liability of any other Issuer from any cause other than payment in full of the Obligations; (3) any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in other respects more burdensome than that of the principal; (4) any defense based upon any Senior Secured Party's errors or omissions in the administration of the Obligations, except behavior which amounts to bad faith, gross negligence or willful misconduct; (5) (i) any principles or provisions of law, statutory or otherwise, which are or might be in conflict with the terms hereof and any legal or equitable discharge of such Issuer's obligations hereunder, (ii) the benefit of any statute of limitations affecting such Issuer's liability hereunder or the enforcement hereof, (iii) any rights to set-offs, recoupments, recharacterization and counterclaims, and (iv) promptness, diligence and any requirement that any Senior Secured Party protect, secure, perfect or insure any security interest or lien or any property subject thereto; (6) notices, demands, presentments, protests, notices of protest, notices of dishonor and notices of any action or inaction, including acceptance hereof, notices of default hereunder or any agreement or instrument related thereto, notices of any renewal, extension or modification of the Obligations or any agreement related thereto, notices of any extension of credit to such Issuer and any right to consent to any thereof; (7) any defense based upon any rescission, waiver, compromise, acceleration, amendment or modification of any of the terms or provisions of any of the Notes Documents and (8) any defenses or benefits that may be derived from or afforded by law which limit the liability of or exonerate guarantors or sureties, or which may conflict with the terms hereof.

The obligations of the Issuers hereunder shall not, to the extent permitted by applicable law, be affected by (i) the failure of the Trustee, the Collateral Administrator, the Master Collateral Agent or a Holder to assert any claim or demand or to enforce any right or

remedy against any other Issuer Party under the provisions of this Indenture or any other Notes Document or otherwise; (ii) any extension or renewal of any provision hereof or thereof; (iii) any rescission, waiver, compromise, acceleration, amendment or modification of any of the terms or provisions of any of the Notes Documents; (iv) the release, exchange, waiver or foreclosure of any security held by the Master Collateral Agent or the Trustee for the Obligations of any of them; (v) the failure of the Trustee or a Holder to exercise any right or remedy against any other Issuer Party; or (vi) the release or substitution of any Collateral or any other Issuer Party.

To the extent permitted by applicable law, each Issuer hereby waives any defense that it might have based on a failure to remain informed of the financial condition of the other Issuer and of any other Issuer Party and any circumstances affecting the ability of the Issuers to perform under this Indenture.

Each Issuer further agrees that its obligations hereunder shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any Obligation is rescinded or must otherwise be restored by the Trustee, any Holder or any other Secured Party upon the bankruptcy or reorganization of the other Issuer or any Guarantor, or otherwise.

Section 12.02 Notices.

(a) Any notice or communication required or given hereunder shall be in writing and delivered in person or sent by first-class mail (registered or certified, return receipt requested), fax or other electronic transmission or overnight air courier guaranteeing next day delivery addressed as follows:

If to the Issuers and/or any Guarantor:

American Airlines, Inc.
1 Skyview Drive, MD 8B361
Fort Worth, Texas, 76155
Attn: Treasurer
Fax No.: ###
Email: ###

If to the Trustee or the Collateral Custodian:

Wilmington Trust, National Association
1100 North Market Street
Wilmington, DE 19890
Attention: Adam Vogelsong
Email: ###

The Issuers, any Guarantor, the Trustee or the Collateral Custodian, by notice to the others, may designate additional or different addresses for subsequent notices or communications.

(b) The Issuers or the Trustee by notice to the other may designate additional or different addresses for subsequent notices or communications.

(c) Any notice or communication sent to a Holder shall be sent to the Holder at the Holder's address as it appears on the registration books of the Registrar and shall be sufficiently given if so sent within the time prescribed.

(d) Failure to send a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is sent in the manner provided above, it is duly given, whether or not the addressee receives it.

(e) Notwithstanding any other provision of this Indenture or any Note, where this Indenture or any Note provides for notice of any event (including any notice of redemption or purchase) to a Holder of a Global Note (whether by mail or otherwise), such notice shall be sufficiently given if given to the Notes Depositary pursuant to the standing instructions from the Notes Depositary.

(f) If a notice or communication is sent in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

(g) If the Issuers send a notice or communication to Holders, they shall send a copy to the Trustee and each Agent at the same time.

(h) The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods. If the Issuers, any Guarantor or any Holder elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding if such instructions conflict or are inconsistent with a subsequent written instruction. The party providing electronic instructions agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 12.03 CFC or a FSHCO Provisions.

Notwithstanding any term of any Notes Document, no issuance or other obligation of any Issuer, under any Notes Document, may be, directly or indirectly (including by application of any payments made by or amounts received or recovered from any CFC or FSHCO):

(i) guaranteed by a CFC or a FSHCO;

(ii) secured by any assets of a CFC or FSHCO (including any CFC or FSHCO equity interests held directly or indirectly by a CFC or FSHCO); or

(iii) secured by a pledge or other security interest in excess of 65% of the voting equity interests of any CFC or FSHCO.

Section 12.04 Certificate and Opinion as to Conditions Precedent.

Upon any request or application by the Issuers or any of the Guarantors to the Trustee to take or refrain from taking any action under this Indenture, the Issuers or such Guarantor, as the case may be, shall furnish to the Trustee:

(a) An Officer's Certificate in form and substance satisfactory to the Trustee (which shall include the statements set forth in Section 12.05 hereof) stating that, in the opinion of the signers, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been satisfied; and

(b) An Opinion of Counsel in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 12.05 hereof) stating that, in the opinion of such counsel, all such conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been satisfied.

Section 12.05 Statements Required in Certificate or Opinion.

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (other than a certificate provided pursuant to Section 4.02 hereof) shall include:

(a) a statement that the individual making such certificate or opinion has read such covenant or condition;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that, in the opinion of such Person, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been complied with (and, in the case of an Opinion of Counsel, may be limited to reliance on an Officer's Certificate as to matters of fact); and

(d) a statement as to whether or not, in the opinion of such individual, such condition or covenant has been complied with; provided, that with respect to matters of fact, an Opinion of Counsel may rely on an Officer's Certificate or certificates of public officials.

Section 12.06 Rules by Trustee and Agents.

The Trustee may make reasonable rules for action by or at a meeting of Holders. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

Section 12.07 No Personal Liability of Directors, Officers, Employees and Stockholders.

No past, present or future director, officer, employee, incorporator, member, partner or stockholder of any Issuer Party, or any of their direct or indirect parent companies or respective affiliates, shall have any liability for any obligations of the Issuers or the Guarantors under the Notes, the Note Guarantees or this Indenture or for any claim based on, in respect of, or by reason of such obligations or their creation. Each Holder by accepting Notes waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes and the Note Guarantees.

Section 12.08 Governing Law.

THE INTERNAL LAW OF THE STATE OF NEW YORK WILL GOVERN AND BE USED TO CONSTRUE THIS INDENTURE, THE NOTES AND THE NOTE GUARANTEES WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

Section 12.09 Waiver of Jury Trial.

EACH OF THE ISSUERS, THE GUARANTORS, THE TRUSTEE AND EACH HOLDER OF A NOTE BY ITS ACCEPTANCE THEREOF HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE NOTES OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 12.10 No Adverse Interpretation of Other Agreements.

This Indenture may not be used to interpret any other indenture, loan or debt agreement of the Issuers or Guarantors or of any other Person. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

Section 12.11 Successors.

All agreements of the Issuers and the Guarantors in this Indenture and the Notes shall bind its successors. All agreements of the Trustee in this Indenture shall bind its successors. All agreements of each Guarantor in this Indenture shall bind its successors.

Section 12.12 Severability.

In case any provision in this Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 12.13 Counterpart Originals.

The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent one and the same agreement. The exchange of copies of this Indenture and of signature pages by facsimile, PDF or other electronic transmission shall constitute effective execution and delivery of this Indenture as to the parties hereto and may be used in lieu of the original Indenture and signature pages for all purposes. Signatures of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes. The words "execution," "signed," "signature," and words of like import in this Indenture or any related document shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act. Neither the Trustee nor the Collateral Custodian shall have a duty to inquire into or investigate the authenticity or authorization of any electronic signature and both shall be entitled to conclusively rely on any electronic signature without any liability with respect thereto.

Section 12.14 Table of Contents, Headings, Etc.

The Table of Contents and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part of this Indenture and shall in no way modify or restrict any of the terms or provisions hereof.

Section 12.15 Section 12.15 U.S.A. PATRIOT Act.

The parties hereto acknowledge that in accordance with Section 326 of the U.S.A. PATRIOT Act, the Trustee and the Collateral Custodian are required to obtain, verify and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Trustee or Collateral Custodian. The parties to this Indenture agree that they will provide the Trustee and Collateral Custodian with such information as the Trustee or Collateral Custodian may reasonably request in order for the Trustee and Collateral Custodian to satisfy the requirements of the U.S.A. PATRIOT Act.

Section 12.16 Jurisdiction.

Each party hereto agrees that any suit, action or proceeding against the Issuers or any Guarantor brought by any Holder, the Collateral Custodian or the Trustee arising out of or based up-on this Indenture, the Note Guarantees or the Notes may be instituted in any state or Federal court in the Borough of Manhattan, New York, New York, and any appellate court from any thereof, and each of them irrevocably submits to the non-exclusive jurisdiction of such courts in any suit, action or proceeding. Each party hereto irrevocably waives, to the fullest extent permitted by law, any objection to any suit, action, or proceeding that may be brought in connection with this Indenture, the Note Guarantees or the Notes, including such actions, suits or proceedings relating to securities laws of the United States of America or any state thereof, in such courts whether on the grounds of venue, residence or domicile or on the ground that any

such suit, action or proceeding has been brought in an inconvenient forum. Each party hereto agrees that final judgment in any such suit, action or proceeding brought in such court shall be conclusive and binding upon such party and may be enforced in any court to the jurisdiction of which such party is subject by a suit upon such judgment. Each SPV Party hereby designates and appoints American as its authorized agent upon which process may be served in any such action or proceeding that may be instituted in any such court, and agrees that service of any process, summons, notice or document by U.S. registered mail addressed to American, with written notice of said service to such Person at the address of American set forth in Section 12.02 hereof, shall be effective service of process for any such legal action or proceeding brought in any such court.

Section 12.17 Payment Dates; Record Dates.

If a Payment Date is not a Business Day, payment shall be made on the next succeeding day that is a Business Day, and no interest shall accrue for the intervening period. If a record date is not a Business Day, the record date shall not be affected.

Section 12.18 Currency Indemnity.

Dollars are the sole currency (the "Required Currency") of account and payment for all sums payable by the Issuers or any Guarantor under or in connection with the Notes, this Indenture and the Note Guarantees, including damages. Any amount with respect to the Notes, this Indenture the Note Guarantees or the other Notes Documents received or recovered in a currency other than the Required Currency, whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuers or any Guarantor or otherwise by any Holder or by the Trustee or Paying Agent or Master Collateral Agent, in respect of any sum expressed to be due to it from the Issuers or any Guarantor will only constitute a discharge to the Issuers or any Guarantor to the extent of the Required Currency amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

If the Required Currency amount is less than the Required Currency amount expressed to be due to the recipient or the Trustee or Paying Agent under the Notes, the Issuers and each Guarantor will indemnify such recipient and/or the Trustee or Paying Agent against any loss sustained by it as a result. In any event, the Issuers and each Guarantor will indemnify the recipient against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be prima facie evidence of the matter stated therein, for the Holder of a Note or the Trustee or Paying Agent to certify in a manner satisfactory to the Issuers (indicating the sources of information used) the loss it incurred in making any such purchase. These indemnities constitute a separate and independent obligation from the Issuers' and each Guarantor's other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any Holder of a Note or the Trustee or Paying Agent (other than a waiver of the indemnities set out herein) and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or to the Trustee. For the purposes of determining the amount in a currency other than the Required Currency, such amount shall be determined using the Exchange Rate then in effect.

Section 12.19 Waiver of Immunity.

With respect to any proceeding, each party irrevocably waives, to the fullest extent permitted by applicable law, all immunity (whether on the basis of sovereignty or otherwise) from jurisdiction, service of process, attachment (both before and after judgment) and execution to which it might otherwise be entitled in any court of competent jurisdiction, and with respect to any judgment, each party waives any such immunity in any court of competent jurisdiction, and will not raise or claim or cause to be pleaded any such immunity at or in respect of any such proceeding or judgment, including, without limitation, any immunity pursuant to the United States Foreign Sovereign Immunities Act of 1976, as amended.

Section 12.20 Third Party Beneficiaries.

The parties hereto agree that each Agent shall be an express third-party beneficiary of the provisions of this Indenture (including, without limitation, Sections 4.01 and 6.02(b) to the extent such sections provide for payment of Fees, costs, expenses, reimbursements and indemnification amounts to the applicable Agent) that explicitly grant such Agent with any rights under this Indenture, with full rights to enforce the same and no such term may be amended, modified or waived in any respect that would be adverse in any material respect to any Agent without its written consent (but for avoidance of doubt, no Agent will be a third-party beneficiary of any other provision of this Indenture).

ARTICLE 13

COLLATERAL

Section 13.01 Collateral Documents.

The due and punctual payment of the interest, principal and premium, if any, on the Notes and Note Guarantees when and as the same shall be due and payable, whether on a Payment Date, at maturity, by acceleration, repurchase, redemption, prepayment or otherwise, and interest on the overdue principal of and interest on the Notes and Note Guarantees and performance of all other Obligations of the Issuers and the Guarantors to the Senior Secured Parties under this Indenture, the Notes, the Note Guarantees, the Intercreditor Agreements and the Collateral Documents, according to the terms hereunder or thereunder, shall be secured as provided in the Collateral Documents, which define the terms of the Liens that secure the Obligations, subject to the terms of the Intercreditor Agreements. The Trustee, the Issuers and the Guarantors hereby acknowledge and agree that the Master Collateral Agent holds the Collateral in trust for the benefit of the Senior Secured Parties pursuant to the terms of the Collateral Documents and the Intercreditor Agreements. Each Holder, by accepting a Note, (i) consents and agrees to the terms of the Collateral Documents (including the provisions providing for the possession, use, release and foreclosure of Collateral) and the Intercreditor Agreements as each may be in effect or may be amended from time to time in accordance with their terms and this Indenture and the Intercreditor Agreements, (ii) authorizes and directs the Trustee and the Master Collateral Agent to enter into the Collateral Documents and the Intercreditor Agreements, (iii) authorizes and directs the Trustee to enter into the Collateral Agency and Accounts Agreement and any Junior Lien Intercreditor Agreement and (iv) authorizes and directs each of

the Master Collateral Agent and the Trustee to perform its respective obligations and exercise its respective rights under and in accordance with the Collateral Documents and Intercreditor Agreements to which it is a party. The Issuers and the Guarantors shall deliver to the Master Collateral Agent copies of all documents required to be filed pursuant to the Collateral Documents, and will do or cause to be done all such acts and things as required by the next sentence of this Section 13.01, to assure and confirm to the Master Collateral Agent a first-priority security interest in the Collateral, by the Collateral Documents or any part thereof, as from time to time constituted, so as to render the same available for the security and benefit of this Indenture and of the Notes secured hereby, according to the intent and purposes herein expressed. The Issuers and the Parent shall, in each case at their own expense, (A) cause each new Subsidiary of any SPV Party, as applicable, to become a Grantor and to become a party to the Security Agreements each applicable other Collateral Document and all other agreements, instruments or documents that create or purport to create and perfect a first priority Lien (subject to any Permitted Liens) in favor of the Master Collateral Agent for the benefit of the Senior Secured Parties in substantially all of its assets (other than Excluded Property), subject to and in accordance with the terms, conditions and provisions of this Indenture and the Collateral Documents, (B) promptly execute and deliver (or cause such Subsidiary to execute and deliver) to the Master Collateral Agent such documents and take such actions to create, grant, establish, preserve and perfect the applicable priority Liens (subject to Permitted Liens) (including to obtain any release or termination of Liens not permitted under Section 4.25 and the filing of UCC financing statements, as applicable) in favor of the Master Collateral Agent on such assets of such Subsidiary to secure the Obligations to the extent required under the applicable Collateral Documents, and to ensure that such Collateral shall be subject to no other Liens other than any Permitted Liens (it being understood that only American and the SPV Parties shall be required to become Grantors and pledge their respective Collateral), and (C) if reasonably requested by the Trustee, deliver to the Trustee, for the benefit of the Trustee and the Senior Secured Parties, a customary written Opinion of Counsel to Parent or such Grantor with respect to the matters described in clauses (A) and (B) of this Section 13.01, in each case within twenty (20) Business Days after the addition of such Collateral.

Section 13.02 Non-Impairment of Liens.

Any release of Collateral permitted by Section 13.03 will be deemed not to impair the Liens under this Indenture and the Collateral Documents in contravention thereof.

Section 13.03 Release of Collateral.

The Liens granted to the Master Collateral Agent by the Issuers and Guarantors on any Collateral shall be automatically released with respect to the Notes:

(a) upon the sale or other disposition of such Collateral (including as part of or in connection with any other sale or other disposition permitted under this Indenture) to any Person other than another Issuer or Guarantor, to the extent such sale or other disposition is made in compliance with the terms of this Indenture and the Collateral Documents (and the Master Collateral Agent shall rely conclusively on an Officer's Certificate and/or Opinion of Counsel to that effect provided to it by any Issuer or Guarantor, including upon its reasonable request without further inquiry);

(b) to the extent such Collateral is comprised of property leased to an Issuer or a Guarantor, upon termination or expiration of such lease;

(c) if the release of such Lien is approved, authorized or ratified in writing by the Holders holding more than 66.67% of the aggregate outstanding principal amount of the Notes;

(d) to the extent the property constituting such Collateral is owned by any Guarantor, upon the release of such Guarantor from its obligations under the applicable Guarantee (in accordance with this Indenture or the Collateral Documents);

(e) as required to effect any sale or other disposition of Collateral in connection with any exercise of remedies of the Master Collateral Agent pursuant to the Collateral Documents; and

(f) if such assets become Excluded Property.

Any such release shall not in any manner discharge, affect, or impair the Obligations or any Liens (other than those being released) upon (or obligations (other than those being released) of the Issuers and the Guarantors in respect of) all interests retained by the Issuers and the Guarantors, including the proceeds of any sale, all of which shall continue to constitute part of the Collateral except to the extent otherwise released in accordance with the provisions of this Indenture or the Collateral Documents.

Upon the occurrence and during the continuance of a Senior Secured Debt Event of Default, the Master Collateral Agent shall not release any Lien permitted to be released under the Collateral Agency and Accounts Agreement and the other Senior Secured Debt Documents unless the Required Debtholders have consented to such release pursuant to an Act of Required Debtholders.

Section 13.04 Release upon Termination of the Issuers' Obligations.

Upon any discharge of Obligations with respect to the Notes, then (i) the application of the provisions of the Collateral Agency and Accounts Agreement to the Notes shall automatically cease, (ii) the Notes shall automatically no longer be secured by the Liens granted in favor of the Master Collateral Agent and (iii) the Master Collateral Agent, at the request and sole expense of the Grantors, shall, upon its receipt of the deliverables required by the Collateral Agency and Accounts Agreement, execute and deliver to the Grantors all releases or other documents reasonably necessary or desirable to evidence the foregoing.

Section 13.05 Suits to Protect the Collateral.

(a) Subject to the provisions of the Collateral Documents and the Intercreditor Agreements, the Trustee, without the consent of the Holders, on behalf of the Holders, may direct the Master Collateral Agent to take all actions it determines in order to:

(i) enforce any of the terms of the Collateral Documents; and

(ii) collect and receive any and all amounts payable in respect of the Obligations hereunder.

(b) Subject to the provisions of the Collateral Documents and the Intercreditor Agreements, the Trustee and the Master Collateral Agent shall have power to institute and to maintain such suits and proceedings as the Trustee may determine to prevent any impairment of the Collateral by any acts which may be unlawful or in violation of any of the Collateral Documents or this Indenture, and such suits and proceedings as the Trustee and/or the Master Collateral Agent may determine to preserve or protect its interests and the interests of the Holders in the Collateral. Nothing in this Section 13.05 shall be considered to impose any such duty or obligation to act on the part of the Trustee or the Master Collateral Agent.

Section 13.06 Authorization of Receipt of Funds by the Trustee Under the Collateral Documents.

Subject to the provisions of the Collateral Documents and the Intercreditor Agreements, the Trustee is authorized to receive any funds for the benefit of the Holders distributed under the Collateral Documents, and to make further distributions of such funds to the Holders according to the provisions of this Indenture.

Section 13.07 Lien Sharing and Priority Confirmation.

Each Holder hereby agrees (i) that all Obligations will be and are secured equally and ratably by all Priority Liens (as defined in the Collateral Agency and Accounts Agreement) at any time granted by any Grantor to the Master Collateral Agent to secure any obligations in respect of any other Series of Senior Secured Debt (as defined in the Collateral Agency and Accounts Agreement), whether or not upon property otherwise constituting Collateral, and that all such Priority Liens will be enforceable by the Master Collateral Agent for the benefit of all holders of Senior Secured Debt Obligations (as defined in the Collateral Agency and Accounts Agreement) equally and ratably; and (ii) that each Holder is bound by the provisions of the Collateral Agency and Accounts Agreement, including the provisions relating to the ranking of Priority Liens and the order of application of proceeds from enforcement of Priority Liens; and each Holder consents to the terms of the Collateral Agency and Accounts Agreement and the Master Collateral Agent's performance of, and directing the Master Collateral Agent to enter into and perform its obligations under, the Collateral Agency and Accounts Agreement and the other Senior Secured Debt Documents.

Section 13.08 Limited Recourse; Non-Petition.

Notwithstanding any other provision of this Indenture or any other document to which it may be a party, the obligations of each SPV Party from time to time and at any time hereunder are limited recourse obligations of such SPV Party and are payable solely from the assets thereof available at such time and amounts derived therefrom and following realization of the assets of such SPV Party, and application of the Proceeds (as defined in the UCC) (including proceeds of assets upon which a Lien was purported to be granted) thereof in accordance with this Indenture, all obligations of and any remaining claims against such SPV Party hereunder or in connection herewith after such realization shall be extinguished and shall not thereafter revive. No recourse shall be had against any officer, director, employee, shareholder, administrator or

incorporator of the SPV Parties or their respective successors or assigns for any amounts payable hereunder. Notwithstanding any other provision of this Indenture, no Person may, prior to the date which is one year (or if longer, any applicable preference period) and one day after the Discharge of Senior Secured Debt Obligations, institute against, or join any other Person in instituting against, the SPV Parties any Insolvency or Liquidation Proceeding, or other proceedings under Cayman Islands, Luxembourg, U.S. federal or state bankruptcy or similar laws. Nothing in this Section 13.08 shall preclude, or be deemed to estop, the parties hereto (i) from taking any action prior to the expiration of the aforementioned period in (A) any case or Insolvency or Liquidation Proceeding voluntarily filed or commenced by any SPV Party or (B) any involuntary Insolvency or Liquidation Proceeding filed or commenced by any other Person, or (ii) from commencing against any SPV Party or any of its property any legal action which is not an Insolvency or Liquidation Proceeding. It is understood that the foregoing provisions of this Section shall not (x) prevent recourse to the assets of the SPV Parties (including the Collateral and sums due or to become due under any security, instrument or agreement which is part of the Collateral) or (y) constitute a waiver, release or discharge of any Indebtedness or obligation secured hereby until all assets of SPV Parties (including the Collateral and sums due or to become due under any security, instrument or agreement which is part of the Collateral) have been realized. It is further understood that the foregoing provisions of this Section shall not limit the right of any Person to name any SPV Party as a party defendant in any proceeding or in the exercise of any other remedy hereunder, so long as no judgment in the nature of a deficiency judgment or seeking personal liability shall be asked for or (if obtained) enforced against any such Persons.

[Signature pages follow]

AADVANTAGE LOYALTY IP LTD.

By: /s/ Meghan B. Montana
Name: Meghan B. Montana
Title: Director

AMERICAN AIRLINES, INC.

By: /s/ Meghan B. Montana
Name: Meghan B. Montana
Title: Vice President and Treasurer

AADVANTAGE HOLDINGS 1 LTD.

By: /s/ Meghan B. Montana
Name: Meghan B. Montana
Title: Director

AADVANTAGE HOLDINGS 2 LTD.

By: /s/ Meghan B. Montana
Name: Meghan B. Montana
Title: Director

AMERICAN AIRLINES GROUP INC.

By: /s/ Meghan B. Montana
Name: Meghan B. Montana
Title: Vice President and Treasurer

WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Trustee and as Collateral Custodian

By: /s/ Adam R. Vogelsong
Name: Adam R. Vogelsong
Title: Vice President

[Face of Note]

[Insert the Global Note Legend, if applicable pursuant to the provisions of the Indenture]

[Insert the Private Placement Legend, if applicable pursuant to the provisions of the Indenture]

[Insert the Regulation S Temporary Global Note Legend, if applicable pursuant to the provisions of the Indenture]

[THE FOLLOWING INFORMATION IS SUPPLIED SOLELY FOR U.S. FEDERAL INCOME TAX PURPOSES. THIS SECURITY WAS ISSUED WITH "ORIGINAL ISSUE DISCOUNT" ("OID") WITHIN THE MEANING OF SECTION 1273 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), AND THIS LEGEND IS REQUIRED BY SECTION 1275(c) OF THE CODE. HOLDERS MAY OBTAIN INFORMATION REGARDING THE AMOUNT OF ANY OID, THE ISSUE PRICE, THE CLOSING DATE AND THE YIELD TO MATURITY RELATING TO THE SECURITY BY CONTACTING THE ISSUERS AT: [_____].]

[OTHER THAN WITH RESPECT TO ONE OR MORE PURCHASERS ON THE CLOSING DATE WHICH HAVE MADE CERTAIN REPRESENTATIONS SATISFACTORY TO THE ISSUERS, BY ITS ACQUISITION OR ACCEPTANCE OF THIS NOTE OR ANY INTEREST HEREIN, THE HOLDER WILL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT EITHER: (A) IT IS NOT AND IS NOT DEEMED TO BE (I) AN EMPLOYEE BENEFIT PLAN SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), (II) A PLAN, ACCOUNT OR ARRANGEMENT DESCRIBED IN SECTION 4975(E)(1) OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), (III) AN ENTITY WHOSE UNDERLYING ASSETS ARE DEEMED TO INCLUDE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN, PLAN, ACCOUNT OR ARRANGEMENT (EACH OF THE FOREGOING, A "BENEFIT PLAN INVESTOR"), OR (IV) A PLAN, ACCOUNT OR ARRANGEMENT (SUCH AS A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN) THAT IS SUBJECT TO ANY FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER U.S. LAWS OR REGULATIONS THAT ARE SIMILAR TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF ERISA OR THE PROHIBITED TRANSACTION RULES OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAWS"); OR (B) THE ACQUISITION AND HOLDING OF THIS NOTE OR ANY INTEREST HEREIN BY THE HOLDER DO NOT AND WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION OF ANY SIMILAR LAWS.]

CUSIP [ ]

ISIN [ ][1]

[[RULE 144A][REGULATION S] GLOBAL NOTE
representing up to
$_____]
5.500% Senior Secured Notes due 2026

No. ___ [$_____]

AADVANTAGE LOYALTY IP LTD. and
AMERICAN AIRLINES, INC.

promise to pay to CEDE & CO. or registered assigns, the principal sum [set forth on the Schedule of Exchanges of Interests in the Global Note attached hereto] [of _____ United States Dollars] on April 20, 2026.

Payment Dates: 20th calendar day of January, April, July and October, or if such day is not a Business Day, the next succeeding Business Day

Payment Record Dates: Each Business Day immediately preceding each Payment Date, except as otherwise set forth in the Indenture

[1] Rule 144A Note CUSIP: 00253X AA9
Rule 144A Note ISIN: US00253XAA90
Regulation S Note CUSIP: G0R209 AA8
Regulation S Note ISIN: USG0R209AA85

IN WITNESS HEREOF, the Issuers have caused this instrument to be duly executed.

Dated:

AADVANTAGE LOYALTY IP LTD.

By: _____
Name:
Title:

AMERICAN AIRLINES, INC.

By: _____
Name:
Title:

This is one of the Notes referred to in the within-mentioned Indenture:

WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Trustee

Dated:

By: _____
Authorized Signatory

[Back of Note]

5.500% Senior Secured Notes due 2026

Capitalized terms used herein shall have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

1. INTEREST AND PRINCIPAL. The Issuers promise to pay principal on the Notes (based on the aggregate principal amount of the Notes on the Closing Date, i.e. $[_____]) in the amounts and on the Payment Dates set forth in the Indenture (the "Anticipated Principal Payment Schedule"), as such amounts may be increased or reduced, on a *pro rata* basis, from time to time, as provided in Section 2.01(d), Section 2.11, Section 3.07(e), Section 3.08(g), Section 3.09(k), and Section 4.34(f) of the Indenture. For the avoidance of doubt, any payment of premium due under the Indenture shall not reduce the Anticipated Principal Payment Schedule. To the extent not otherwise paid, the outstanding principal amount of the Notes shall be paid in full on April 20, 2026. The Notes will bear interest at a rate of 5.500% per annum on the outstanding principal amount thereof. Interest on the Notes is payable quarterly in arrears on each Payment Date and will accrue from and including the most recent date to which interest has been paid or, if no interest has been paid, from and including the date of issuance, to but excluding such Payment Date, calculated on the basis of a 360-day year composed of twelve 30-day months. Interest will also be paid on each prepayment date, redemption date or repurchase date, as the case may be, as provided in the Indenture on the amount of principal so paid for the period from and including the most recent date to which interest has been paid or, if no interest has been paid, from and including the date of issuance to but excluding such date of payment.

2. METHOD OF PAYMENT. The Issuers will pay interest, principal and premium, if any, on the Notes to the Persons who are registered Holders of Notes at the close of business on the Business Day immediately preceding the Payment Date, even if such Notes are canceled after such record date and on or before such Interest Payment Date, except as provided in Section 2.12 of the Indenture with respect to defaulted interest. Payment of interest may be made by check mailed to the Holders at their addresses set forth in the register of Holders, *provided*, that payment by wire transfer of immediately available funds will be required with respect to interest, principal and premium, if any, on, all Global Notes and all other Notes the Holders of which shall have provided wire transfer instructions to the Issuers or the Paying Agent. U.S. Dollars are the sole currency of account and payment for all sums payable by the Issuers or any Guarantor under or in connection with the Notes, the Indenture and the Guarantees.

3. PAYING AGENT AND REGISTRAR. Initially, Wilmington Trust, National Association, the Trustee under the Indenture, will act as Paying Agent and Registrar. The Issuers may change any Paying Agent or Registrar without notice to the Holders. Parent or any of its Subsidiaries may act in any such capacity.

4. INDENTURE. The Issuers issued the Notes under an Indenture, dated as of March 24, 2021 (the "Indenture"), among the Issuers, the Guarantors from time to time party thereto and the Trustee. This Note is one of a duly authorized issue of Notes of the Issuers designated as its 5.500% Senior Secured Notes due 2026. The Issuers shall be entitled to issue Additional Notes pursuant to Section 2.01 and Section 4.23 of the Indenture. The terms of the Notes include those stated in the Indenture. The Notes are subject to all such terms, and Holders are referred to the Indenture for a statement of such terms. To the extent any provision of this Note conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling.

5. REDEMPTION, PREPAYMENT AND REPURCHASE. The Notes may be redeemed at the option of the Issuers and may be the subject of a Mandatory Prepayment Event, Parent Change of Control Offer and a Mandatory Repurchase Offer, as further provided in the Indenture. Except as provided in the Indenture, the Issuers shall not be required to make any mandatory prepayments, redemptions, repurchases or sinking fund payments with respect to the Notes.

6. DENOMINATIONS, TRANSFER, EXCHANGE. The Notes are in registered form without coupons in minimum denominations of $2,000 and integral multiples of $1.00 in excess thereof. The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Issuers may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Issuers need not exchange or register the transfer of any Note or portion of a Note selected for prepayment, redemption or tendered (and not withdrawn) for repurchase in connection with a Mandatory Prepayment Event, Parent Change of Control Offer, a Mandatory Repurchase Offer or other tender offer, respectively, in whole or in part, except for the unredeemed portion of any Note being redeemed in part.

7. PERSONS DEEMED OWNERS. The registered Holder of a Note may be treated as its owner for all purposes.

8. AMENDMENT, SUPPLEMENT AND WAIVER. The Indenture, the Guarantees or the Notes may be amended or supplemented as provided in the Indenture.

9. EARLY AMORTIZATION, DEFAULTS AND REMEDIES. The Early Amortization Events and Events of Default relating to the Notes are defined in Section 6.01 and Section 6.02 of the Indenture, respectively. Upon the occurrence of an Early Amortization Event or Event of Default, as applicable, the rights and obligations of the Issuers, the Guarantors, the Trustee and the Holders shall be set forth in the applicable provisions of the Indenture.

10. AUTHENTICATION. This Note shall not be entitled to any benefit under the Indenture or be valid for any purpose until authenticated by the manual signature of the Trustee or an authenticating agent.

11. GOVERNING LAW. THE INDENTURE, the notes and the guarantees SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK BUT WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

12. NOTICES. Any notice or communication shall be in writing and delivered in person or mailed by first-class mail (registered or certified, return receipt requested), fax or other electronic transmission or overnight air courier guaranteeing next day delivery addressed as follows:

American Airlines, Inc.
1 Skyview Drive, MD 8B361
Fort Worth, Texas, 76155
Attn: Treasurer
Fax No.: ###
Email: ###

If to the Trustee or the Collateral Custodian:
Wilmington Trust, National Association
1100 North Market Street
Wilmington, DE 19890
Attention: Adam Vogelsong
Email: ###

The Issuers, any Guarantor, the Trustee or the Collateral Custodian, by notice to the others, may designate additional or different addresses for subsequent notices or communications.

Any notice or communication sent to a Holder shall be mailed to the Holder at the Holder's address as it appears on the registration books of the Registrar and shall be sufficiently given if so sent within the time prescribed.

Failure to send a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is sent in the manner provided above, it is duly given, whether or not the addressee receives it.

Notwithstanding any other provision of the Indenture or this Note, where the Indenture or this Note provides for notice of any event (including any notice of redemption or purchase) to a Holder of a Global Note (whether by mail or otherwise), such notice shall be sufficiently given if given to the Notes Depositary pursuant to the standing instructions from the Notes Depositary.

If a notice or communication is mailed in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

The Trustee agrees to accept and act upon instructions or directions pursuant to the Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods. If the Issuers, any Guarantor or any Holder elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding if such instructions conflict or are inconsistent with a subsequent written instruction. The party providing electronic instructions agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

ASSIGNMENT FORM

To assign this Note, fill in the form below:
(I) or (we) assign and transfer this Note to: _____
(Insert assignee's legal name)

_____
(Insert assignee's soc. sec. or tax I.D. no.)

_____
_____
_____
_____
(Print or type assignee's name, address and zip code)
and irrevocably appoint _____
to transfer this Note on the books of the Issuers. The agent may substitute another to act for it.

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Note)
Signature Guarantee:* _____

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased by the Issuers pursuant to Sections 3.09 or 4.34 of the Indenture, check the appropriate box below:

[ ] Section 3.09 [ ] Section 4.34

If you want to elect to have only part of this Note purchased by the Issuers pursuant to Section 3.09 or Section 4.34 of the Indenture, state the amount you elect to have purchased:

$_____

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Note)

Tax Identification No.: _____

Signature Guarantee:* _____

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL NOTE*

The initial outstanding principal amount of this Global Note is $_____. The following exchanges of a part of this Global Note for an interest in another Global Note or for a Definitive Note, or exchanges of a part of another Global or Definitive Note for an interest in this Global Note, have been made:

Date of Exchange	Amount of decrease in Principal Amount	Amount of increase in Principal Amount of this Global Note	Principal Amount of this Global Note following such decrease or increase	Signature of authorized officer of Trustee or Note Custodian

* This schedule should be included only if the Note is issued in global form.

EXHIBIT A-2

[Face of Note]

[Insert the Global Note Legend, if applicable pursuant to the provisions of the Indenture]

[Insert the Private Placement Legend, if applicable pursuant to the provisions of the Indenture]

[Insert the Regulation S Temporary Global Note Legend, if applicable pursuant to the provisions of the Indenture]

[THE FOLLOWING INFORMATION IS SUPPLIED SOLELY FOR U.S. FEDERAL INCOME TAX PURPOSES. THIS SECURITY WAS ISSUED WITH "ORIGINAL ISSUE DISCOUNT" ("OID") WITHIN THE MEANING OF SECTION 1273 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), AND THIS LEGEND IS REQUIRED BY SECTION 1275(c) OF THE CODE. HOLDERS MAY OBTAIN INFORMATION REGARDING THE AMOUNT OF ANY OID, THE ISSUE PRICE, THE CLOSING DATE AND THE YIELD TO MATURITY RELATING TO THE SECURITY BY CONTACTING THE ISSUERS AT: [_____].]

[OTHER THAN WITH RESPECT TO ONE OR MORE PURCHASERS ON THE CLOSING DATE WHICH HAVE MADE CERTAIN REPRESENTATIONS SATISFACTORY TO THE ISSUERS, BY ITS ACQUISITION OR ACCEPTANCE OF THIS NOTE OR ANY INTEREST HEREIN, THE HOLDER WILL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT EITHER: (A) IT IS NOT AND IS NOT DEEMED TO BE (I) AN EMPLOYEE BENEFIT PLAN SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), (II) A PLAN, ACCOUNT OR ARRANGEMENT DESCRIBED IN SECTION 4975(E)(1) OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), (III) AN ENTITY WHOSE UNDERLYING ASSETS ARE DEEMED TO INCLUDE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN, PLAN, ACCOUNT OR ARRANGEMENT (EACH OF THE FOREGOING, A "BENEFIT PLAN INVESTOR"), OR (IV) A PLAN, ACCOUNT OR ARRANGEMENT (SUCH AS A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN) THAT IS SUBJECT TO ANY FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER U.S. LAWS OR REGULATIONS THAT ARE SIMILAR TO THE FIDUCIARY RESPONSIBILITY PROVISIONS OF ERISA OR THE PROHIBITED TRANSACTION RULES OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAWS"); OR (B) THE ACQUISITION AND HOLDING OF THIS NOTE OR ANY INTEREST HEREIN BY THE HOLDER DO NOT AND WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION OF ANY SIMILAR LAWS.]

CUSIP [ ]
ISIN [ ][2]

[[RULE 144A][REGULATION S] GLOBAL NOTE
representing up to
$_____]
5.750% Senior Secured Notes due 2029

No. ___ [$_____]

AADVANTAGE LOYALTY IP LTD. and
AMERICAN AIRLINES, INC.

promise to pay to CEDE & CO. or registered assigns, the principal sum [set forth on the Schedule of Exchanges of Interests in the Global Note attached hereto] [of _____ United States Dollars] on April 20, 2029.

Payment Dates: 20th calendar day of January, April, July and October, or if such day is not a Business Day, the next succeeding Business Day

Payment Record Dates: Each Business Day immediately preceding each Payment Date, except as otherwise set forth in the Indenture.

[1] Rule 144A Note CUSIP: 00253X AB7
Rule 144A Note ISIN: US00253XAB73
Regulation S Note CUSIP: G0R209 AB6
Regulation S Note ISIN: USG0R209AB68

IN WITNESS HEREOF, the Issuers have caused this instrument to be duly executed.

Dated:

AADVANTAGE LOYALTY IP LTD.

By: _____
Name:
Title:

AMERICAN AIRLINES, INC.

By: _____
Name:
Title:

This is one of the Notes referred to in the within-mentioned Indenture:

WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Trustee

Dated:

By: _____
Authorized Signatory

[Back of Note]

5.750% Senior Secured Notes due 2029

Capitalized terms used herein shall have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

1. INTEREST AND PRINCIPAL. The Issuers promise to pay principal on the Notes (based on the aggregate principal amount of the Notes on the Closing Date, i.e. $[_____]) in the amounts and on the Payment Dates set forth in the Indenture (the "Anticipated Principal Payment Schedule"), as such amounts may be increased or reduced, on a *pro rata* basis, from time to time, as provided in Section 2.01(d), Section 2.11, Section 3.07(e), Section 3.08(g), Section 3.09(k), and Section 4.34(f) of the Indenture. For the avoidance of doubt, any payment of premium due under the Indenture shall not reduce the Anticipated Principal Payment Schedule. To the extent not otherwise paid, the outstanding principal amount of the Notes shall be paid in full on April 20, 2029. The Notes will bear interest at a rate of 5.750% per annum on the outstanding principal amount thereof. Interest on the Notes is payable quarterly in arrears on each Payment Date and will accrue from and including the most recent date to which interest has been paid or, if no interest has been paid, from and including the date of issuance, to but excluding such Payment Date, calculated on the basis of a 360-day year composed of twelve 30-day months. Interest will also be paid on each prepayment date, redemption date or repurchase date, as the case may be, as provided in the Indenture on the amount of principal so paid for the period from and including the most recent date to which interest has been paid or, if no interest has been paid, from and including the date of issuance to but excluding such date of payment.

2. METHOD OF PAYMENT. The Issuers will pay interest, principal and premium, if any, on the Notes to the Persons who are registered Holders of Notes at the close of business on the Business Day immediately preceding the Payment Date, even if such Notes are canceled after such record date and on or before such Interest Payment Date, except as provided in Section 2.12 of the Indenture with respect to defaulted interest. Payment of interest may be made by check mailed to the Holders at their addresses set forth in the register of Holders, *provided*, that payment by wire transfer of immediately available funds will be required with respect to interest, principal and premium, if any, on, all Global Notes and all other Notes the Holders of which shall have provided wire transfer instructions to the Issuers or the Paying Agent. U.S. Dollars are the sole currency of account and payment for all sums payable by the Issuers or any Guarantor under or in connection with the Notes, the Indenture and the Guarantees.

3. PAYING AGENT AND REGISTRAR. Initially, Wilmington Trust, National Association, the Trustee under the Indenture, will act as Paying Agent and Registrar. The Issuers may change any Paying Agent or Registrar without notice to the Holders. Parent or any of its Subsidiaries may act in any such capacity.

4. INDENTURE. The Issuers issued the Notes under an Indenture, dated as of March 24, 2021 (the "Indenture"), among the Issuers, the Guarantors from time to time party thereto and the Trustee. This Note is one of a duly authorized issue of Notes of the Issuers designated as its 5.750% Senior Secured Notes due 2029. The Issuers shall be entitled to issue Additional Notes pursuant to Section 2.01 and Section 4.23 of the Indenture. The terms of the Notes include those stated in the Indenture. The Notes are subject to all such terms, and Holders are referred to the Indenture for a statement of such terms. To the extent any provision of this Note conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling.

5. REDEMPTION, PREPAYMENT AND REPURCHASE. The Notes may be redeemed at the option of the Issuers and may be the subject of a Mandatory Prepayment Event, Parent Change of Control Offer and a Mandatory Repurchase Offer, as further provided in the Indenture. Except as provided in the Indenture, the Issuers shall not be required to make any mandatory prepayments, redemptions, repurchases or sinking fund payments with respect to the Notes.

6. DENOMINATIONS, TRANSFER, EXCHANGE. The Notes are in registered form without coupons in minimum denominations of $2,000 and integral multiples of $1.00 in excess thereof. The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Issuers may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Issuers need not exchange or register the transfer of any Note or portion of a Note selected for prepayment, redemption or tendered (and not withdrawn) for repurchase in connection with a Mandatory Prepayment Event, Parent Change of Control Offer, a Mandatory Repurchase Offer or other tender offer, respectively, in whole or in part, except for the unredeemed portion of any Note being redeemed in part.

7. PERSONS DEEMED OWNERS. The registered Holder of a Note may be treated as its owner for all purposes.

8. AMENDMENT, SUPPLEMENT AND WAIVER. The Indenture, the Guarantees or the Notes may be amended or supplemented as provided in the Indenture.

9. EARLY AMORTIZATION, DEFAULTS AND REMEDIES. The Early Amortization Events and Events of Default relating to the Notes are defined in Section 6.01 and Section 6.02 of the Indenture, respectively. Upon the occurrence of an Early Amortization Event or Event of Default, as applicable, the rights and obligations of the Issuers, the Guarantors, the Trustee and the Holders shall be set forth in the applicable provisions of the Indenture.

10. AUTHENTICATION. This Note shall not be entitled to any benefit under the Indenture or be valid for any purpose until authenticated by the manual signature of the Trustee or an authenticating agent.

11. GOVERNING LAW. THE INDENTURE, the notes and the guarantees SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK BUT WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

12. NOTICES. Any notice or communication shall be in writing and delivered in person or mailed by first-class mail (registered or certified, return receipt requested), fax or other electronic transmission or overnight air courier guaranteeing next day delivery addressed as follows:

American Airlines, Inc.
1 Skyview Drive, MD 8B361
Fort Worth, Texas, 76155
Attn: Treasurer
Fax No.: ###
Email: Debt.lease.admin@aa.com

If to the Trustee or the Collateral Custodian:
Wilmington Trust, National Association
1100 North Market Street
Wilmington, DE 19890
Attention: Adam Vogelsong
Email: ###

The Issuers, any Guarantor or the Trustee, by notice to the others, may designate additional or different addresses for subsequent notices or communications.

Any notice or communication sent to a Holder shall be mailed to the Holder at the Holder's address as it appears on the registration books of the Registrar and shall be sufficiently given if so sent within the time prescribed.

Failure to send a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is sent in the manner provided above, it is duly given, whether or not the addressee receives it.

Notwithstanding any other provision of the Indenture or this Note, where the Indenture or this Note provides for notice of any event (including any notice of redemption or purchase) to a Holder of a Global Note (whether by mail or otherwise), such notice shall be sufficiently given if given to the Notes Depositary pursuant to the standing instructions from the Notes Depositary.

If a notice or communication is mailed in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

The Trustee agrees to accept and act upon instructions or directions pursuant to the Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods. If the Issuers, any Guarantor or any Holder elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding if such instructions conflict or are inconsistent with a subsequent written instruction. The party providing electronic instructions agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

ASSIGNMENT FORM

To assign this Note, fill in the form below:

(I) or (we) assign and transfer this Note to: _____

(Insert assignee's legal name)

__

(Insert assignee's soc. sec. or tax I.D. no.)

__

_____

_____

_____

(Print or type assignee's name, address and zip code)

and irrevocably appoint __

to transfer this Note on the books of the Issuers. The agent may substitute another to act for it.

Date: _____

Your Signature: _____

(Sign exactly as your name appears on the face of this Note)

Signature Guarantee:* _____

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased by the Issuers pursuant to Sections 3.09 or 4.34 of the Indenture, check the appropriate box below:

[ ] Section 3.09 [ ] Section 4.34

If you want to elect to have only part of this Note purchased by the Issuers pursuant to Section 3.09 or Section 4.34 of the Indenture, state the amount you elect to have purchased:

$_____

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Note)

Tax Identification No.: _____

Signature Guarantee:* _____

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL NOTE*

The initial outstanding principal amount of this Global Note is $_____. The following exchanges of a part of this Global Note for an interest in another Global Note or for a Definitive Note, or exchanges of a part of another Global or Definitive Note for an interest in this Global Note, have been made:

Date of Exchange	Amount of decrease in Principal Amount	Amount of increase in Principal Amount of this Global Note	Principal Amount of this Global Note following such decrease or increase	Signature of authorized officer of Trustee or Note Custodian

* This schedule should be included only if the Note is issued in global form.

EXHIBIT B

FORM OF CERTIFICATE OF TRANSFER

[_____]
[_____]

With a copy to:

Wilmington Trust, National Association
[_____]
[_____]

Re: AAdvantage Loyalty IP Ltd. and American Airlines, Inc. [5.50][5.75]% Senior Secured Notes due [2026][2029]

Reference is hereby made to the Indenture, dated as of [_____], 2021 (the "Indenture"), among AAdvantage Loyalty IP Ltd. and American Airlines, Inc., the Guarantors named therein and the Trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

_____ (the "Transferor") owns and proposes to transfer the Note[s] or interest in such Note[s] specified in Annex A hereto, in the principal amount of $_____ in such Note[s] or interests (the "Transfer"), to _____ (the "Transferee"), as further specified in Annex A hereto. In connection with the Transfer, the Transferor hereby certifies that:

[CHECK ALL THAT APPLY]

1. [ ] CHECK IF TRANSFEREE WILL TAKE DELIVERY OF A BENEFICIAL INTEREST IN THE 144A GLOBAL NOTE OR A DEFINITIVE NOTE PURSUANT TO RULE 144A. The Transfer is being effected pursuant to and in accordance with Rule 144A under the United States Securities Act of 1933, as amended (the "Securities Act"), and, accordingly, the Transferor hereby further certifies that the beneficial interest or Definitive Note is being transferred to a Person that the Transferor reasonably believes is purchasing the beneficial interest or Definitive Note for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and such Transfer is in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the 144A Global Note and/or the Restricted Definitive Note and in the Indenture and the Securities Act.

2. [ ] CHECK IF TRANSFEREE WILL TAKE DELIVERY OF A BENEFICIAL INTEREST IN THE REGULATION S GLOBAL NOTE OR A DEFINITIVE NOTE PURSUANT TO REGULATION S. The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and, accordingly, the Transferor hereby further certifies that (i) the Transfer is not being made to a person in the United States and (x) at the time the buy order was originated, the Transferee was outside the United States or such Transferor and any Person acting on its behalf

reasonably believed and believes that the Transferee was outside the United States or (y) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither such Transferor nor any Person acting on its behalf knows that the transaction was prearranged with a buyer in the United States, (ii) no directed selling efforts have been made in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S under the Securities Act, (iii) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act and (iv) if the proposed transfer is being made prior to the expiration of the Restricted Period, the transfer is not being made to a U.S. Person or for the account or benefit of a U.S. Person (other than an Initial Purchaser). Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on Transfer enumerated in the Private Placement Legend printed on the Regulation S Global Note and/or the Restricted Definitive Note in the Indenture and the Securities Act.

3. [ ] CHECK AND COMPLETE IF TRANSFEREE WILL TAKE DELIVERY OF A BENEFICIAL INTEREST IN THE DEFINITIVE NOTE PURSUANT TO ANY PROVISION OF THE SECURITIES ACT OTHER THAN RULE 144A OR REGULATION S. The Transfer is being effected in compliance with the transfer restrictions applicable to beneficial interests in Restricted Global Notes and Restricted Definitive Notes and pursuant to and in accordance with the Securities Act and any applicable blue sky securities laws of any state of the United States, and accordingly the Transferor hereby further certifies that (check one):

(a) [ ] such Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act;

or

(b) [ ] such Transfer is being effected to the Issuers or a subsidiary thereof;

or

(c) [ ] such Transfer is being effected pursuant to an effective registration statement under the Securities Act and, if applicable, in compliance with the prospectus delivery requirements of the Securities Act.

4. [ ] CHECK IF TRANSFEREE WILL TAKE DELIVERY OF A BENEFICIAL INTEREST IN AN UNRESTRICTED GLOBAL NOTE OR OF AN UNRESTRICTED DEFINITIVE NOTE.

(a) [ ] CHECK IF TRANSFER IS PURSUANT TO RULE 144. (i) The Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Indenture.

(b) [ ] CHECK IF TRANSFER IS PURSUANT TO REGULATION S. (i) The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue

sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Indenture.

(c) [ ] CHECK IF TRANSFER IS PURSUANT TO OTHER EXEMPTION. (i) The Transfer is being effected pursuant to and in compliance with an exemption from the registration requirements of the Securities Act other than Rule 144, Rule 903 or Rule 904 and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any State of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will not be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes or Restricted Definitive Notes and in the Indenture.

This certificate and the statements contained herein are made for your benefit and the benefit of the Issuers.

[Insert Name of Transferor]

By: _____
Name:
Title:

Dated: _____

1. The Transferor owns and proposes to transfer the following:

[CHECK ONE OF (a) OR (b)]

(a) [ ] a beneficial interest in the:

(i) [ ] 144A Global Note (CUSIP [ ]), or

(ii) [ ] Regulation S Global Note (CUSIP [ ]), or

(b) [ ] a Restricted Definitive Note.

2. After the Transfer the Transferee will hold:

[CHECK ONE]

(a) [ ] a beneficial interest in the:

(i) [ ] 144A Global Note (CUSIP [ ]), or

(ii) [ ] Regulation S Global Note (CUSIP [ ]), or

(iii) [ ] Unrestricted Global Note (CUSIP [ ]); or

(b) [ ] a Restricted Definitive Note; or

(c) [ ] an Unrestricted Definitive Note,
in accordance with the terms of the Indenture.

EXHIBIT C

FORM OF CERTIFICATE OF EXCHANGE

[_____]
[_____]

With a copy to:

Wilmington Trust, National Association
[_____]
[_____]

Re: AAdvantage Loyalty IP Ltd. and American Airlines, Inc. [5.50][5.75]% Senior Secured Notes due [2026][2029]

Reference is hereby made to the Indenture, dated as of March 24, 2021 (the "Indenture"), among AAdvantage Loyalty IP Ltd. and American Airlines, Inc., the Guarantors named therein and the Trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

_____ (the "Owner") owns and proposes to exchange the Note[s] or interest in such Note[s] specified herein, in the principal amount of $_____ in such Note[s] or interests (the "Exchange"). In connection with the Exchange, the Owner hereby certifies that:

1) EXCHANGE OF RESTRICTED DEFINITIVE NOTES OR BENEFICIAL INTERESTS IN A RESTRICTED GLOBAL NOTE FOR UNRESTRICTED DEFINITIVE NOTES OR BENEFICIAL INTERESTS IN AN UNRESTRICTED GLOBAL NOTE

a) [ ] CHECK IF EXCHANGE IS FROM BENEFICIAL INTEREST IN A RESTRICTED GLOBAL NOTE TO BENEFICIAL INTEREST IN AN UNRESTRICTED GLOBAL NOTE. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for a beneficial interest in an Unrestricted Global Note in an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Global Notes and pursuant to and in accordance with the United States Securities Act of 1933, as amended (the "Securities Act"), (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest in an Unrestricted Global Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

b) [ ] CHECK IF EXCHANGE IS FROM BENEFICIAL INTEREST IN A RESTRICTED GLOBAL NOTE TO UNRESTRICTED DEFINITIVE NOTE. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for an Unrestricted Definitive Note, the Owner hereby certifies (i) the Definitive Note is being acquired for the Owner's own account without transfer, (ii) such Exchange

has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Definitive Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

c) [ ] CHECK IF EXCHANGE IS FROM RESTRICTED DEFINITIVE NOTE TO BENEFICIAL INTEREST IN AN UNRESTRICTED GLOBAL NOTE. In connection with the Owner's Exchange of a Restricted Definitive Note for a beneficial interest in an Unrestricted Global Note, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

d) [ ] CHECK IF EXCHANGE IS FROM RESTRICTED DEFINITIVE NOTE TO UNRESTRICTED DEFINITIVE NOTE. In connection with the Owner's Exchange of a Restricted Definitive Note for an Unrestricted Definitive Note, the Owner hereby certifies (i) the Unrestricted Definitive Note is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Unrestricted Definitive Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

2) EXCHANGE OF RESTRICTED DEFINITIVE NOTES OR BENEFICIAL INTERESTS IN RESTRICTED GLOBAL NOTES FOR RESTRICTED DEFINITIVE NOTES OR BENEFICIAL INTERESTS IN RESTRICTED GLOBAL NOTES

a) [ ] CHECK IF EXCHANGE IS FROM BENEFICIAL INTEREST IN A RESTRICTED GLOBAL NOTE TO RESTRICTED DEFINITIVE NOTE. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for a Restricted Definitive Note with an equal principal amount, the Owner hereby certifies that the Restricted Definitive Note is being acquired for the Owner's own account without transfer. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the Restricted Definitive Note issued will continue to be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Definitive Note and in the Indenture and the Securities Act.

b) [ ] CHECK IF EXCHANGE IS FROM RESTRICTED DEFINITIVE NOTE TO BENEFICIAL INTEREST IN A RESTRICTED GLOBAL NOTE. In connection with the Exchange of the Owner's Restricted Definitive Note for a beneficial interest in the [CHECK ONE] [ ] 144A Global Note [ ] Regulation S Global Note,

with an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer and (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act, and in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the beneficial interest issued will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the relevant Restricted Global Note and in the Indenture and the Securities Act.

This certificate and the statements contained herein are made for your benefit and the benefit of the Issuers.

[Insert Name of Transferor]

By:_____
Name:
Title:

Dated: _____

EXHIBIT D

[FORM OF SUPPLEMENTAL INDENTURE
TO BE DELIVERED BY SUBSEQUENT GUARANTORS]

[_____] Supplemental Indenture (this "Supplemental Indenture"), dated as of _____, [between][among] _____ (the "Guaranteeing Subsidiary"), AAdvantage Loyalty IP Ltd. ("Loyalty Co") and American Airlines, Inc. ("American" together with Loyalty Co, the "Issuers"), and Wilmington Trust, National Association, as trustee (the "Trustee").

W I T N E S S E T H

WHEREAS, each of the Issuers and the Guarantors (as defined in the Indenture referred to below) has heretofore executed and delivered to the Trustee an indenture, dated as of March 24, 2021 (as further amended and supplemented, the "Indenture"), providing for the initial issuance of $3,500,000,000 of 5.500% Senior Secured Notes due 2026 (the "2026 Notes") and $3,000,000,000 of 5.750% Senior Secured Notes due 2029 (the "2029 Notes" and, together with the 2026 Notes, the "Notes");

WHEREAS, the Indenture provides that under certain circumstances the Guaranteeing Subsidiary shall execute and deliver to the Trustee a supplemental indenture pursuant to which the Guaranteeing Subsidiary shall unconditionally guarantee all of the Issuer's Obligations under the Notes and the Indenture on the terms and conditions set forth herein and under the Indenture (the "Guarantee"); and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Guaranteeing Subsidiary, the Trustee is authorized to execute and deliver this Supplemental Indenture to amend or supplement the Indenture without the consent of Holders.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

(1) Capitalized Terms. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

(2) Agreement to Guarantee. The Guaranteeing Subsidiary hereby agrees to be a Guarantor under the Indenture and to be bound by the terms of the Indenture applicable to a Guarantor, including Article 10 thereof, as if it were an original signatory thereto.

(3) Execution and Delivery. The Guaranteeing Subsidiary agrees that the Guarantee shall remain in full force and effect notwithstanding the absence of the endorsement of any notation of such Guarantee on the Notes.

(4) Governing Law. THIS SUPPLEMENTAL INDENTURE, THE INDENTURE, THE NOTES, AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK BUT WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE

APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

(5) Counterparts. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent one and the same agreement. This Supplemental Indenture may be executed in multiple counterparts which, when taken together, shall constitute one instrument. The exchange of copies of this Supplemental Indenture and of signature pages by facsimile, PDF or other electronic transmission shall constitute effective execution and delivery of this Supplemental Indenture as to the parties hereto and may be used in lieu of the original Supplemental Indenture and signature pages for all purposes. Signatures of the parties hereto transmitted by facsimile, PDF or other electronic transmission shall be deemed to be their original signatures for all purposes.

(6) Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

(7) The Trustee. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Guaranteeing Subsidiary.

(8) Benefits Acknowledged. The Guaranteeing Subsidiary's Guarantee is subject to the terms and conditions set forth in the Indenture. The Guaranteeing Subsidiary acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated by the Indenture and this Supplemental Indenture and that the guarantee and waivers made by it pursuant to this Guarantee are knowingly made in contemplation of such benefits.

(9) Successors. All agreements of the Guaranteeing Subsidiary in this Supplemental Indenture shall bind its successors, except as otherwise provided in this Supplemental Indenture and the Indenture. All agreements of the Trustee in this Supplemental Indenture shall bind its successors.

(10) Ratification of Indenture; Supplemental Indentures Part of Indenture. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder shall be bound hereby.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed, all as of the date first above written.

AADVANTAGE LOYALTY IP LTD.

By: _____
Name:
Title:

AMERICAN AIRLINES, INC.

By: _____
Name:
Title:

[GUARANTEEING SUBSIDIARY]

By: _____
Name:
Title:

WILMINGTON TRUST, NATIONAL ASSOCIATION, as Trustee

By: _____
Name:
Title:

EXHIBIT E

[FORM OF PAYMENT DATE STATEMENT]

[Date]

Wilmington Trust, National Association,
as Trustee and Collateral Custodian
1100 North Market Street
Wilmington, DE 19890
Attention: Adam Vogelsong
email: avogelsong@wilmingtontrust.com

Pursuant to Section 4.01 and Section 4.02(l) of that Indenture, dated as of March 24, 2021 (as amended, restated, supplemented or otherwise modified from time to time, the "**Indenture**"), among American Airlines, Inc. ("**American**"), as an issuer, AAdvantage Loyalty IP Ltd., as an issuer (together with American, the "**Issuers**"), the guarantors from time to time party thereto and Wilmington Trust, National Association, as trustee (in such capacity, "**Trustee**") and collateral custodian (in such capacity, the "**Collateral Custodian**"), the Issuers are required to provide to the Trustee a Payment Date Statement on each Determination Date, along with certain certifications.

This Payment Date Statement is being delivered to the Trustee with respect to the [_____] 20[_] Determination Date. Capitalized terms used and not otherwise defined herein shall have the meanings assigned thereto in the Indenture.

The undersigned hereby certify as follows as of the date first written above:

1. [Pursuant to Section 4.02(f) of the Indenture, the undersigned, being a Responsible Officer of American hereby confirms that the Issuers have complied with (a) Section 4.27 of the Indenture as of the last day of the preceding Quarterly Reporting Period and (b) the Peak Debt Service Coverage Ratio Test in respect of the preceding Quarterly Reporting Period.

Peak Debt Service Coverage Ratio: [●][3], in accordance with the below:

A. Collections received during the Related Quarterly Reporting Period: $[●]

B. Cure Amounts deposited in the Collection Account on or prior to the Determination Date which remain on deposit in the Collection Account: $[●]

C. Maximum Quarterly Debt Service: $[●][4]

i. Maximum Amortization Amount: $[●]

[3] **Note to Preparer:** To include the ratio from D.

[4] **Note to Preparer:** To include the total amount from C.iv.

ii. Interest Distribution Amount: $[●]

iii. the sum of the "Interest Distribution Amount" for each ther Series of Senior Secured Debt: $[●]

iv. Total [sum of C.i through C.iii]: $[●]

D. Total [(sum of A and B) divided by C]: [●]

E. Peak Debt Service Coverage Ratio Test satisfied (Yes/No):

2. Pursuant to Section 4.02(g) of the Indenture, the undersigned, being a Responsible Officer of American hereby certifies that (i) [there are no new AAdvantage Agreements entered into as of the date hereof][Annex 1 sets forth the name of each new AAdvantage Agreement entered into as of the date hereof and each of the parties thereto (to the extent not included on Schedule 3.18 to the Credit Agreement (as defined in the Indenture) on the Closing Date or previously included in an Annex to a Payment Date Statement)], [(ii) American is in compliance with deposit requirements with respect to such AAdvantage Agreements] and [(iii)] Transaction Revenues representing 90% of all AAdvantage Revenues for the Quarterly Reporting Period specified below were deposited directly into the Collection Account.

3. Pursuant to Section 4.02(l) of the Indenture, below is the Payment Date Statement for this Determination Date:

Determination Date: [●]
Payment Date: [●]
Quarterly Reporting Period Beginning: [●]
Quarterly Reporting Period Ending: [●]
Days in Quarterly Reporting Period: [●]
Interest Period Beginning: [●]
Interest Period Ending: [●]
Days in Interest Period: [●]
Event of Default Continuing on Payment Date (Yes/No):
Early Amortization Period as of Last Day of Quarterly Reporting Period (Yes/No):
Amount of Allocable Funds $_____

Amount of Available Funds $_____

Funds transferred to Payment Account from other Series of Senior Secured Debt _____

I. Amounts to be distributed pursuant to Section 4.01(a) of the Indenture

A. Master Collateral Agent and Depositary (I.A and I.B subject to a cap of $200,000 per annum plus the amount transferred into the Payment Account with respect to I.A during the year): $[●]

B. Trustee and Collateral Custodian (I.A and I.B subject to a cap of $200,000 per annum plus the amount transferred into the Payment Account with respect to I.A during the year): $[●]

C. Notes' Pro Rata Share of amounts due to any Independent Director of any SPV Party (and any independent director service provider of any such Independent Director) or any government fees (subject to cap of $200,000 per Payment Date): $[●]

II. Amounts to be distributed pursuant to Section 4.01(b) of the Indenture: $[●]

A. Interest Distribution Amount for each Series of Notes

i. Interest Rate: [●]

ii. Day Count Fraction: [●]

iii. Outstanding principal amount of Notes as of the first day of the related Interest Period: $[●]

iv. Unpaid Interest Distribution Amounts from prior Payment Dates: $[●]

v. Total [(product of II.A.i, II.A.ii and II.A.iii) plus II.A.iv plus (product of II.A.i, II.A.ii and II.A.iv)]: $[●]

B. Interest paid after immediately preceding Payment Date and prior to Payment Date:

C. Total [II.A minus II.B]: $[●]

III. Amounts to be distributed pursuant to Section 4.01(c) of the Indenture: $[●]

A. Amount specified in clause (a) of the definition of Scheduled Principal Amortization Amount for Payment Date: $[●]

B. Unpaid Scheduled Principal Amortization Amounts from prior Payment Dates: $[●]

C. Total [sum of III.A and III.B]: $[●]

IV. Amounts to be distributed pursuant to Section 4.01(d) of the Indenture: $[●]

A. Amount on deposit in the Notes Reserve Account: $[●]

B. Notes Reserve Account Required Balance: $[●]

C. Total [positive difference, if any, of IV.B minus IV.A]: $[●]

V. Amounts to be distributed pursuant to Section 4.01(e) of the Indenture as mandatory prepayments or repurchase offers required but unpaid: $[●]

VI. Amounts to be distributed pursuant to Section 4.01(f) of the Indenture as "AHYDO catch-up payments": $[●]

VII. Amounts to be distributed pursuant to Section 4.01(g) of the Indenture as Premium due and unpaid: $[●]

VIII. Amounts to be distributed pursuant to Section 4.01(h) of the Indenture

A. Obligations due to the Master Collateral Agent and the Depositary: $[●]

B. Obligations due to the Trustee and the Collateral Custodian: $[●]

C. Obligations due to any other Person (other than American and any of its Subsidiaries (provided that any payment to the IP Manager pursuant to the IP Management Agreement shall be permitted pursuant to VIII.D.): $[●]

IX. Amounts to be distributed pursuant to Section 4.01(i) of the Indenture as an Early Amortization Payment: $[●]

A. Notes' Pro Rata Share of the sum of (1) the aggregate amount of Collections received in the Collection Account during such Quarterly Reporting Period minus (2) if such Early Amortization Period was not in effect on the first day of such Quarterly Reporting Period, the aggregate amount of Collections received in the Collection Account during such Quarterly Reporting Period prior to the first day of such Early Amortization Period: $[●]

B. Notes' Pro Rata Share of Cure Amounts attributable to such Quarterly Reporting Period deposited in the Collection Account on or prior to the related Determination Date: $[●]

C. Amount to be distributed pursuant to I, II, III, IV, V, VI, VII and VIII: $[●]

D. Outstanding principal amount of Notes (and accrued interest thereon, if any): $[●]

E. 0.50 times ((sum of IX.A and IX.B) minus IX.C): $[●]

F. The lesser of IX.D and IX.E: $[●]

X. Amounts to be distributed pursuant to Section 4.01(j) of the Indenture due and owing under other Senior Secured Debt: $[●]

XI. Amounts to be distributed pursuant to Section 4.01(k) of the Indenture released to or at the direction of AAdvantage Loyalty IP Ltd.: $[●]

[*signature page follows*]

IN WITNESS WHEREOF, the undersigned has duly executed this Payment Date Statement as of the date first set forth above.

AADVANTAGE LOYALTY IP LTD.

By:_____
Name:
Title:

AMERICAN AIRLINES, INC.

By:_____
Name:
Title:

New AAdvantage Agreements

SCHEDULE I

[*reserved*]

Exhibit 10.4

Execution Version

TERM LOAN CREDIT AND GUARANTY AGREEMENT

dated as of March 24, 2021

among

AADVANTAGE LOYALTY IP LTD.
and
AMERICAN AIRLINES, INC.,
as Borrowers,

AADVANTAGE HOLDINGS 1, LTD.,
AADVANTAGE HOLDINGS 2, LTD.,
AMERICAN AIRLINES GROUP INC.,
and
OTHER SUBSIDIARIES OF AMERICAN AIRLINES GROUP INC. FROM TIME TO TIME PARTY HERETO,

as Guarantors,

THE LENDERS PARTY HERETO,

BARCLAYS BANK PLC,
as Administrative Agent,

and

WILMINGTON TRUST, NATIONAL ASSOCIATION,

as Collateral Administrator

_____

GOLDMAN SACHS LENDING PARTNERS LLC,
as Sole Structuring Agent,

BARCLAYS BANK PLC, GOLDMAN SACHS LENDING PARTNERS LLC,
and Citibank N.A.,
as Joint Lead Arrangers and Bookrunners,

and

BOFA SECURITIES, INC., CREDIT SUISSE LOAN FUNDING LLC, DEUTSCHE BANK SECURITIES INC., ICBC STANDARD BANK PLC, JPMORGAN CHASE BANK, N.A., MORGAN STANLEY SENIOR FUNDING, INC., SUMITOMO MITSUI BANKING CORPORATION, BNP PARIBAS SECURITIES CORP., CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK, HSBC SECURITIES (USA) INC., MUFG UNION BANK, N.A., STANDARD CHARTERED BANK, U.S. BANK NATIONAL ASSOCIATION, and BOKF, NA dba BANK OF TEXAS,

as Joint Bookrunners

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SCHEDULE 3.18 AADVANTAGE AGREEMENTS

TERM LOAN CREDIT AND GUARANTY AGREEMENT, dated as of March 24, 2021, among AADVANTAGE LOYALTY IP LTD., an exempted company incorporated with limited liability under the laws of the Cayman Islands, as co-borrower ("**Loyalty Co**"), AMERICAN AIRLINES, INC., a Delaware corporation, as co-borrower ("**American**" and together with Loyalty Co, the "**Borrowers**"), AMERICAN AIRLINES GROUP INC. ("**Parent**"), as a Guarantor, each of the direct and indirect Subsidiaries of Parent from time to time party hereto as a Guarantor, each of the several banks and other financial institutions or entities from time to time party hereto as a lender (the "**Lenders**"), BARCLAYS BANK PLC, as administrative agent for the Lenders (together with its permitted successors and assigns in such capacity, the "**Administrative Agent**") and WILMINGTON TRUST, NATIONAL ASSOCIATION, as collateral administrator (in such capacity, together with its permitted successor and assigns in such capacity, the "**Collateral Administrator**").

INTRODUCTORY STATEMENT

The Borrowers have applied to the Lenders for a term loan facility of $3,500,000,000 as set forth herein.

The proceeds of the Term Loans will be used to pay related transaction costs, fees and expenses, to fund the Reserve Account (as defined below) and to provide the American Intercompany Loan (as defined below) to American, as borrower, which may be used (i) to repay indebtedness under that certain Loan and Guarantee Agreement dated September 25, 2020, as amended from time to time, by and among American and Parent and the U.S. Department of Treasury as a lender and certain other revolving indebtedness and (ii) any general corporate purposes deemed necessary by American.

Accordingly, the parties hereto hereby agree as follows:

SECTION 1.

DEFINITIONS

Section 1.01 Defined Terms. Unless otherwise defined herein, terms defined in the Collateral Agency and Accounts Agreement shall have the same meaning when used herein (including in the introductory statement) notwithstanding any termination thereof. When used herein, the following terms shall have the following meanings:

"**40 Act**" shall mean the Investment Company Act of 1940, as amended.

"**AAdvantage Agreements**" shall mean all currently existing, future and successor co-branding agreements, partnering agreements, airline-to-airline frequent flyer program agreements, or similar agreements related to or entered into in connection with the AAdvantage Program, including each Material AAdvantage Agreement, but excluding (i) any American Airline Business Agreements and (ii) any Retained Agreements.

"**AAdvantage Customer Data**" shall mean all data owned or purported to be owned, or later developed or acquired and owned or purported to be owned, by American, Loyalty

Co, Parent or its Subsidiaries and used, generated or produced, now or in the future, as part of the AAdvantage Program, including all of the following: (a) a list of all members of the AAdvantage Program; and (b) the AAdvantage Member Profile Data for each member of the AAdvantage Program, but excluding American Traveler Related Data; *provided* that, for the avoidance of doubt, customer name, contact information (including name, mailing address, email address and phone numbers), passport information, customer login to the aa.com website or any successor website and any American mobile applications and communication consent preferences related to AAdvantage Program communications, in each case, solely for AAdvantage Program members as AAdvantage Program members, may be included in both AAdvantage Customer Data and American Traveler Related Data.

"**AAdvantage Customer Database**" shall have the meaning set forth in Section 4.03(b).

"**AAdvantage Intellectual Property**" shall mean (a) AAdvantage Customer Data and (b)(i) the proprietary source code set forth on Schedule 1.01(c), (ii) the registered trademarks and trademark applications set forth on Schedule 1.01(c), (iii) the issued patents and patent applications set forth on Schedule 1.01(c), (iv) the registered copyrights set forth on Schedule 1.01(c), and (v) other data, proprietary source code, registered trademarks, issued patents, registered copyrights and applications for the foregoing that are owned or purported to be owned, or later developed or acquired and owned or purported to be owned, by Loyalty Co, American, Parent or any of Parent's Subsidiaries that are used in the AAdvantage Program and which are required to be contributed to Loyalty Co from time to time as set forth in Section 5.07 of this Agreement. For the avoidance of doubt, the AAdvantage Intellectual Property set forth in clause (b) above shall exclude all Airlines Business Intellectual Property.

"**AAdvantage Member Profile Data**" shall mean, with respect to each member of the AAdvantage Program, such member's (a) name, mailing address, email address, and phone numbers, (b) communication and promotion opt-ins, (c) total miles balance, (d) third party engagement history, (e) accrual and redemption activity, (f) AAdvantage Program account number, ID number and/or login, and (g) annual member status (e.g., elite, etc.).

"**AAdvantage Program**" shall mean any Loyalty Program which is operated, owned or controlled, directly or indirectly by Loyalty Co, American, Parent or any of its subsidiaries, or principally associated with Loyalty Co, American, Parent or any of its subsidiaries, as in effect from time to time, whether under the "AAdvantage" name or otherwise, in each case including any successor program but excluding any Specified Minority Owned Program and Permitted Acquisition Loyalty Program.

"**AAdvantage Revenues**" shall mean, with respect to any period, the aggregate amount of payments in cash payable to Parent or any of its Subsidiaries attributable to the AAdvantage Program during such period (including any payments in cash attributable to the Retained Agreements and the Intercompany Agreement).

"**ABR Term Loan**" shall mean any Term Loan bearing interest at a rate determined by reference to the Alternate Base Rate.

"**Account**" shall mean all "accounts" as defined in the UCC, and all rights to payment for interest (other than with respect to debt and credit card receivables).

"**Account Control Agreements**" shall mean each multi-party security and control agreement (including the Collateral Agency and Accounts Agreement) entered into by any Grantor to satisfy the obligation of such Grantor as set forth in any Senior Secured Debt Document, a financial institution which maintains one or more deposit accounts or securities accounts of such Grantor and the Master Collateral Agent or the Collateral Administrator, as applicable, that have been pledged as Collateral hereunder or under any other Loan Document, in each case giving the Master Collateral Agent or Collateral Administrator, as applicable, "control" (as defined in Section 9-104 or 9-106 of the UCC) over the applicable account and in form and substance reasonably satisfactory to the Collateral Controlling Party and the Master Collateral Agent.

"**Administrative Agent**" shall have the meaning set forth in the first paragraph of this Agreement.

"**Affected Financial Institution**" shall mean (a) any EEA Financial Institution or (b) any UK Financial Institution.

"**Affiliate**" shall mean, as to any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings. No Person (other than Parent or any Subsidiary of Parent) in whom a Receivables Subsidiary makes an Investment in connection with a Qualified Receivables Transaction will be deemed to be an Affiliate of Parent or any of its Subsidiaries solely by reason of such Investment. A specified Person shall not be deemed to control another Person solely because such specified Person has the right to determine the aircraft flights operated by such other Person under a code sharing, capacity purchase or similar agreement. No entity shall be deemed an Affiliate of any Loan Party solely because Maples Corporate Services Limited or Walkers Fiduciary Limited or any of their Affiliates acts as administrator, registered office provider or share trustee or provides independent director services to such entity.

"**Affiliate Transaction**" shall have the meaning set forth in Section 6.05.

"**Agents**" shall mean each of the Administrative Agent, the Master Collateral Agent, the Collateral Administrator, the Collateral Custodian and the Depositary.

"**Aggregate Exposure**" shall mean, with respect to any Lender at any time, an amount equal to (a) until the funding of the Initial Term Loans, the aggregate amount of such Lender's Term Loan Commitments at such time and (b) thereafter the sum of, (i) the aggregate then-outstanding principal amount of such Lender's Term Loans and (ii) the aggregate amount of such Lender's Term Loan Commitments with respect to each Class of Term Loans (if any) then in effect.

"**Aggregate Exposure Percentage**" shall mean, with respect to any Lender at any time, the ratio (expressed as a percentage) of such Lender's Aggregate Exposure at such time to the Aggregate Exposure of all Lenders at such time.

"**Agreement**" shall mean this Term Loan Credit and Guaranty Agreement.

"**Aircraft Related Equipment**" shall mean aircraft (including engines, airframes, propellers and appliances), engines, propellers, spare parts, aircraft parts, Flight Simulators and other training devices, QEC Kits, passenger loading bridges, other flight or Ground Service Equipment.

"**Airline/Parent Merger**" shall mean the merger or consolidation, if any, of Parent with any Subsidiary of Parent.

"**Airlines Business Intellectual Property**" shall mean any and all Intellectual Property used in the operation of the American airline business that, even if used in connection with the AAdvantage Program, would be required or necessary to operate the American airline business in the absence of a Loyalty Program, including the following Intellectual Property: (a) the AMERICAN, AMERICAN AIRLINES and CONCIERGE KEY marks, the flight symbol and AA as a stock symbol, together with any translations, logos or designs for the foregoing; (b) the aa.com domain name registration and website (including all content and source code that is not otherwise AAdvantage Intellectual Property) and American's social media accounts; (c) the American mobile application; (d) trademarks and domain names used in connection with American's Flagship lounges, Admirals' Clubs and any other lounges or clubs; and (e) the trademarks and domain names pledged or required to be pledged pursuant to the Brand Security Agreement between American and Wilmington Trust, National Association, dated September 25, 2020, as in effect on the Closing Date.

"**Airlines Merger**" shall mean the merger, asset transfer, consolidation or any similar transaction involving one or more airline Subsidiaries of Parent (including, without limitation, any such transaction that results in such Subsidiaries operating under a single operating certificate).

"**Airport Authority**" shall mean any city or any public or private board or other body or organization chartered or otherwise established for the purpose of administering, operating or managing airports or related facilities, which in each case is an owner, administrator, operator or manager of one or more airports or related facilities.

"**All-In Yield**" shall mean, as to any debt, the yield thereof, whether in the form of interest rate, margin, original issue discount, upfront fees, a LIBOR or Alternate Base Rate, or otherwise, in each case, incurred or payable by the Borrowers generally to all the lenders of such Indebtedness; *provided* that upfront fees and original issue discount shall be equated to an interest rate based upon an assumed four year average life to maturity (e.g., 100 basis points of original issue discount equals 25 basis points of interest rate margin for a four year average life to maturity); *provided*, *further*, that "**All-In Yield**" shall exclude any structuring, ticking, unused line, commitment, amendment, consent, underwriting, syndication and arranger fees, other similar fees

and other fees not generally paid to all lenders and, if applicable, consent fees paid generally to consenting lenders.

"**Allocation Date**" shall have the meaning set forth in the Collateral Agency and Accounts Agreement.

"**Alternate Base Rate**" shall mean, for any day, a rate per annum equal to the greater of (a) the Prime Rate in effect on such day and (b) the sum of the Federal Funds Effective Rate in effect on such day plus $^1/_2$ of 1%; *provided*, in no event shall the Alternate Base Rate be less than zero percent (0%). Any change in the Alternate Base Rate due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective from and including the effective date of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

"**Alternative Madrid SPV**" shall have the meaning set forth in Section 4.03(d).

"**Alternative Madrid Structure**" shall have the meaning set forth in Section 4.03(d).

"**American**" shall have the meaning set forth in the first paragraph of this Agreement.

"**American Agreements**" shall have the meaning set forth in the definition of "American Case Milestones".

"**American Airline Business Agreements**" shall mean any agreements used to operate the airline business of Parent and its Subsidiaries (other than the SPV Parties) that, even if used in connection with the AAdvantage Program, would be used to operate the American airline business in the absence of a Loyalty Program (but excluding any credit card co-branding, partnering or similar agreements).

"**American Case Milestones**" shall mean that, after the commencement and during the continuance of any proceeding with respect to American under any Bankruptcy Law (the "**Bankruptcy Case**"):

(a) each Loan Party shall continue to perform its respective obligations under the Loan Documents, the American Intercompany Note, the Intercompany Agreement, the IP Agreements and all Material AAdvantage Agreements to which such Loan Party is party (collectively, the "**American Agreements**") and there shall be no material interruption in the flow of funds under the American Agreements in accordance with the terms thereunder; provided, that (i) the performance by the Loan Parties under this clause (a) shall in all respects be subject to any applicable materiality qualifiers, cure rights and/or grace periods provided for under the respective American Agreements, and (ii) the Loan Parties shall have forty-five (45) days from the Petition Date (as defined below) to cure any failure to perform that requires court authorization to perform;

(b) the debtors in respect of the Bankruptcy Case (the "**Debtors**") shall file with the applicable U.S. bankruptcy court (the "**Bankruptcy Court**"), within fifteen (15) days of the

date of petition in respect of the Bankruptcy Case (the "**Petition Date**"), a customary and reasonable motion to assume the Intercompany Agreement, the IP Agreements and all Material AAdvantage Agreements to which such Loan Party is party under section 365 of the Bankruptcy Code and continue to perform all obligations under all the American Agreements (such motion, the "**Assumption Motion**"), and shall thereafter pursue (including by contesting any objections to) the approval of the Assumption Motion;

(c) the Bankruptcy Court shall have entered a customary and reasonable final order (the "**Assumption Order**") granting the Assumption Motion, within sixty (60) days after the Petition Date, and such Assumption Order shall not be amended, stayed (unless the party seeking a stay has posted a cash bond pledged in favor of the Senior Secured Parties (the "**Cash Bond**") in an amount equal to or greater than the maximum amount of the License Termination Payment (as defined in the HoldCo-to-American IP License) that could be asserted if the HoldCo-to-American IP License were to terminate (without reduction for any potential mitigation)), vacated, or reversed;

(d) the parties agree and acknowledge that the Assumption Motion and Assumption Order shall be customary and reasonable and the Assumption Order shall provide, among other things, that: (i) the Debtors are authorized to assume the Intercompany Agreement, the IP Agreements and all Material AAdvantage Agreements to which such Debtor is party and perform all obligations under all of the American Agreements and implement actions contemplated thereby and, pursuant to the Assumption Order, will assume the Intercompany Agreement, the IP Agreements and all Material AAdvantage Agreements to which such Debtor is party pursuant to section 365 of the Bankruptcy Code; (ii) the American Agreements are binding and enforceable against the parties thereto in accordance with their terms, without exception or amendment; (iii) any amounts payable under the American Agreements are actual and necessary costs and expenses of preserving the Debtors' estates and shall be entitled to priority as an allowed administrative expenses of the Debtors pursuant to sections 503(b) and 507(a)(2) of the Bankruptcy Code; (iv) the Debtors must cure any defaults under the American Agreements as a condition to assumption; and (v) the Debtors are authorized to take any action necessary to implement the terms of the Assumption Order;

(e) each of the Debtors and each other Loan Party (i) shall not take any action to materially interfere with the assumption of or performance under the American Agreements, or support any other Person to take any such action; and (ii) shall take all steps commercially reasonably necessary, to contest any action that would materially interfere with the assumption or performance of the American Agreements, including, without limitation, litigating any objections and/or appeals;

(f) each of the Debtors and each other Loan Party (i) shall not file any motion seeking to avoid, disallow, subordinate, or recharacterize any obligation under the American Agreements and (ii) shall take all steps commercially reasonably necessary, to contest any action that would seek to avoid, disallow, subordinate, or recharacterize any obligation under the American Agreements, including, without limitation, litigating any objections and/or appeals;

(g) in the event there is an appeal of the Assumption Order:

(i) if the appeal has not been dismissed within sixty (60) days, then (A) the Reserve Account Required Balance shall increase by an amount equal to the product of (x) the Pro Rata Share and (y) $15,000,000 per month as long as such appeal is pending, up to a cap in an amount equal to the product of (x) the Pro Rata Share and (y) $300,000,000, and (B) such additional amounts accrued pursuant to clause (A) shall be released to American within five (5) Business Days after the end of such appeal; and

(ii) the Debtors shall pursue a court order requiring any appellants to post a Cash Bond in an amount equal to or greater than the maximum amount of the License Termination Payment (as defined in the HoldCo-to-American IP License) that could be asserted if the HoldCo-to-American IP License were to terminate (without reduction for any potential mitigation), to an account held solely for the sole benefit of the Secured Parties and the secured parties in respect of any other Priority Lien Debt;

(h) the Bankruptcy Case shall not be, and is not converted into, a case under chapter 7 of the Bankruptcy Code; and

(i) any plan of reorganization filed or supported by any Debtor shall expressly provide for assumption or reinstatement, as applicable, of all of the American Agreements and reinstatement or replacement of each of the related obligations and/or guarantees, subject to applicable cure periods.

For the avoidance of doubt, notwithstanding the foregoing, during the pendency of and following any stay or appeal of the Assumption Order, each Loan Party must continue to perform all obligations under the American Agreements, including making any and all payments under the American Agreements in accordance with the terms thereof and as described above and, in the event of any such payment default (subject to any applicable cure or grace periods under the applicable American Agreements), nothing shall limit any of the Lenders' rights and remedies including but not limited to any termination rights under the American Agreements.

"**American Intercompany Loan**" shall mean one or more loans made by Loyalty Co to American, as borrower, pursuant to the American Intercompany Note with the proceeds of the Term Loans and notes issued under the Indenture that have been distributed to Loyalty Co.

"**American Intercompany Note**" shall mean that certain Intercompany Note, dated March 24, 2021, executed by American in favor of Loyalty Co and guaranteed by Parent.

"**American Security Agreement**" shall mean that certain American Security Agreement, dated as of the Closing Date, among American and the Master Collateral Agent.

"American Traveler Related Data" shall mean (a) data generated, produced or acquired as a result of the issuance, modification or cancellation of customer tickets from American or for flights on American, including data in or derived from "Passenger Name Records" (including name and contact information) associated with flights on American, (b) payment-related information (other than payment-related information relating solely to the AAdvantage Program (such as the purchase of Miles)), and (c) data regarding a customer's flight-related

experience, but excluding in the case of clause (a) through (c) information that would not have been generated, produced, acquired or collected in the absence of the AAdvantage Program; provided that for the avoidance of doubt, customer name, contact information (including name, mailing address, email address, and phone numbers), passport information, customer login to the aa.com website or any successor website and any American mobile applications and communication consent preferences related to AAdvantage Program communications, in each case, solely for AAdvantage Program members as AAdvantage Program members, may be included in both AAdvantage Customer Data and American Traveler Related Data.

"**AMR/US Airways Merger**" shall mean the merger contemplated by the AMR/US Airways Merger Agreement.

"**AMR/US Airways Merger Agreement**" shall mean the Agreement and Plan of Merger, dated as of February 13, 2013, among Parent, AMR Merger Sub, Inc. and US Airways Group, Inc., as amended through December 9, 2013.

"**Anti-Money Laundering Laws**" shall have the meaning set forth in Section 3.17(c).

"**Applicable Law**" shall have the meaning set forth in Section 10.13.

"**Applicable Margin**" shall mean a rate per annum equal to 4.75% (*provided* that when used in connection with the Alternate Base Rate "**Applicable Margin**" shall mean a rate per annum equal to 3.75%).

"**Applicable Trigger Event**" shall mean any voluntary prepayment of the Term Loans or any mandatory prepayment under clauses (a) or (e) of Section 2.12 of all, or any part, of the principal balance of any Term Loan, in each case, whether in whole or in part and whether before or after the occurrence of an Event of Default or the commencement of any institution of any proceeding under any Bankruptcy Law.

For the avoidance of doubt, any prepayment as a result of an Early Amortization Event or an Event of Default (including as a result of the commencement of an institution of any proceeding under any Bankruptcy Law) shall not constitute an "Applicable Trigger Event".

"**Approved Fund**" shall have the meaning set forth in Section 10.02(b).

"**Approved Independent Director List**" shall mean the list of no fewer than four (4) individuals (with at least two (2) individuals listed under part 1 of such list) that are eligible to act as an Independent Director for the SPV Parties attached hereto as Schedule 1.01(d), which may be updated from time to time by the Master Collateral Agent (acting at the direction of the Collateral Controlling Party) by providing written notice to the Borrowers; *provided* that, with respect to the individuals listed under part 1 of the initial list attached hereto as Schedule 1.01(d) and any updates thereto made by the Master Collateral Agent (acting at the direction of the Collateral Controlling Party) thereafter, the relevant SPV Party may, upon providing thirty (30) days' prior written notice to the Master Collateral Agent, reject up to two (2) listed individuals for

any reason, and the Master Collateral Agent (acting at the direction of the Collateral Controlling Party) may thereafter amend the list to replace such individuals; *provided further* that, with respect to the individuals listed under part 2 of the initial list attached hereto as Schedule 1.01(d) and any updates thereto, the Borrowers may (without the consent of any other Person, but with prior written notice to the Administrative Agent), substitute the name of any such individual with the name of any individual customarily serving in the capacity of an independent member, independent director or independent manager and employed by Walkers Fiduciary or another service provider customarily providing fiduciary services for entities incorporated in the Cayman Islands; provided further that in all cases, the Approved Independent Director List shall only include individuals who satisfy the Independent Director Criteria.

"**Approved Independent Director**" shall mean, at any time, each individual listed on the Approved Independent Director List at such time; *provided* that at least one Independent Director for each SPV Party must at all times be selected from part 1 of the Approved Independent Director List; *provided further* that if the ordinary shareholder(s) of an SPV Party reasonably believes that none of the individuals listed on the Approved Independent Director List (or, in the case of selecting a replacement for an Independent Director from part 1 of the Approved Independent Director List, part 1 of the Approved Independent Director List) (i) satisfy clause (c) in the definition of the Independent Director Criteria or (ii) are willing to act as Independent Director at a compensation level reasonably customary for directors of this type (it being agreed that the compensation level commensurate with that of the Independent Director the vacancy of which is being filled shall be deemed reasonably customary), then the ordinary shareholder(s) of the relevant SPV Party may, with the consent of the Administrative Agent, appoint any other Person who meets the Independent Director Criteria as a replacement Independent Director.

"**Assigned AAdvantage Agreement Rights**" shall mean (a) all of American's rights to receive payments under or with respect to each AAdvantage Agreement (other than the Intercompany Agreement) and all payments due and to become due thereunder (including all of American's present and future "accounts", "payment intangibles" and "general intangibles" (as each such term is defined in the UCC in effect from time to time in each relevant jurisdiction) arising under such AAdvantage Agreement), and (b) all of American's other rights, title and interest in, to and under each AAdvantage Agreement (but not its obligations thereunder except, in the case of the Barclays Co-Branded Agreement and the Citi Co-Branded Agreement, to the extent set forth in the applicable Co-Branded Consent) other than the Intercompany Agreement; *provided*, *however*, that in the case of clauses (a) and (b), such rights, title and interest in, to and under each such AAdvantage Agreement shall be assigned only to the extent they are permitted to be assigned pursuant to the terms of the relevant AAdvantage Agreement (or any other agreement between American and the counterparty to such AAdvantage Agreement) or, if such assignment is not permitted pursuant to the terms of the relevant AAdvantage Agreement (or such other agreement), then to the extent such rights, title and interest in, to and under such AAdvantage Agreement may be assigned notwithstanding the terms of such AAdvantage Agreement pursuant to the applicable provisions of the UCC (including, without limitation, Sections 9-406 and 9-408) of any relevant jurisdiction.

"**Assignment and Acceptance**" shall mean an assignment and acceptance entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 10.02), and accepted by the Administrative Agent, substantially in the form of Exhibit C.

"**Assumption Motion**" shall have the meaning set forth in the definition of "American Case Milestones".

"**Assumption Order**" shall have the meaning set forth in the definition of "American Case Milestones".

"**Available Funds**" shall mean, with respect to any Payment Date, the sum of (i) the amount of funds allocated to the Term Loans pursuant to the Collateral Agency and Accounts Agreement for such Payment Date and transferred from the Collection Account to the Payment Account on or prior to such Payment Date pursuant to the Collateral Agency and Accounts Agreement, (ii) any amounts transferred to the Payment Account from the Reserve Account for application on such Payment Date, and (iii) any other amount deposited into the Payment Account by or on behalf of any Borrower on or prior to such Payment Date.

"**Available Tenor**" means, as of any date of determination and with respect to the then-current Benchmark, as applicable, any tenor for such Benchmark or payment period for interest calculated with reference to such Benchmark, as applicable, that is or may be used for determining the length of an Interest Period pursuant to this Agreement as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of "Interest Period" pursuant to Section 2.09(d).

"**Bail-In Action**" shall mean the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

"**Bail-In Legislation**" shall mean (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

"**Banking Product Obligations**" shall mean, as applied to any Person, any direct or indirect liability, contingent or otherwise, of such Person in respect of any treasury, depository and cash management services, netting services and automated clearing house transfers of funds services, including obligations for the payment of fees, interest, charges, expenses, attorneys' fees and disbursements in connection therewith. Treasury, depository and cash management services, netting services and automated clearing house transfers of funds services include, without limitation: corporate purchasing, fleet and travel credit card and prepaid card programs, electronic

check processing, electronic receipt services, lockbox services, cash consolidation, concentration, positioning and investing, fraud prevention services, and disbursement services.

"**Bankruptcy Code**" shall mean the Bankruptcy Reform Act of 1978, as heretofore and hereafter amended, and codified as 11 U.S.C. Section 101 et seq.

"**Bankruptcy Court**" shall have the meaning set forth in the definition of "American Case Milestones".

"**Bankruptcy Event**" shall mean, with respect to any Person, such Person becomes the subject of a bankruptcy, winding-up, reorganization, arrangement or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors, liquidator, provisional liquidator or similar Person charged with the reorganization or liquidation of its business appointed for it, or has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment, *provided* that a Bankruptcy Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person by a Governmental Authority or instrumentality thereof, *provided*, *further*, that such ownership interest does not result in or provide such Person with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Person (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

"**Bankruptcy Law**" shall mean the Bankruptcy Code or any similar federal, state or foreign law relating to reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other debtor relief, including, without limitation, Part V and sections 86-88 (inclusive) of the Companies Act (as amended) of the Cayman Islands and the Companies Winding Up Rules (as amended) of the Cayman Islands, each as amended from time to time, and any bankruptcy, insolvency, winding up, reorganization or similar law enacted under the laws of the Cayman Islands or any other applicable jurisdiction.

"**Barclays Co-Branded Agreement**" shall mean that certain Co-Branded Credit Card Program Agreement, dated as of July 8, 2016, by and between Barclays Bank Delaware and American (as the same has been or may be amended, amended and restated, supplemented or otherwise modified from time to time, including, without limitation, by the Barclays Co-Branded Consent).

"**Barclays Co-Branded Consent**" shall mean that certain Loyalty Partner Consent to Assignment and Pledge, dated as of the Closing Date, by and among Barclays Bank Delaware, American and Loyalty Co.

"**Benchmark**" shall mean, initially, USD LIBOR; provided that if a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date have occurred with respect to USD LIBOR or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Section 2.09(a).

"**Benchmark Replacement**" shall mean, for any Available Tenor, the first alternative set forth in the order below that can be determined by the Administrative Agent for the applicable Benchmark Replacement Date:

(1) the sum of: (a) Term SOFR and (b) the related Benchmark Replacement Adjustment;

(2) the sum of: (a) Daily Simple SOFR and (b) the related Benchmark Replacement Adjustment;

(3) the sum of: (a) the alternate benchmark rate that has been selected by the Administrative Agent and the Borrowers as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement for the then-current Benchmark for U.S. dollar-denominated syndicated credit facilities at such time and (b) the related Benchmark Replacement Adjustment;

provided that, in the case of clause (1), such Unadjusted Benchmark Replacement is displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion. If the Benchmark Replacement as determined pursuant to clause (1), (2) or (3) above would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Loan Documents.

"**Benchmark Replacement Adjustment**" shall mean, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement for any applicable Interest Period and Available Tenor for any setting of such Unadjusted Benchmark Replacement:

(1) for purposes of clauses (1) and (2) of the definition of "Benchmark Replacement," the first alternative set forth in the order below that can be determined by the Administrative Agent:

(a) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) as of the Reference Time such Benchmark Replacement is first set for such Interest Period that has been selected or recommended by the Relevant Governmental Body for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for the applicable Corresponding Tenor;

(b) the spread adjustment (which may be a positive or negative value or zero) as of the Reference Time such Benchmark Replacement is first set for such Interest Period that would apply to the fallback rate for a derivative transaction referencing the ISDA Definitions to be effective upon an index cessation event with respect to such Benchmark for the applicable Corresponding Tenor; and

(2) for purposes of clause (3) of the definition of "Benchmark Replacement," the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Administrative Agent and the Borrowers for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body on the applicable Benchmark Replacement Date or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated syndicated credit facilities;

provided that, in the case of clause (1) above, such adjustment is displayed on a screen or other information service that publishes such Benchmark Replacement Adjustment from time to time as selected by the Administrative Agent in its reasonable discretion.

"**Benchmark Replacement Conforming Changes**" shall mean, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "Alternate Base Rate," the definition of "Business Day," the definition of "Interest Period," timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, length of lookback periods, the applicability of breakage provisions, and other technical, administrative or operational matters) that the Administrative Agent decides (or with respect to any Benchmark Replacement Conforming Changes related to a Non-SOFR Benchmark Replacement, the Administrative Agent, with the consent of the Borrowers, decides) may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of such Benchmark Replacement exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents).

"**Benchmark Replacement Date**" shall mean the earliest to occur of the following events with respect to the then-current Benchmark:

(1) in the case of clause (1) or (2) of the definition of "Benchmark Transition Event," the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof);

(2) in the case of clause (3) of the definition of "Benchmark Transition Event," the date of the public statement or publication of information referenced therein; or

(3) in the case of an Early Opt-in Election, the sixth (6th) Business Day after the date notice of such Early Opt-in Election is provided to the Lenders, so long as the Administrative Agent has not received, by 5:00 p.m. (New York City time) on the fifth (5th) Business Day after the date notice of such Early Opt-in Election is provided to the Lenders, written notice of objection to such Early Opt-in Election from Lenders comprising the Required Lenders.

For the avoidance of doubt, (i) if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination and (ii) the "Benchmark Replacement Date" will be deemed to have occurred in the case of clause (1) or (2) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

"**Benchmark Transition Event**" shall mean the occurrence of one or more of the following events with respect to the then-current Benchmark:

(1) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

(2) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Federal Reserve Board, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are no longer representative.

For the avoidance of doubt, a "Benchmark Transition Event" will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the

published component used in the calculation thereof).

"**Benchmark Unavailability Period**" shall mean the period (if any) (x) beginning at the time that a Benchmark Replacement Date pursuant to clauses (1) or (2) of that definition has occurred if, at such time, no Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 2.09 and (y) ending at the time that a Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 2.09.

"**Beneficial Owner**" shall have the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms "**Beneficially Owns**" and "**Beneficially Owned**" have a corresponding meaning.

"**Beneficial Ownership Certification**" shall mean a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

"**Beneficial Ownership Regulation**" shall mean 31 C.F.R. § 1010.230.

"**Benefit Plan**" shall mean any of (a) an "employee benefit plan" (as defined in ERISA) that is subject to Title I of ERISA, (b) a "plan" as defined in and subject to Section 4975 of the Code or (c) any Person whose assets include (for purposes of Section 3(42) of ERISA or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such "employee benefit plan" or "plan."

"**BHC Act Affiliate**" shall mean, with respect to any party, an "affiliate" (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

"**Board**" shall mean the Board of Governors of the Federal Reserve System of the United States.

"**Board of Directors**" shall mean:

1. with respect to a corporation or an exempted company, the board of directors of the corporation or exempted company, as applicable, or any committee thereof duly authorized to act on behalf of such board;

2. with respect to a partnership, the board of directors or other governing body of the general partner of the partnership;

3. with respect to a limited liability company, the managing member or members, manager or managers or any controlling committee of managing members or managers thereof; and

4. with respect to any other Person, the board or committee of such Person serving a similar function.

"**Borrowers**" shall have the meaning set forth in the first paragraph of this Agreement.

"**Borrower-to-HoldCo IP License**" shall mean that certain Intellectual Property License Agreement between Loyalty Co, as licensor, and HoldCo 2, as licensee, substantially in the form attached as Exhibit G-1.

"**Borrowing**" shall mean the incurrence of a single Class of Term Loans made from all the applicable Lenders on a single date.

"**Business Day**" shall mean any day other than a Saturday, Sunday or other day on which commercial banks in New York City, Wilmington, Delaware or such other domestic city in which the corporate trust office of the Collateral Administrator, Collateral Custodian, Master Collateral Agent or the Depositary is located (in each case, as set forth in Section 10.01(a), as such locations may be updated pursuant to Section 10.01(c)) are required or authorized to remain closed; *provided*, that, when used in connection with the borrowing or repayment of a Eurodollar Term Loan, the term "**Business Day**" shall also exclude any day on which banks are not open for dealings in Dollar deposits on the London interbank market.

"**Capital Lease Obligation**" shall mean, at the time any determination is to be made, the amount of the liability in respect of a lease that would at that time be required to be capitalized and reflected as a liability on a balance sheet prepared in accordance with GAAP, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

"**Capital Markets Offering**" shall mean any offering of "securities" (as defined under the Securities Act and, including, for the avoidance of doubt, any offering of pass-through certificates by any pass-through trust established by the Parent or any of its Restricted Subsidiaries) in (a) a public offering registered under the Securities Act, or (b) an offering not required to be registered under the Securities Act (including, without limitation, a private placement under Section 4(a)(2) of the Securities Act, an exempt offering pursuant to Rule 144A and/or Regulation S of the Securities Act and an offering of exempt securities).

"**Capital Stock**" shall mean:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association, exempted company or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person,

but excluding from all of the foregoing clauses (1) through (4) any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"**Cash Bond**" shall have the meaning set forth in the definition of "American Case Milestones".

"**Cash Equivalents**" shall mean, as of the date acquired, purchased or made, as applicable:

(1) marketable securities or other obligations (a) issued or directly and unconditionally guaranteed as to interest and principal by the United States government or (b) issued or unconditionally guaranteed as to interest and principal by any agency or instrumentality of the United States the obligations of which are backed by the full faith and credit of the United States, in each case maturing within three years after such date;

(2) direct obligations issued by any state of the United States or any political subdivision of any such state or any instrumentality thereof, in each case maturing within three years after such date and having a rating of at least A- (or the equivalent thereof) from S&P or A3 (or the equivalent thereof) from Moody's;

(3) obligations of domestic or foreign companies and their subsidiaries (including, without limitation, agencies, sponsored enterprises or instrumentalities chartered by an Act of Congress, which are not backed by the full faith and credit of the United States), including, without limitation, bills, notes, bonds, debentures, and mortgage-backed securities; provided that, in each case, the security has a maturity or weighted average life of three years or less from such date;

(4) investments in commercial paper maturing no more than one year after such date and having, on such date, a rating of at least A-2 from S&P or at least P-2 from Moody's;

(5) certificates of deposit (including investments made through an intermediary, such as the certificated deposit account registry service), bankers' acceptances, time deposits, Eurodollar time deposits and overnight bank deposits maturing within three years from such date and issued or guaranteed by or placed with, and any money market deposit accounts issued or offered by, any Lender or by any commercial bank organized under the laws of the United States or any state thereof or the District of Columbia that has a combined capital and surplus and undivided profits of not less than $250,000,000;

(6) fully collateralized repurchase agreements with counterparties whose long term debt is rated not less than A- by S&P and A3 by Moody's and with a term of not more than six months from such date;

(7) Investments in money in an investment company registered under the 40 Act or in pooled accounts or funds offered through mutual funds, investment advisors, banks and brokerage houses which invest its assets in obligations of the type described in clauses (1) through (6) above, in each case, as of such date, including, but not be limited to, money market funds or shortterm and intermediate bonds funds;

(8) shares of any money market mutual fund that, as of such date, (a) complies with the criteria set forth in SEC Rule 2a-7 under the 40 Act and (b) is rated AAA (or the equivalent thereof) by S&P and Aaa (or the equivalent thereof) by Moody's;

(9) auction rate preferred securities that, as of such date, have the highest rating obtainable from either S&P or Moody's and with a maximum reset date at least every 30 days;

(10) investments made pursuant to American's or any of its Restricted Subsidiaries' cash equivalents/short term investment guidelines;

(11) deposits available for withdrawal on demand with commercial banks organized in the United States having capital and surplus in excess of $100,000,000;

(12) securities with maturities of three years or less from such date issued or fully guaranteed by any state, commonwealth or territory of the United States, by any political subdivision or taxing authority of any such state, commonwealth or territory or by any foreign government, the securities of which state, commonwealth, territory, political subdivision, taxing authority or foreign government (as the case may be) are rated at least A by S&P or A2 by Moody's; and

(13) any other securities or pools of securities that are classified under GAAP as cash equivalents or short-term investments on a balance sheet as of such date.

"**Cayman Share Mortgages**" shall mean (i) the equitable mortgage over shares in Loyalty Co, dated the Closing Date, between HoldCo 2 and the Master Collateral Agent, (ii) the equitable mortgage over shares in HoldCo 2, dated the Closing Date, between HoldCo 1 and the Master Collateral Agent, (iii) the equitable mortgage over shares in HoldCo 1, dated the Closing Date, between American and the Master Collateral Agent and (iv) each equitable mortgage over shares in any Subsidiary of Loyalty Co, entered into after the Closing Date, between the immediate parent of such Subsidiary and the Master Collateral Agent.

"**CFC**" shall mean "controlled foreign corporation" within the meaning of Section 957(a) of the Code; *provided*, for the avoidance of doubt, that no SPV Party shall be considered to be a CFC.

"**Change in Law**" shall mean, after the date hereof, (a) the adoption of any law, rule or regulation after the date of this Agreement (including any request, rule, regulation, guideline, requirement or directive promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel II or Basel III) or (b) compliance by any Lender (or, for purposes of Section 2.14(b), by any lending office of such Lender through which Term Loans are issued or maintained or by such Lender's holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement; *provided* that, notwithstanding anything herein to the contrary, the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith or in the implementation thereof shall be deemed to be a "**Change in Law**," regardless of the date enacted, adopted, issued or implemented.

"**Citi Co-Branded Agreement**" shall mean that certain Co-Branded Credit Card Program Agreement, dated as of June 30, 2016, by and between Citibank, N.A. and American (as the same has been or may be amended, amended and restated, supplemented or otherwise modified from time to time, including, without limitation, by the Citi Co-Branded Consent).

"**Citi Co-Branded Consent**" shall mean that certain Loyalty Partner Consent to Assignment and Pledge, dated as of the Closing Date, by and among Citibank, N.A., American and Loyalty Co.

"**Class**", when used in reference to any Term Loan or Borrowing, shall refer to whether such Term Loan, or the Term Loans comprising such Borrowing, are Initial Term Loans or Incremental Term Loans that are not Initial Term Loans. In addition, any extended tranche of Term Loans shall constitute a Class of Loans separate from which they were converted. Notwithstanding anything to the contrary, any Term Loans having the exact same terms and conditions shall be deemed a part of the same Class.

"**Closing Date**" shall mean the date on which this Agreement has been executed and the conditions precedent set forth in Section 4.01 have been satisfied or waived.

"**Closing Date AAdvantage Agreement**" shall mean each AAdvantage Agreement in effect as of the Closing Date (including the Barclays Co-Branded Agreement and the Citi Co-Branded Agreement).

"**Co-Branded Consent**" shall mean each of the Barclays Co-Branded Consent and the Citi Co-Branded Consent.

"**Co-Branded Card Agreement(s)**" shall mean that certain America West Co-Branded Card Agreement, dated as of January 25, 2005, between US Airways (as successor in interest to America West Airlines, Inc.) and Barclays Bank Delaware (as successor in interest to Juniper Bank), as amended, restated, supplemented or otherwise modified from time to time, including pursuant to that certain Assignment and First Amendment to the America West Co-Branded Card Agreement, dated as of August 8, 2005, among US Airways, America West Airlines,

Inc. and Barclays Bank Delaware (as successor in interest to Juniper Bank) and any other similar agreements entered into by Parent or any of its Subsidiaries from time to time.

"**Code**" shall mean the United States Internal Revenue Code of 1986, as amended from time to time.

"**Collateral**" shall mean the assets and properties of the Grantors upon which Liens have been granted to the Master Collateral Agent or the Collateral Administrator to secure the Obligations, including without limitation all of the "**Collateral**" as defined in the Collateral Documents, but excluding all such assets and properties released from such Liens pursuant to the applicable Collateral Document or otherwise constituting Excluded Property.

"**Collateral Administrator**" shall have the meaning set forth in the first paragraph of this Agreement.

"**Collateral Administrator and Master Collateral Agent Fee Letter**" shall have the meaning set forth in Section 2.19.

"**Collateral Agency and Accounts Agreement**" shall mean that certain Collateral Agency and Accounts Agreement dated as of the Closing Date, among the Borrowers, each Grantor from time to time party thereto, the Depositary, the Collateral Administrator, each other Senior Secured Debt Representative (as defined therein) from time to time party thereto and the Master Collateral Agent, substantially in the form attached as Exhibit A.

"**Collateral Custodian**" shall mean Wilmington Trust, National Association, as account bank with respect to the Payment Account and the Reserve Account, together with its permitted successors and assigns in such capacity.

"**Collateral Documents**" shall mean, collectively, this Agreement, any Account Control Agreements, the Security Agreement, the American Security Agreement, each IP Security Agreement, the Collateral Agency and Accounts Agreement, the Cayman Share Mortgages and other agreements, instruments or documents that create or purport to create a Lien in favor of the Master Collateral Agent or the Collateral Administrator for the benefit of the Secured Parties, in each case, so long as such agreement, instrument or document shall not have been terminated in accordance with its terms.

"**Collateral Sale**" shall mean the Disposition of any Collateral.

"**Collection Account**" shall mean the account of Loyalty Co held at the Depositary with the account name "AAdvantage Loyalty Card Program Collection Account" that is established and maintained at the New York office of the Depositary and under the control of the Master Collateral Agent pursuant to the Collateral Agency and Accounts Agreement.

"**Collections**" shall mean, with respect to any Quarterly Reporting Period, the aggregate amount of Transaction Revenues deposited in the Collection Account during such Quarterly Reporting Period. For the avoidance of doubt, (i) Permitted Deposit Amounts and (ii)

any other funds in the Collection Account not constituting Transaction Revenues shall not constitute Collections.

"**Composite Marks**" shall mean (i) the Intellectual Property listed on Schedule 1.01(e) as being Composite Marks and (ii) any new marks that include at least one element of a mark owned by American and at least one element of an existing mark owned directly or indirectly by an SPV Party or one of its Subsidiaries or to which Loyalty Co is exclusively licensed under the Madrid IP License.

"**Connection Income Taxes**" means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

"**Consolidated EBITDAR**" shall mean, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period plus, without duplication:

(1) an amount equal to any extraordinary loss plus any net loss realized by such Person or any of its Restricted Subsidiaries in connection with any Disposition of assets, to the extent such losses were deducted in computing such Consolidated Net Income; plus

(2) provision for taxes based on income or profits of such Person and its Restricted Subsidiaries, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; plus

(3) the Fixed Charges of such Person and its Restricted Subsidiaries, to the extent that such Fixed Charges were deducted in computing such Consolidated Net Income; plus

(4) any foreign currency translation losses (including losses related to currency remeasurements of Indebtedness) of such Person and its Restricted Subsidiaries for such period, to the extent that such losses were deducted in computing such Consolidated Net Income; plus

(5) depreciation, amortization (including amortization of intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash charges and expenses (excluding any such non-cash charge or expense to the extent that it represents an accrual of or reserve for cash charges or expenses in any future period or amortization of a prepaid cash charge or expense that was paid in a prior period) of such Person and its Restricted Subsidiaries to the extent that such depreciation, amortization and other non-cash charges or expenses were deducted in computing such Consolidated Net Income; plus

(6) the amortization of debt discount to the extent that such amortization was deducted in computing such Consolidated Net Income; plus

(7) deductions for grants to any employee of Parent or its Restricted Subsidiaries of any Equity Interests during such period to the extent deducted in computing such Consolidated Net Income; plus

(8) any net loss arising from the sale, exchange or other disposition of capital assets by Parent or its Restricted Subsidiaries (including any fixed assets, whether tangible or intangible, all inventory sold in conjunction with the disposition of fixed assets and all securities) to the extent such loss was deducted in computing such Consolidated Net Income; plus

(9) any losses arising under fuel hedging arrangements entered into prior to the Closing Date and any losses actually realized under fuel hedging arrangements entered into after the Closing Date, in each case to the extent deducted in computing such Consolidated Net Income; plus

(10) proceeds from business interruption insurance for such period, to the extent not already included in computing such Consolidated Net Income; plus

(11) any expenses and charges that are covered by indemnification or reimbursement provisions in connection with any permitted acquisition, merger (including the AMR/US Airways Merger, any Airlines Merger or any Airline/Parent Merger), disposition, incurrence of Indebtedness, issuance of Equity Interests or any investment to the extent (a) actually indemnified or reimbursed and (b) deducted in computing such Consolidated Net Income; plus

(12) non-cash items, other than the accrual of revenue in the Ordinary Course of Business, to the extent such amount increased such Consolidated Net Income; minus

(13) the sum of (A) income tax credits and (B) interest income included in computing such Consolidated Net Income;

in each case, determined on a consolidated basis in accordance with GAAP.

"**Consolidated Net Income**" shall mean, with respect to any specified Person for any period, the aggregate of the net income (or loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis (excluding the net income (loss) of any Unrestricted Subsidiary of such Person), determined in accordance with GAAP and without any reduction in respect of preferred stock dividends; provided that:

(1) all (a) extraordinary, nonrecurring, special or unusual gains and losses or income or expenses, including, without limitation, any expenses related to a facilities closing and any reconstruction, recommissioning or reconfiguration of fixed assets for alternate uses; any severance or relocation expenses; executive recruiting costs; restructuring or reorganization costs (whether incurred before or after the effective date of any applicable reorganization plan, including, the AMR/US Airways Merger and Parent's reorganization plan); curtailments or modifications to pension and post-retirement employee benefit plans; (b) any expenses (including, without limitation, transaction costs, integration or transition costs, financial advisory fees, accounting fees, legal fees and other similar advisory and consulting fees and related out-of-pocket expenses), cost-savings, costs or charges incurred in connection with any issuance of securities, Permitted Investments, acquisitions, dispositions, recapitalizations or incurrences or repayments of Indebtedness permitted hereunder (in each case whether or not successful) (including but not limited to any one or more of the AMR/US Airways Merger, any Airlines Merger and any

Airline/Parent Merger) and (c) gains and losses realized in connection with any sale of assets, the disposition of securities, the early extinguishment of Indebtedness or associated with Hedging Obligations, together with any related provision for taxes on any such gain, will be excluded;

(2) the net income (but not loss) of any Person that is not the specified Person or a Restricted Subsidiary or that is accounted for by the equity method of accounting will be included for such period only to the extent of the amount of dividends or similar distributions paid in cash to the specified Person or Restricted Subsidiary of the specified Person;

(3) the net income (but not loss) of any Restricted Subsidiary will be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that net income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders;

(4) the cumulative effect of a change in accounting principles on such Person will be excluded;

(5) the effect of non-cash gains and losses of such Person resulting from Hedging Obligations, including attributable to movement in the mark-to-market valuation of Hedging Obligations pursuant to Financial Accounting Standards Board Statement No. 133 will be excluded;

(6) any non-cash compensation expense recorded from grants by such Person of stock appreciation or similar rights, stock options or other rights to officers, directors or employees, will be excluded;

(7) the effect on such Person of any non-cash items resulting from any write-up, write-down or write-off of assets (including intangible assets, goodwill and deferred financing costs) in connection with any acquisition, disposition, merger, consolidation or similar transaction (including but not limited to any one or more of the AMR/US Airways Merger, any Airlines Merger and any Airline/Parent Merger) or any other non-cash impairment charges incurred subsequent to October 10, 2014 resulting from the application of Financial Accounting Standards Board Accounting Standards Codifications 205—Presentation of Financial Statements, 350—Intangibles—Goodwill and Other, 360—Property, Plant and Equipment and 805—Business Combinations (excluding any such non-cash item to the extent that it represents an accrual of or reserve for cash expenditures in any future period except to the extent such item is subsequently reversed), will be excluded;

(8) any provision for income tax reflected on such Person’s financial statements for such period will be excluded to the extent such provision exceeds the actual amount of taxes paid in cash during such period by such Person and its consolidated Subsidiaries; and

(9) any amortization of deferred charges resulting from the application of Financial Accounting Standards Board Accounting Standards Codifications 470-20 Debt With Conversion and Other Options that may be settled in cash upon conversion (including partial cash settlement) will be excluded.

"**Consolidated Tangible Assets**" shall mean, as of any date of determination, Consolidated Total Assets of Parent and its consolidated Restricted Subsidiaries excluding goodwill, patents, trade names, trademarks, copyrights, franchises and any other assets properly classified as intangible assets, in accordance with GAAP.

"**Consolidated Total Assets**" shall mean, as of any date of determination, the sum of the amounts that would appear on a consolidated balance sheet of Parent and its consolidated Restricted Subsidiaries as the total assets of Parent and its Restricted Subsidiaries in accordance with GAAP.

"**Contingent Payment Event**" shall mean any indemnity, termination payment or liquidated damages under an AAdvantage Agreement, an IP Agreement or the Intercompany Agreement.

"**Contribution Agreements**" shall mean each of the agreements set forth on Schedule 1.01(a) and each other contribution, assignment or transfer agreement entered into after the date hereof pursuant to which American, HoldCo 1 or HoldCo2 contributes, assigns or transfers (i) all of its rights, title and interest in and to the AAdvantage Intellectual Property that it owns or purports to own, or later develops (and owns) or acquires (excluding the Composite Marks, the Specified Intellectual Property and the Madrid IP except as expressly provided therein), (ii) all of its rights to establish, create, organize, initiate, participate, operate, assist, benefit from, promote or otherwise be involved in or associated with, in any capacity, the AAdvantage Program or any other customer loyalty miles program or any similar customer loyalty program (other than with respect to a Specified Minority Owned Program or a Permitted Acquisition Loyalty Program), and (iii) all of its Assigned AAdvantage Agreement Rights, in each case, directly or indirectly to Loyalty Co (it being understood that any such contributed property will be transferred subject to existing third party use rights to such contributed property under the AAdvantage Agreements).

"**Convertible Indebtedness**" shall mean Indebtedness of Parent or a Restricted Subsidiary of Parent permitted to be incurred under the terms of this Agreement that is either (a) convertible or exchangeable into common stock of Parent (and cash in lieu of fractional shares) and/or cash (in an amount determined by reference to the price of such common stock) or (b) sold as units with call options, warrants or rights to purchase (or substantially equivalent derivative transactions) that are exercisable for common stock of Parent or a parent company of the issuer and/or cash (in an amount determined by reference to the price of such common stock).

"**Corresponding Tenor**" with respect to any Available Tenor means, as applicable, either a tenor (including overnight) or an interest payment period having approximately the same length (disregarding business day adjustment) as such Available Tenor.

"**Covered Entity**" shall mean any of the following: (a) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (b) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (c) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

"**Covered Party**" shall have the meaning set forth in Section 10.21.

"**CS Excess Proceeds**" shall have the meaning set forth in Section 2.12(c)

"**CS Threshold Amount**" shall have the meaning set forth in Section 2.12(c)

"**Cure Amounts**" shall have the meaning set forth in Section 2.24.

"**Currency**" shall mean miles, points and/or other units that are a medium of exchange constituting a convertible, virtual, and private currency that is tradable property and that can be sold or issued to Persons.

"**Daily Simple SOFR**" means, for any day, SOFR, with the conventions for this rate (which will include a lookback) being established by the Administrative Agent in accordance with the conventions for this rate selected or recommended by the Relevant Governmental Body for determining "Daily Simple SOFR" for business loans; provided, that if the Administrative Agent decides that any such convention is not administratively feasible for the Administrative Agent, then the Administrative Agent may establish another convention in its reasonable discretion in consultation with the Borrowers.

"**Data Protection Laws**" shall mean all laws, rules and regulations applicable to each applicable Loan Party or Subsidiary thereof regarding privacy, data protection and data security, including with respect to the collection, storage, transmission, transfer (including cross-border transfers), processing, encryption, security, safeguarding, loss, disclosure and use of Personal Data (including Personal Data of employees, contractors, customers, loan applicants and third parties), On-line Tracking Data, and email and mobile communications, including any approvals or notices required in connection therewith.

"**Data Protection Requirements**" shall mean (i) Data Protection Laws and (ii) any privacy policies of American.

"**Day Count Fraction**" shall mean, the actual number of days elapsed over a year of 360 days (or, when the Alternate Base Rate is applicable, a year of 365 days or 366 days in a leap year).

"**Debtors**" shall have the meaning set forth in the definition of "**American Case Milestones**".

"**Deeds of Undertaking**" shall mean (i) the deed of undertaking to be entered into on or about the Closing Date among Loyalty Co, HoldCo 2, the Master Collateral Agent and Walkers Fiduciary Limited, (ii) the deed of undertaking to be entered into on or about the Closing

Date among HoldCo 2, HoldCo 1, the Master Collateral Agent and Walkers Fiduciary Limited, (iii) the deed of undertaking to be entered into on or about the Closing Date among HoldCo 1, American, the Master Collateral Agent and Walkers Fiduciary Limited and (iv) each deed of undertaking entered into after the Closing Date between any Subsidiary of Loyalty Co, the immediate parent of such Subsidiary, the Master Collateral Agent and Walkers Fiduciary Limited.

"**Default**" shall mean any event that, unless cured or waived, is, or with the passage of time or the giving of notice or both would be an Event of Default.

"**Default Right**" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

"**Defaulting Lender**" shall mean, at any time, any Lender (including any Agent in its capacity as a Lender) that (a) has failed, within two (2) Business Days of the date required to be funded or paid by it hereunder, to fund or pay (x) any portion of the Term Loans or (y) any other amount required to be paid by it hereunder to the Administrative Agent or any other Lender (or its banking Affiliates), (b) has notified the Borrowers, the Administrative Agent or any other Lender, or has made a public statement (verbally or in writing) to the effect, that it does not intend or expect to comply with any of its funding obligations (i) under this Agreement (unless such notification or public statement states that such position is based on such Lender's good faith determination that a condition precedent (specifically identified and including the particular default, if any) to funding a loan under this Agreement cannot be satisfied (other than as a result of the action or inaction of such Lender)) or (ii) on or prior to the Closing Date (or with respect to the funding of any Incremental Term Loans, on or prior to such funding date), generally under other agreements in which it commits to extend credit, (c) has failed, within three (3) Business Days after request by the Administrative Agent, any other Lender or a Borrower, acting in good faith, to provide a confirmation in writing from an authorized officer or other authorized representative of such Lender that it will comply with its obligations (and is financially able to meet such obligations) to fund prospective Term Loans under this Agreement, *provided* that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon the Administrative Agent's, such other Lender's or the Borrowers', as applicable, receipt of such confirmation in form and substance satisfactory to the Administrative Agent and the Borrowers, or (d) has become, or has had its Parent Company become, the subject of a Bankruptcy Event or a Bail-In Action. If the Administrative Agent determines that a Lender is a Defaulting Lender under any of clauses (a) through (d) above, such Lender will be deemed to be a Defaulting Lender upon notification of such determination by the Administrative Agent to the Borrowers and the Lenders.

"**Default Interest**" shall have the meaning set forth in Section 2.08.

"**Default Structure**" shall have the meaning set forth in Section 4.03(d).

"**Depositary**" shall mean Wilmington Trust, National Association in its capacity as Depositary under the Collateral Agency and Accounts Agreement.

"**Determination Date**" shall mean, with respect to any Payment Date and the Related Quarterly Reporting Period, the third (3rd) Business Day preceding such Payment Date.

"**Direction of Payment**" shall mean a notice to a counterparty of an AAdvantage Agreement (other than the Intercompany Agreement), substantially in the form of Exhibit F, which shall include instructions to such counterparty to pay all amounts due to American, Loyalty Co or any of their respective Affiliates under the applicable AAdvantage Agreement directly to the Collection Account.

"**Director Services Agreements**" shall mean (i) the director and share trustee services agreement dated on or about the Closing Date among American, Loyalty Co and Walkers Fiduciary Limited, (ii) the director services agreement dated on or about the Closing Date among Loyalty Co, the Loan Party Director (as defined therein) party thereto and American, (iii) the director services agreement dated on or about the Closing Date among HoldCo 2, the Loan Party Director (as defined therein) party thereto and Loyalty Co, and (iv) the director services agreement dated on or about the Closing Date among HoldCo 1, the Loan Party Director (as defined therein) party thereto and Loyalty Co.

"**Disposition**" shall mean, with respect to any property, any sale, lease, sale and leaseback, conveyance, transfer or other disposition thereof. The terms "**Dispose**" and "**Disposed of**" shall have correlative meanings.

"**Disqualified Institution**" shall mean (a) any Person identified in writing to the Joint Lead Arrangers and Bookrunners on or prior to March 8, 2021 and (b) any Person that is or becomes a competitor of the Borrower and is designated by the Borrower as such in a writing provided to the Administrative Agent after March 8, 2021.

"**Disqualified Stock**" shall mean any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise (other than as a result of a change of control or asset sale), is convertible or exchangeable for Indebtedness or Disqualified Stock, or is redeemable at the option of the holder of the Capital Stock, in whole or in part (other than as a result of a change of control or asset sale), on or prior to the date that is 91 days after the Latest Maturity Date then in effect. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require Parent or any of its Restricted Subsidiaries to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that Parent or such Restricted Subsidiary may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with Section 6.01. The amount of Disqualified Stock deemed to be outstanding at any time for purposes of this Agreement will be the maximum amount that Parent and its Restricted Subsidiaries may become obligated to pay upon the maturity of, or pursuant to any mandatory redemption provisions of, such Disqualified Stock, exclusive of accrued dividends. For the avoidance of doubt, the preferred stock issued to the creditors of Parent pursuant to Parent's plan of reorganization, as amended, does not constitute Disqualified Stock.

"**Dollars**" and "**$**" shall mean lawful money of the United States of America.

"**Domestic Subsidiary**" shall mean any Restricted Subsidiary of Parent that was formed under the laws of the United States or any state of the United States or the District of Columbia other than (i) any Restricted Subsidiary substantially all of the assets of which are equity interests in one or more Foreign Subsidiaries, intellectual property relating to such Foreign Subsidiaries and other assets (including cash and Cash Equivalents) relating to an ownership interest in such Foreign Subsidiaries and (ii) any Subsidiary of a Foreign Subsidiary.

"**DOT**" shall mean the United States Department of Transportation and any successor thereto.

"**Dutch Auction**" shall mean an auction of Term Loans conducted pursuant to Section 10.02(g) to allow a Borrower to purchase Term Loans at a discount to par value and on a non-pro rata basis, in each case in accordance with the applicable Dutch Auction Procedures.

"**Dutch Auction Procedures**" shall mean, with respect to a purchase of Term Loans by a Borrower pursuant to Section 10.02(g), Dutch auction procedures to be reasonably agreed upon by such Borrower and the Administrative Agent in connection with any such purchase.

"**Early Amortization Cure**" shall be deemed to occur on, (a) in the case of an Early Amortization Event that arises under clause (a) of the definition thereof, the earlier of (i) the date Cure Amounts related to the Early Amortization Event have been deposited to the Collection Account and (ii) the first day of the Quarterly Reporting Period following the Quarterly Reporting Period related to the Determination Date on which the Peak Debt Service Coverage Ratio has been satisfied for two consecutive Determination Dates following the Determination Date on which the Early Amortization Event was triggered, (b) in the case of an Early Amortization Event that arises under clause (b) of the definition thereof, the date on which the balance in the Reserve Account is at least equal to the Reserve Account Required Balance, or (c) in the case of an Early Amortization Event under clause (c) or clause (d) of the definition thereof, the date that the applicable Event of Default under this Agreement or "Early Amortization Event" under the Indenture or any other Senior Secured Debt Document, as applicable, shall not exist or be continuing.

"**Early Amortization Event**" shall mean the occurrence of any of the following events:

(a) the Peak Debt Service Coverage Ratio Test is not satisfied as set forth in the report to be delivered pursuant to Section 5.01(d);

(b) the balance in the Reserve Account is less than the Reserve Account Required Balance on any Payment Date after giving effect to the deposits set forth in Section 2.10(b) hereof on such Payment Date;

(c) a Borrower has received written notice or has actual knowledge that an Event of Default shall have occurred and is continuing; or

(d) a Borrower has received written notice or has actual knowledge that an

"Early Amortization Event" shall have occurred and is continuing under the Indenture or any other Senior Secured Debt Document.

"**Early Amortization Payment**" shall mean, with respect to any Payment Date, if an Early Amortization Period was in effect as of the last day of the Related Quarterly Reporting Period, an amount equal to the lesser of:

(i) 50% of the excess of:

(A) the Term Loans' Pro Rata Share of the sum of (1) the aggregate amount of Collections received in the Collection Account during such Quarterly Reporting Period *minus* (2) if such Early Amortization Period was not in effect on the first day of such Quarterly Reporting Period, the aggregate amount of Collections received in the Collection Account during such Quarterly Reporting Period prior to the first day of such Early Amortization Period *plus* (3) any Cure Amounts attributable to such Quarterly Reporting Period deposited in the Collection Account on or prior to the related Determination Date,

over

(B) the amount as most recently estimated by American to be distributed pursuant to Section 2.10(b)(i) through (viii) on the related Payment Date;

and

(ii) the amount necessary to pay the outstanding principal balance of the Term Loans (and accrued interest thereon, if any) in full.

"**Early Amortization Period**" shall mean the period commencing on the occurrence of an Early Amortization Event, and ending on the earlier of (a) the date (if any) on which the Early Amortization Cure is consummated and (b) the date all Obligations (other than contingent obligations not due and owing) have been paid in full in cash.

"**Early Opt-in Election**" means, if the then-current Benchmark is USD LIBOR, the occurrence of:

(1) a notification by the Administrative Agent to (or the request by the Borrowers to the Administrative Agent to notify) each of the other parties hereto that at least five currently outstanding U.S. dollar-denominated syndicated credit facilities at such time contain (as a result of amendment or as originally executed) a SOFR-based rate (including SOFR, a term SOFR or any other rate based upon SOFR) as a benchmark rate (and such syndicated credit facilities are identified in such notice and are publicly available for review), and

(2) the joint election by the Administrative Agent and the Borrowers to trigger a fallback from USD LIBOR and the provision by the Administrative Agent of written notice of such election to the Lenders.

"**EEA Financial Institution**" shall mean (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"**EEA Member Country**" shall mean any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"**EEA Resolution Authority**" shall mean any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"**Eligible Assignee**" shall mean (a) a commercial bank having total assets in excess of $1,000,000,000, (b) a finance company, insurance company or other financial institution or fund, in each case reasonably acceptable to the Administrative Agent, which in the ordinary course of business extends credit of the type contemplated herein or invests therein and has total assets in excess of $200,000,000 and whose becoming an assignee would not constitute a prohibited transaction under Section 4975 of the Code or Section 406 of ERISA, (c) any Lender or any Affiliate of any Lender, (d) an Approved Fund of any Lender, (e) any other Person (other than any Defaulting Lender, Disqualified Institution or natural Person) reasonably satisfactory to the Administrative Agent and (f) solely with respect to assignments of Term Loans to the extent permitted under Section 10.02(g), the Borrower; provided that, so long as no Event of Default has occurred and is continuing, no Disqualified Institution shall constitute an Eligible Assignee unless otherwise consented to by the Borrowers; *provided, further*, that, except as provided in clause (f) above, neither Parent nor any Subsidiary of the Parent shall constitute an Eligible Assignee.

"**Eligible Deposit Account**" shall mean (a) a segregated deposit account maintained with a depository institution or trust company whose short term unsecured debt obligations are rated at least, if rated by S&P, A-1 by S&P, if rated by Moody's, P-1 by Moody's, and, if rated by Fitch, F-1 by Fitch, (b) a segregated account which is maintained with a depository institution or trust company whose long term unsecured debt obligations are rated at least, if rated by S&P, A by S&P, if rated by Moody's, A2 by Moody's and, if rated by Fitch, BBB- by Fitch or (c) a segregated trust account maintained in the corporate trust department of a federally or state chartered depository institution whose long-term unsecured debt obligations are rated at least, if rated by S&P, A by S&P, if rated by Moody's, A2 by Moody's and, if rated by Fitch, BBB- by Fitch, subject to regulations regarding fiduciary funds on deposit substantially similar to 12 C.F.R. §9.10(b) in effect on the date hereof.

"**Environmental Laws**" shall mean all applicable laws (including common law), statutes, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions or legally

binding agreements issued, promulgated or entered into by or with any Governmental Authority, relating to the protection of the environment, preservation or reclamation of natural resources, the handling, treatment, storage, disposal, Release or threatened Release of, or the exposure of any human (including employees) to, any Hazardous Materials.

"**Environmental Liability**" shall mean any liability (including any liability for damages, natural resource damage, costs of environmental investigation, remediation or monitoring or costs, fines or penalties) resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment, disposal or the arrangement for disposal of any Hazardous Materials, (c) human exposure to any Hazardous Materials, (d) the Release or threatened Release of any Hazardous Materials into the environment or (e) any contract, agreement, lease or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"**Equity Interests**" shall mean Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"**ERISA**" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated thereunder.

"**ERISA Affiliate**" shall mean any trade or business (whether or not incorporated) that, together with American, is treated as a single employer under Section 414(b) or (c) of the Code, or solely for purposes of Section 302 of ERISA and Section 412 and 430 of the Code, is treated as a single employer under Section 414 of the Code.

"**Erroneous Payment**" shall have the meaning set forth in Section 2.17(f).

"**Escrow Accounts**" shall mean accounts of American or any Subsidiary, solely to the extent any such accounts hold funds set aside by American or any Subsidiary to manage the collection and payment of amounts collected, withheld or incurred by American or such Subsidiary for the benefit of third parties relating to: (a) federal income tax withholding and backup withholding tax, employment taxes, transportation excise taxes and security related charges; (b) any and all state and local income tax withholding, employment taxes and related charges and fees and similar taxes, charges and fees, including, but not limited to, state and local payroll withholding taxes, unemployment and supplemental unemployment taxes, disability taxes, workman's or workers' compensation charges and related charges and fees; (c) state and local taxes imposed on overall gross receipts, sales and use taxes, fuel excise taxes and hotel occupancy taxes; (d) passenger facility fees and charges collected on behalf of and owed to various administrators, institutions, authorities, agencies and entities; (e) other similar federal, state or local taxes, charges and fees (including without limitation any amount required to be withheld or collected under applicable law); or (f) other funds held in trust for, or otherwise pledged to or segregated for the benefit of, an identified beneficiary.

"**EU Bail-In Legislation Schedule**" shall mean the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

"**Eurodollar Term Loan**" shall mean any Term Loan bearing interest at a rate determined by reference to the LIBO Rate.

"**Event of Default**" shall have the meaning set forth in Section 7.01.

"**Excess Cash Flow**" shall mean, for any period, (i) Consolidated EBITDAR of Parent for such period, minus (plus) (ii) any increase (decrease) in Working Capital of Parent from the first day of such period to the last day of such period, minus (iii) the sum of (A) payments by any Loan Party of scheduled principal and interest with respect to the consolidated Indebtedness of Parent (but excluding Indebtedness that is solely the obligation of any Subsidiary that is not a Loan Party) during such period, to the extent such payments are not prohibited under this Agreement, (B) income taxes paid during such period, (C) aircraft rentals paid during such period under Operating Leases, (D) cash used during such period for capital expenditures, (E) deposit and pre-delivery payments made in respect of Aircraft Related Equipment, and (F) an amount equal to pension or FASB 106 payments made in excess, if any, of pension or FASB 106 expenses, plus (iv) an amount equal to the excess of pension or FASB 106 expense in excess, if any, of pension or FASB 106 payments.

"**Excess Proceeds**" shall have the meaning set forth in Section 2.12(b).

"**Exchange Act**" shall mean the Securities Exchange Act of 1934, as amended.

"**Excluded Contributions**" shall mean net cash proceeds received by Parent after October 10, 2014 from:

(1) contributions to its common equity capital (other than from any Subsidiary); or

(2) the sale (other than to a Subsidiary or to any management equity plan or stock option plan or any other management or employee benefit plan or agreement of Parent or any Subsidiary) of Qualifying Equity Interests,

in each case designated as Excluded Contributions pursuant to an Officer's Certificate executed on or around the date such capital contributions are made or the date such Equity Interests are sold, as the case may be. Excluded Contributions will not be considered to be net proceeds of Qualifying Equity Interests for purposes of clause (a)(2)(ii)(B) of Section 6.01.

"**Excluded Intellectual Property**" shall mean all (a) Intellectual Property other than the AAdvantage Intellectual Property and (b) American Traveler Related Data.

"**Excluded Property**" shall mean (a) with respect to Collateral granted by an SPV Party, the meaning set forth in the Security Agreement, and (b) with respect to Collateral granted

by American, the meaning set forth in the American Security Agreement; *provided* that, notwithstanding anything to the contrary in any Loan Document, Excluded Property shall include any assets of any CFC or FSHCO and any equity interests in excess of 65% of the voting equity interests of any CFC or FSHCO.

"**Excluded Subsidiary**" shall mean each Subsidiary of Parent (other than the SPV Parties) (1) that is a captive insurance company, (2) that is formed or exists for purposes relating to the investment in one or more tranches of Indebtedness of any other Subsidiary, other tranches of which have been (or are to be) offered in whole or in part to Persons who are not Affiliates of Parent, (3) that is a Regional Airline, (4) that is prohibited by applicable law, rule, regulation or contract existing on the Closing Date (or, in the case of any newly acquired Subsidiary, in existence at the time of acquisition but not entered into in contemplation thereof) from Guaranteeing, or granting Liens to secure, the Obligations or if Guaranteeing, or granting Liens to secure, the Obligations would require governmental (including regulatory) consent, approval, license or authorization unless such consent, approval, license or authorization has been received, (5) with respect to which American and the Master Collateral Agent (acting at the direction of the Collateral Controlling Party) reasonably agree that the burden or cost or other consequences of providing a guarantee of the Obligations shall be excessive in view of the benefits to be obtained by the Secured Parties therefrom, (6) with respect to which the provision of such guarantee of the Obligations could reasonably be expected to result in material adverse Tax consequences to Parent or one of its Subsidiaries (as reasonably determined by American and notified in writing to the Administrative Agent), (7) that is an Unrestricted Subsidiary, (8) that is a Foreign Subsidiary, a Subsidiary of a Foreign Subsidiary, or a FSHCO, (9) AWHQ LLC or (10) US Airways Company Store LLC. For the avoidance of doubt, no SPV Party shall be considered to be an Excluded Subsidiary.

"**Excluded Taxes**" shall mean any of the following Taxes imposed on or with respect to any Agent, any Lender or any other recipient of a payment hereunder, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in any credit extension hereunder pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the credit extension or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.16, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such recipient's failure to comply with Section 2.16(f), and (d) any Taxes imposed under FATCA.

"**Extended Term Loan**" shall have the meaning set forth in Section 2.28(a)(ii).

"**Extension**" shall have the meaning set forth in Section 2.28(a).

"**Extension Amendment**" shall have the meaning set forth in Section 2.28(d).

"**Extension Offer**" shall have the meaning set forth in Section 2.28(a).

"**Extension Offer Date**" shall have the meaning set forth in Section 2.28(a)(i).

"**FAA**" shall mean the Federal Aviation Administration of the United States of America and any successor thereto.

"**Facility**" shall mean each of the Term Loan Commitments and the Term Loans made thereunder.

"**Fair Market Value**" shall mean the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress or necessity of either party, determined in good faith by a Responsible Officer of American or Parent (unless otherwise provided in this Agreement); *provided* that any such Responsible Officer shall be permitted to consider the circumstances existing at such time (including, without limitation, economic or other conditions affecting the United States airline industry generally and any relevant legal compulsion, judicial proceeding or administrative order or the possibility thereof) in determining such Fair Market Value in connection with such transaction.

"**FASB**" shall mean the Financial Accounting Standards Board.

"**FATCA**" shall mean Sections 1471 through 1474 of the Code, as of the date of this Agreement, any amended or successor provisions that are similar thereto and not materially more onerous to comply with, any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreements, treaty or convention among Governmental Authorities and implementing any of the foregoing (together with any Requirement of Law implementing such agreement involving any U.S. or non-U.S. regulations, fiscal or regulatory legislation, rules, guidance notes or practices adopted pursuant to any intergovernmental agreement or official guidance).

"**Federal Funds Effective Rate**" shall mean, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it; provided that, if the Federal Funds Effective Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

"**Fee Letter**" shall have the meaning set forth in Section 2.19.

"**Fees**" shall collectively mean the fees referred to in Section 2.19.

"**Fitch**" shall mean Fitch Ratings, Inc., also known as Fitch Ratings, and its successors.

"**Fixed Charges**" shall mean, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the consolidated interest expense (net of interest income) of such Person and its Restricted Subsidiaries for such period to the extent that such interest expense is payable in cash (and such interest income is receivable in cash); plus

(2) the interest component of leases that are capitalized in accordance with GAAP of such Person and its Restricted Subsidiaries for such period to the extent that such interest component is related to lease payments payable in cash; plus

(3) any interest expense actually paid in cash for such period by such specified Person on Indebtedness of another Person that is guaranteed by such specified Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such specified Person or one of its Restricted Subsidiaries; plus

(4) the product of (A) all cash dividends accrued on any series of preferred stock of such Person or any of its Restricted Subsidiaries for such period, other than to Parent or a Restricted Subsidiary of Parent, times (B) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of such Person, expressed as a decimal, in each case, determined on a consolidated basis in accordance with GAAP; plus

(5) the aircraft rent expense of such Person and its Restricted Subsidiaries for such period to the extent that such aircraft rent expense is payable in cash,

all as determined on a consolidated basis in accordance with GAAP.

"**Flight Simulators**" shall mean the flight simulators and flight training devices owned by Parent or any of its Restricted Subsidiaries.

"**Flyer Miles Obligations**" shall mean, at any date of determination, all payment and performance obligations of American under any card marketing agreement with respect to credit cards co-branded by American and a financial institution which may include obligations in respect of the pre-purchase by third parties of frequent flyer miles and any other similar agreements entered into by Parent or any of its Subsidiaries with any bank from time to time.

"**Floor**" means the benchmark rate floor, if any, provided in this Agreement initially (as of the execution of this Agreement, the modification, amendment or renewal of this Agreement or otherwise) with respect to USD LIBOR.

"**Foreign Lender**" shall mean any Lender that is organized under the laws of a jurisdiction other than the United States of America, any State thereof or the District of Columbia.

"**Foreign Subsidiary**" shall mean any direct or indirect Subsidiary of Parent that was not formed under the laws of the United States or any state of the United States or the District of Columbia.

"**Fraudulent Transfer Laws**" shall have the meaning set forth in Section 2.05(a).

"**FSHCO**" shall mean any Subsidiary substantially all the assets of which consist of equity interests (including, for this purpose, any debt or other instrument treated as equity for U.S. federal income tax purposes) in one or more (a) CFCs and/or (b) other Subsidiaries substantially all the assets of which consist (directly or indirectly) of equity interests (including, for this purpose, any debt or other instrument treated as equity for U.S. federal income tax purposes) in one or more CFCs; *provided* that no SPV Party shall be considered to be a FSHCO.

"**GAAP**" shall mean generally accepted accounting principles in the United States of America, which are in effect from time to time, including those set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants, statements and pronouncements of the Financial Accounting Standards Board, such other statements by such other entity as have been approved by a significant segment of the accounting profession and the rules and regulations of the SEC governing the inclusion of financial statements in periodic reports required to be filed pursuant to Section 13 of the Exchange Act, including opinions and pronouncements in staff accounting bulletins and similar written statements from the accounting staff of the SEC.

"**Governmental Authority**" shall mean the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank organization, or other entity exercising executive, legislative, judicial, taxing or regulatory powers or functions of or pertaining to government. Governmental Authority shall not include any Person in its capacity as an Airport Authority.

"**Grantor**" shall mean each Loan Party that shall at any time pledge Collateral under a Collateral Document.

"**Ground Service Equipment**" shall mean the ground service equipment, de-icers, ground support equipment, aircraft cleaning devices, materials handling equipment, passenger walkways and other similar equipment owned by Parent or any of its Restricted Subsidiaries.

"**Guarantee**" shall mean a guarantee (other than (a) by endorsement of negotiable instruments for collection or (b) customary contractual indemnities, in each case in the Ordinary Course of Business), direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness (whether arising by virtue of partnership arrangements, or by agreements to keep well, to purchase assets, goods, securities or services, to take or pay or to maintain financial statement conditions).

"**Guaranteed Obligations**" shall have the meaning set forth in Section 9.01(a).

"**Guarantors**" shall mean, collectively, (a) HoldCo 1, (b) Holdco 2, (c) Parent, (d) each Permitted Loyalty Subsidiary and (e) each Subsidiary of Parent that becomes a Guarantor pursuant to Section 5.13.

"**Hazardous Materials**" shall mean all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas and all other substances or wastes of any nature that are regulated as hazardous pursuant to, or, due to their hazardous qualities, could reasonably be expected to give rise to liability under any Environmental Law.

"**Hedging Agreement**" shall mean any agreement evidencing Hedging Obligations.

"**Hedging Obligations**" shall mean, with respect to any Person, all obligations and liabilities of such Person under:

(1) interest rate swap agreements (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;

(2) other agreements or arrangements designed to manage interest rates or interest rate risk; and

(3) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates, fuel prices or other commodity prices, but excluding (x) clauses in purchase agreements and maintenance agreements pertaining to future prices and (y) fuel purchase agreements and fuel sales that are for physical delivery of the relevant commodity.

For the avoidance of doubt, any Permitted Convertible Indebtedness Call Transaction will not constitute Hedging Obligations.

"**HoldCo 1**" shall mean AAdvantage Holdings 1, Ltd., an exempted company incorporated with limited liability under the laws of the Cayman Islands.

"**HoldCo 2**" shall mean AAdvantage Holdings 2, Ltd., an exempted company incorporated with limited liability under the laws of the Cayman Islands.

"**HoldCo-to-American IP License**" shall mean that certain Intellectual Property Sublicense Agreement between HoldCo 2, as licensor, and American, as licensee, substantially in the form attached as Exhibit G-2.

"**Immaterial Subsidiaries**" shall mean one or more Subsidiaries of Parent (other than any Subsidiary that is a Guarantor, any Excluded Subsidiary, any Subsidiary that is not a Domestic Subsidiary, any Receivables Subsidiary and any Regional Airline), for which (a) the assets of all such Subsidiaries constitute, in the aggregate, no more than 7.5% of the total assets of Parent and its Subsidiaries on a consolidated basis (determined as of the last day of the most recent

fiscal quarter of Parent for which internal financial statements are available) and (b) the revenues of all such Subsidiaries account for, in the aggregate, no more than 7.5% of the total revenues of Parent and its Subsidiaries on a consolidated basis for the twelve month period ending on the last day of the most recent fiscal quarter of Parent for which internal financial statements are available; provided that a Subsidiary will not be considered to be an Immaterial Subsidiary if it (1) is an SPV Party, (2) directly or indirectly guarantees, or pledges any property or assets to secure, any Senior Secured Debt or Junior Lien Debt or (3) owns any properties or assets that constitute Collateral.

"**Increase Effective Date**" shall have the meaning set forth in Section 2.27(a).

"**Increase Joinder**" shall have the meaning set forth in Section 2.27(c).

"**Incremental Commitments**" shall have the meaning set forth in Section 2.27(a).

"**Incremental Lender**" shall have the meaning set forth in Section 2.27(a).

"**Incremental Priority Amount**" shall mean, at any time, (a) if American has (1) completed the merger and consolidation of a Loyalty Program of a Specified Acquisition Entity or one of its Subsidiaries or of an entity principally associated with such Specified Acquisition Entity or any of its Subsidiaries (a "**Specified Loyalty Program**") into the AAdvantage Program and (2) to the extent not effected pursuant to clause (1), caused such Specified Loyalty Program's payments in cash (which excludes airline revenues such as ticket sales and baggage fees), accounts in which such payments in cash are deposited, Intellectual Property and member data (but solely to the extent that such Intellectual Property and member data would be included in the definition of AAdvantage Intellectual Property, substituting references to the AAdvantage Program with references to such other Specified Loyalty Program) and all material third-party co-branding, partnering and similar agreements, including airline-to-airline frequent flyer program agreements, related to or entered into in connection with such Specified Loyalty Program (but solely to the extent that such agreements would be included in the definition of AAdvantage Agreements (e.g., Retained Agreements are excluded from all of the foregoing so long as such agreements remain Retained Agreements or again become Retained Agreements), substituting references to the AAdvantage Program with references to such other Specified Loyalty Program) and intercompany agreements concerning the operation of such Specified Loyalty Program to be pledged as Collateral on a first lien basis (except to the extent constituting Excluded Property), subject to third party rights, applicable law and other Permitted Liens, an amount equal to the excess of (i) 1.4 *multiplied by* the aggregate amount of Transaction Revenues for the most recently completed four Quarterly Reporting Periods *over* (ii) $10,000,000,000 and otherwise (b) zero.

"**Incremental Term Loans**" shall have the meaning set forth in Section 2.27(a).

"**Indebtedness**" shall mean, with respect to any specified Person, any indebtedness of such Person (excluding air traffic liability, accrued expenses and trade payables), whether or not contingent:

(1) in respect of borrowed money;

(2) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);

(3) in respect of banker's acceptances;

(4) representing Capital Lease Obligations;

(5) representing the balance deferred and unpaid of the purchase price of any property or services due more than six months after such property is acquired or such services are completed, and excluding in any event trade payables arising in the Ordinary Course of Business; or

(6) representing any Hedging Obligations,

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with GAAP. In addition, the term "Indebtedness" includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person. Indebtedness shall be calculated without giving effect to the effects of Statement of Financial Accounting Standards No. 133 and related interpretations to the extent such effects would otherwise increase or decrease an amount of Indebtedness for any purpose under this Agreement as a result of accounting for any embedded derivatives created by the terms of such Indebtedness.

Solely with respect to any Person that is not an SPV Party, "Indebtedness" does not include (a) Banking Product Obligations, (b) obligations under leases (other than leases determined to be Capital Lease Obligations under GAAP as in effect on the date of this Agreement), (c) obligations to fund pension plans and retiree liabilities, (d) Disqualified Stock and preferred stock, (e) Flyer Miles Obligations and other obligations in respect of the pre-purchase by others of frequent flyer miles, (f) maintenance deferral agreements, (g) an amount recorded as Indebtedness in such Person's financial statements solely by operation of Financial Accounting Standards Board Accounting Standards Codification 840-40-55 or any successor provision of GAAP but which does not otherwise constitute Indebtedness as defined hereinabove, (h) obligations under Co-Branded Card Agreements, (i) a deferral of pre-delivery payments relating to the purchases of Aircraft Related Equipment and (j) obligations under flyer miles participation agreements, in each case, whether or not such obligations would appear as a liability upon a balance sheet of a specified Person; *provided* that, for purposes of Section 6.02(b), Flyer Miles Obligations and other obligations in respect of the pre-purchase by others of frequent flyer miles, obligations under Co-Branded Card Agreements and obligations under flyer miles participation agreements shall constitute "Indebtedness".

"**Indemnified Taxes**" shall mean (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Borrowers under any Loan Document and (b) to the extent not otherwise described in clause (a), Other Taxes.

"**Indemnitee**" shall have the meaning set forth in Section 10.04(b).

"**Indenture**" shall have the meaning set forth in the Collateral Agency and Accounts Agreement.

"**Independent Director**" shall mean, at any time with respect to any SPV Party, a director of such SPV Party that (1)(a) is appointed as Independent Director on the Closing Date and satisfies the Independent Director Criteria at such time or (b) is an Approved Independent Director that has been selected by the ordinary shareholder(s) of such SPV Party, and (2) is a duly appointed "Independent Director" under and as defined in the Specified Organization Documents of such SPV Party.

"**Independent Director Criteria**" shall mean criteria that shall be satisfied only in respect of a natural person that (a) is a director who has prior experience as an independent director, independent manager or independent member with at least three years of employment experience; (b) either is approved by both American and the Administrative Agent or is provided by a company nationally recognized in the United States or the Cayman Islands for providing professional independent managers or directors, that is not an Affiliate of any Loan Party or the Master Collateral Agent and that provides professional independent managers or directors and other corporate services in the ordinary course of its business, and which individual is duly appointed as an Independent Director; and (c) is not, and has never been, and will not while serving as Independent Director be, any of the following: (i) a member, partner, equityholder, manager, director, officer or employee of Loyalty Co or any of its equityholders, the Master Collateral Agent or any Affiliates of the foregoing (other than (A) equity ownership in American which (x) constitutes an immaterial amount of American stock and (y) is not material to the net worth of such Independent Director or (B) as an Independent Director of any SPV Party or any other Affiliate of Loyalty Co that is required by a creditor to be a single purpose bankruptcy-remote entity, *provided* that such Person either is approved by the Administrative Agent or is employed by a company that routinely provides professional independent managers or directors); (ii) a creditor, supplier or service provider (including provider of professional services) to Loyalty Co, the Master Collateral Agent or any of their respective equityholders or Affiliates (other than a nationally recognized company that routinely provides professional independent managers or directors and other corporate services to Loyalty Co, the Master Collateral Agent or any of their respective equityholders or Affiliates in the ordinary course of business); (iii) a family member of any such member, partner, equityholder, manager, director, officer, employee, creditor, supplier or service provider; or (iv) a Person that controls (whether directly, indirectly or otherwise) any of clause (i), (ii) or (iii) above.

"**Initial Amortization Date**" shall mean the Payment Date in July 2023.

"**Initial Lenders**" shall mean each Lender having a Term Loan Commitment for an Initial Term Loan or, as the case may be, an outstanding Initial Term Loan.

"**Initial Term Loan**" shall have the meaning set forth in Section 2.01.

"**Intellectual Property**" shall mean all issued patents and patent applications,

registered trademarks or service marks and applications to register any trademarks or service marks, brand names, trade dress, registered copyrights and applications for registration of copyrights, Trade Secrets, domain names, social media accounts and other intellectual property, whether registered or unregistered, including unregistered copyrights in software and source code and applications to register any of the foregoing.

"**Intercompany Agreement**" shall mean the Intercompany Agreement, dated as of the Closing Date, by and between American and Loyalty Co.

"**Intercreditor Agreement**" shall mean each of the Junior Lien Intercreditor Agreement and the Collateral Agency and Accounts Agreement.

"**Interest Distribution Amount**" shall mean, with respect to each Payment Date and each Class of Term Loans, an amount equal to (a) the product of (i) the applicable Interest Rate for the related Interest Period, *multiplied by* (ii) the Day Count Fraction, *multiplied by* (iii) the outstanding principal amount of Term Loans of such Class as of the first day of the related Interest Period, *plus* (b) any unpaid Interest Distribution Amount in respect thereof from prior Payment Dates *plus*, to the extent permitted by law, interest thereon at the applicable Interest Rate for the related Interest Period.

"**Interest Period**" shall mean for each Payment Date, the period from and including the Payment Date immediately preceding such Payment Date (or, with respect to the initial Payment Date, the Closing Date) to but excluding such Payment Date.

"**Interest Rate**" shall mean the rate of interest applicable to each Term Loan as set forth in Section 2.07(a), as such rate may be modified by Section 2.08 or Section 2.09.

"**Investments**" shall mean, with respect to any Person, all direct or indirect investments made from and after the Closing Date by such Person in other Persons (including Affiliates) in the forms of loans (including Guarantees), capital contributions or advances (but excluding advance payments and deposits for goods and services and commission, travel and similar advances to officers, employees and consultants made in the Ordinary Course of Business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities of other Persons, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP. If Parent or any Restricted Subsidiary of Parent sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary of Parent after the Closing Date such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary of Parent, Parent will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of Parent's Investments in such Subsidiary that were not sold or disposed of in an amount determined as provided in Section 6.01. Notwithstanding the foregoing, any Equity Interests retained by Parent or any of its Subsidiaries after a disposition or dividend of assets or Capital Stock of any Person in connection with any partial "spin-off" of a Subsidiary or similar transactions shall not be deemed to be an Investment. The acquisition by Parent or any Restricted Subsidiary of Parent after the Closing Date of a Person that holds an Investment in a third Person will be deemed to be an Investment by Parent or such Restricted Subsidiary in such third Person

in an amount equal to the Fair Market Value of the Investments held by the acquired Person in such third Person in an amount determined as provided in Section 6.01. Except as otherwise provided in this Agreement, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value.

"**IP Agreements**" shall mean (a) the Contribution Agreements, (b) the IP Licenses, (c) the IP Management Agreement, and (d) each other contribution agreement, license or sublicense related to the AAdvantage Intellectual Property that is required to be entered into after the Closing Date pursuant to the terms of the Loan Documents.

"**IP Licenses**" shall mean (a) the Borrower-to-HoldCo IP License, (b) the HoldCo-to-American IP License and (c) the Madrid IP License, as applicable.

"**IP Management Agreement**" shall mean that certain Management Agreement among Loyalty Co, HoldCo 2, the IP Manager and the Master Collateral Agent pursuant to which the IP Manager will provide certain services to Loyalty Co and HoldCo 2 with respect to AAdvantage Intellectual Property, substantially in the form of Exhibit H hereto.

"**IP Manager**" shall mean American (or any of its affiliates to the extent a permitted successor or assign), in its capacity as IP Manager under the IP Management Agreement, or any Successor Manager (as such term is defined under the IP Management Agreement).

"**IP Security Agreements**" shall have the meaning set forth in the Security Agreement.

"**ISDA Definitions**" shall mean the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time by the International Swaps and Derivatives Association, Inc. or such successor thereto.

"**Joint Bookrunners**" shall mean, collectively, BofA Securities, Inc., Credit Suisse Loan Funding LLC, Deutsche Bank Securities Inc., ICBC Standard Bank Plc, JPMorgan Chase Bank, N.A., Morgan Stanley Senior Funding, Inc., Sumitomo Mitsui Banking Corporation, BNP Paribas Securities Corp., Credit Agricole Corporate and Investment Bank, HSBC Securities (USA) Inc., MUFG Union Bank, N.A., Standard Chartered Bank, U.S. Bank National Association and BOKF, NA dba Bank of Texas.

"**Joint Lead Arrangers and Bookrunners**" shall mean, collectively, Barclays Bank PLC, Goldman Sachs Lending Partners LLC and Citibank N.A.

"**Junior Lien Debt**" shall mean, any Indebtedness owed to any other Person, so long as (i) solely with respect to the Collateral, such Indebtedness is expressly subordinated in right of payment to the Priority Lien Debt in the agreement, indenture or other instrument governing such Indebtedness and in a Junior Lien Intercreditor Agreement, (ii) the Liens on the Collateral securing such Indebtedness are subordinated to the Liens on the Collateral securing the

Term Loans, and such Indebtedness of the Loan Parties shall be subordinated to the Term Loans, in each case pursuant to a Junior Lien Intercreditor Agreement, (iii) the Weighted Average Life to Maturity of such Indebtedness shall be no shorter than the remaining Weighted Average Life to Maturity of the existing Term Loans, (iv) the maturity date for such Indebtedness shall be at least 91 days after the Latest Maturity Date, and (v) the terms and conditions governing such Indebtedness of the Loan Parties shall (a) be reasonably acceptable to the Administrative Agent or (b) not be materially more restrictive, when taken as a whole, on the SPV Parties (as determined in good faith by the Borrowers), than the terms of the then-outstanding Term Loans (except for (x) terms that are conformed (or added) in the Loan Documents for the benefit of the Lenders holding then-outstanding Term Loans pursuant to an amendment hereto or thereto subject solely to the reasonable satisfaction of Loyalty Co and the Administrative Agent, (y) covenants, events of default and guarantees applicable only to periods after the Latest Maturity Date (as of the date of the incurrence of such Junior Lien Debt) and (z) pricing, fees, rate floors, premiums, optional prepayment or redemption terms) unless the Lenders under the then-outstanding Term Loans, receive the benefit of such more restrictive terms; *provided* that (A) in no event shall Junior Lien Debt be subject to events of default, mandatory prepayment or acceleration resulting (either directly or through a cross-default or cross-acceleration provision) from the occurrence of any event described in the definition of "Parent Bankruptcy Event" (or the occurrence of any such event with respect to any Subsidiary of Parent other than any SPV Party) except on the same terms as the then-outstanding Term Loans and (B) any such Indebtedness shall include separateness provisions regarding each SPV Party substantially similar to the provisions of Section 5.08.

"**Junior Lien Debt Documents**" shall mean any documents, instruments, notes, credit agreements, purchase agreements or other agreements entered into in connection with the incurrence or issuance of any Junior Lien Debt.

"**Junior Lien Intercreditor Agreement**" has the meaning set forth in the Collateral Agency and Accounts Agreement.

"**Latest Maturity Date**" shall mean, at any date of determination, the latest maturity date of any then-outstanding Term Loan or of any other Priority Lien Debt.

"**Lenders**" shall have the meaning set forth in the first paragraph of this Agreement.

"**LIBO Rate**" shall mean, with respect to each day during an Interest Period, (i) the rate per annum appearing on Reuters Pages LIBOR01 or LIBOR02 (or on any successor or substitute page(s) of such service, or any successor to or substitute for such service, providing rate quotations comparable to those currently provided on such page of such service, as determined by the Administrative Agent in its reasonable discretion from time to time for purposes of providing quotations of interest rates applicable to Dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period, as the rate for Dollar deposits with a maturity of three (3) months or (ii) in the event that the rate identified in the foregoing clause (i) is not available at such time for any reason (any such Interest Period, an "**Impacted Interest Period**"), then such rate shall be the rate per annum determined by the Administrative Agent (which determination shall be conclusive and binding absent manifest error) to be equal to the rate that results from interpolating on a linear

basis between: (a) the LIBO Rate for the longest period for which the LIBO Rate is available for Dollars that is shorter than the Impacted Interest Period; and (b) the LIBO Rate for the shortest period (for which that LIBO Rate is available for Dollars) that exceeds the Impacted Interest Period, in each case, at such time; *provided* that, if less than 0.75%, the LIBO Rate shall be deemed to be 0.75% for the purposes of this Agreement. For the avoidance of doubt, the LIBO Rate with respect to the entire first Interest Period shall be the three-month LIBO Rate determined on the second Business Day prior to the Closing Date in accordance with the foregoing definition.

"**Lien**" shall mean, with respect to any asset, any mortgage, lien, pledge, charge, security interest or similar encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law (but excluding any lease, sublease, use or license agreement or swap agreement or similar arrangement by any Grantor described in the definition of "Permitted Disposition"), including any conditional sale or other title retention agreement, any option or other agreement to sell or give a security interest in and, except in connection with any Qualified Receivables Transaction, any agreement to give any financing statement under the UCC (or equivalent statutes) of any jurisdiction.

"**Liquidity**" shall mean the sum of (i) all unrestricted cash and Cash Equivalents of Parent and its Restricted Subsidiaries, (ii) cash and Cash Equivalents of Parent and its Restricted Subsidiaries restricted in favor of any Senior Secured Debt, (iii) the aggregate principal amount committed and available to be drawn by Parent and its Restricted Subsidiaries (taking into account all borrowing base limitations or other restrictions) under all revolving credit or other facilities of Parent and its Restricted Subsidiaries and (iv) the scheduled net proceeds (after giving effect to any expected repayment of existing Indebtedness using such proceeds) of any Capital Markets Offering of Parent or any of its Restricted Subsidiaries that has priced but has not yet closed (until the earliest of the closing thereof, the termination thereof without closing or the date that falls five (5) Business Days after the initial scheduled closing date thereof).

"**Loan Documents**" shall mean this Agreement, the Collateral Documents, the Fee Letter, any promissory notes executed in favor of a Lender and any other instrument or agreement (which is designated as a Loan Document therein) executed and delivered by any Loan Party to the Administrative Agent, the Master Collateral Agent, the Collateral Administrator or any Lender.

"**Loan Parties**" shall mean the Borrowers and the Guarantors.

"**Loan Request**" shall mean a request by the Borrowers, executed by a Responsible Officer of the Borrowers, for a Term Loan in accordance with Section 2.03 in substantially the form of Exhibit D.

"**Loyalty Co**" shall have the meaning set forth in the first paragraph of this Agreement.

"**Loyalty Program**" shall mean any customer loyalty program available to individuals (i.e., natural persons) that grants members in such program Currency based on a member's purchasing behavior and that entitles a member to accrue and redeem such Currency for a benefit or reward, including flights and/or other goods and services. For clarity, American's

AirPass program, Business Extra program and Concierge Key program and any successors to those programs that are substantially similar and American's Flagship lounges, Admirals' Clubs and any other lounges or clubs and any memberships related thereto shall not constitute, and shall not be deemed to constitute, "Loyalty Programs."

"**Luxembourg Guarantor**" shall mean any Guarantor organized under the laws of Luxembourg.

"**Madrid IP**" shall mean (i) International Registration No. 1240856 for the trademark AADVANTAGE registered with the World Intellectual Property Organization, (ii) International Registration No. 1330760 for the trademark AADVANTAGE registered with the World Intellectual Property Organization, (iii) International Registration No. 1321874 for the trademark AADVANTAGE PLATINUM PRO registered with the World Intellectual Property Organization, (iv) International Registration No.1321705 for the trademark PLATINUM PRO registered with the World Intellectual Property Organization, (v) any other AAdvantage Intellectual Property registered or pending for registration, as of the Closing Date or thereafter, due to the Madrid System of the World Intellectual Property Organization and (vi) any national extensions thereof.

"**Madrid IP License**" shall mean that certain license agreement between American, as licensor, and Loyalty Co, as licensee, dated on or prior to the Closing Date, substantially in the form attached as Exhibit G-3.

"**Madrid IP Lux Holdco**" shall have the meaning set forth in Section 4.03(d).

"**Madrid IP Lux Holdco 2**" shall have the meaning set forth in Section 4.03(d).

"**Madrid Protocol Holding Structure**" shall have the meaning set forth in Section 4.03(d).

"**Madrid SPV**" means Madrid IP Lux Holdco, Madrid IP Lux Holdco 2, Alternative Madrid SPV and any other special purpose vehicle created to implement the Madrid Protocol Holding Structure or the Alternative Madrid Structure.

"**Make-Whole Amount**" shall mean, an amount equal to the greater of (a) 4.0% of the principal amount of the Term Loans to be repaid and (b) the excess (to the extent positive) of:

i. the sum of the present value at such prepayment date (the "**Trigger Date**") of (1) the prepayment price of such Term Loans at the third anniversary of the Closing Date (excluding accrued and unpaid interest), such prepayment price being 4.0% multiplied by the applicable principal amount, plus (2) all required interest payments due on such Term Loans to and including the date set forth in clause (1) (excluding accrued but unpaid interest), computed upon the Trigger Date using a discount rate equal to the Treasury Rate at such Trigger Date plus 50 basis points and assuming that the rate of interest on the principal amount from such Trigger Date to the date set forth in clause (1) will equal the rate of interest on that principal amount in effect on the applicable Trigger Date; over

ii. the principal amount of the Term Loans to be prepaid.

"**Marketing and Service Agreements**" shall mean those certain business, marketing and service agreements among a Loan Party and/or any of its Subsidiaries and franchises, including Republic Airlines Inc., SkyWest Airlines, Inc., Mesa Airlines, Inc. and the Regional Airlines, and such other parties or agreements from time to time that include, but are not limited to, code sharing, pro rate, capacity purchase, service, frequent flyer, ground handling, marketing, alliance and joint business agreements that are entered into in the Ordinary Course of Business.

"**Master Collateral Agent**" shall mean Wilmington Trust, National Association in its capacity as Master Collateral Agent under the Loan Documents.

"**Material Adverse Change**" shall mean any event, development or circumstance that has had or would reasonably be expected to have a Material Adverse Effect.

"**Material Adverse Effect**" shall mean a material adverse effect on (a) the consolidated business, operations or financial condition of Parent and its Restricted Subsidiaries, taken as a whole, (b) the validity or enforceability of the Loan Documents or the rights or remedies of the Secured Parties, (c) the ability of Loyalty Co to pay the Obligations, (d) the validity, enforceability or collectability of the Material AAdvantage Agreements, the IP Licenses or the Contribution Agreements generally or any material portion of the Material AAdvantage Agreements, the IP Licenses or the Contribution Agreements, taken as a whole, (e) the business and operations of the AAdvantage Program or (f) the ability of the Loan Parties to perform their material obligations under the IP Agreements, the American Intercompany Loan or the Material AAdvantage Agreements to which it is a party; provided, that no condition or event that has been disclosed in the public filings for American on or prior to the Closing Date shall be considered to be a "Material Adverse Effect" hereunder.

"**Material Indebtedness**" shall mean Indebtedness of any Loan Party (other than the Term Loans) outstanding under the same agreement in a principal amount exceeding $200,000,000.

"**Material Modification**" shall mean:

(1) any amendment or waiver of, or modification or supplement to, a Material AAdvantage Agreement (other than the Intercompany Agreement) executed or effected on or after the Closing Date which: (a) extends, waives, delays or contractually or structurally subordinates one or more payments due to any Loan Party with respect to such Material AAdvantage Agreement; (b) reduces the rate or amount of payments due to any Loan Party with respect to such Material AAdvantage Agreement; (c) gives any Person other than Loan Parties party to such Material AAdvantage Agreement additional or improved termination rights with respect to such Material AAdvantage Agreement; (d) shortens the term of such Material AAdvantage Agreement or expands or improves any counterparty's rights or remedies following a termination; or (e) imposes new financial obligations on any Loan Party under such Material AAdvantage Agreement, in each case, to the extent such amendment, waiver, modification or supplement would reasonably

be expected to result in a Payment Material Adverse Effect; and

(2) any amendment or waiver of, or modification or supplement to, the Intercompany Agreement or the American Intercompany Loan which: (a) sets or shortens the scheduled maturity or term of the Intercompany Agreement to a date earlier than the Latest Maturity Date then in effect, (b) (i) sets or shortens the scheduled maturity of the American Intercompany Loan to a date earlier than the Latest Maturity Date then in effect, (ii) changes the obligor on the American Intercompany Loan, (iii) reduces the outstanding principal amount of the American Intercompany Loan held by Loyalty Co to be less than the aggregate outstanding principal amount of the Senior Secured Debt outstanding or (iv) changes the ability of American to repay the American Intercompany Loan or the payee under the American Intercompany Loan to demand payment in a manner that would result in the outstanding principal amount of the American Intercompany Loan held by Loyalty Co to be less than the aggregate outstanding principal amount of the Senior Secured Debt outstanding, (c) amends, modifies or otherwise changes (i) the EBITDA Margin (as defined in the Intercompany Agreement) for Miles payments payable by American to Loyalty Co as specified in Section 3.3 of the Intercompany Agreement (including changes to the definitions of "EBITDA Margin" and "Excluded Miles" in the Intercompany Agreement or Exhibit 1 thereof) in a manner reducing the amount payable to Loyalty Co, (ii) the Intercompany Agreement in a manner that materially reduces any other amounts payable to Loyalty Co pursuant to Section 3.3 of the Intercompany Agreement, or (iii) reduces the frequency of payments under the Intercompany Agreement to be less frequent than monthly and that, in each case, would reasonably be expected to result in a Payment Material Adverse Effect (*provided* that in the case of this clause (c), any change to the 20% EBITDA Margin or any change to the inclusion of redemption cost or operating expense in EBITDA Margin, or any change to the Intercompany Agreement that reduces any other amounts payable to Loyalty Co pursuant to Section 3.3 of the Intercompany Agreement, will not be subject to a Payment Material Adverse Effect qualification), (d) amends, modifies or otherwise changes the calculation or rate of fees, expenses or termination payments due and owing under the Intercompany Agreement except to the extent addressed in clause (c) above, in a manner reducing the amount owed to Loyalty Co and that would reasonably be expected to result in a Payment Material Adverse Effect, (e) changes the contractual subordination of payments thereunder in a manner materially adverse to the Lenders, (f) changes the ability for the Master Collateral Agent to demand payment under the American Intercompany Loan in a manner that would reasonably be expected to result in a Payment Material Adverse Effect, (g) permits payments due to Loyalty Co to be deposited to an account other than the Collection Account, (h) changes the amendment standards applicable to the Intercompany Agreement or the American Intercompany Loan (other than changes affecting rights of the Administrative Agent or the Master Collateral Agent to consent to amendments, which is covered by clause (i)) in a manner that would reasonably be expected to result in a Payment Material Adverse Effect, (i) materially impairs the rights of the Administrative Agent or the Master Collateral Agent to enforce or consent to amendments to any provisions of any such agreement in accordance therewith, (j) changes Section 2.8 of the Intercompany Agreement such that Loyalty Co no longer has the exclusive right to issue and create Miles (*provided* that, for the avoidance of doubt, American shall be permitted to credit or transfer Miles purchased and/or transferred from Loyalty Co to American's customers and counterparties to any AAdvantage Agreement, American Airline Business Agreement or Retained Agreement) or (k) amends, modifies or otherwise changes

Section 2.1 of the Intercompany Agreement in any manner that materially and adversely affects Loyalty Co's ability to perform its obligations under the AAdvantage Agreements or any other agreement related to the AAdvantage Program.

Notwithstanding anything to the contrary in this definition, the entrance into a Permitted Replacement AAdvantage Agreement shall not constitute a Material Modification.

"**Material AAdvantage Agreements**" shall mean (a) the Intercompany Agreement, (b) the Citi Co-Branded Agreement, together with the Citi Co-Branded Consent, (c) the Barclays Co-Branded Agreement, together with the Barclays Co-Branded Consent, (d) each Permitted Replacement AAdvantage Agreement, and (e) as of any date, each other AAdvantage Agreement that generated Transaction Revenues equal to 10% or more of Transaction Revenues from AAdvantage Agreements received over the twelve months prior to such date, in each case, as amended, restated, supplemented, or otherwise modified from time to time as permitted by the Loan Documents.

"**Maximum Amortization Amount**" means, as of any day of determination, an amount equal to the greatest Senior Secured Amortization Amount for any Payment Date occurring on or after such day of determination until (and including) the Latest Maturity Date at such time.

"**Maximum Amount**" shall have the meaning set forth in Section 9.06.

"**Maximum Quarterly Debt Service**" means, for any Determination Date, an amount equal to the sum of:

(a) the Maximum Amortization Amount at such time;

(b) the sum of the Interest Distribution Amount for each Class of Term Loans that is or will be due on the related Payment Date; and

(c) the sum of the "Interest Distribution Amounts" (as such term, or such similar or analogous term, is defined in the other applicable Senior Secured Debt Documents) that are or will be due on the related Payment Date for each Series of Senior Secured Debt (other than the Term Loans).

"**Miles**" shall mean the Currency under the AAdvantage Program.

"**Minimum Extension Condition**" shall have the meaning set forth in Section 2.28(c).

"**Moody's**" shall mean Moody's Investors Service, Inc., together with its successors.

"**Net Proceeds**" means (a) with respect to any Collateral Sale, Recovery Event or Contingent Payment Event, the aggregate cash proceeds and Cash Equivalents received by Parent or any of its Restricted Subsidiaries in respect thereof, net of: (i) the direct costs and expenses

relating to such Collateral Sale, Recovery Event or Contingent Payment Event, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Collateral Sale, Recovery Event or Contingent Payment Event, Taxes paid or payable as a result of the Collateral Sale, Recovery Event or Contingent Payment Event, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements; (ii) any reserve for adjustment or indemnification obligations in respect of the sale price of such asset or assets established or to be established, in each case, in accordance with GAAP; and (iii) any portion of the purchase price from a Collateral Sale placed in escrow pursuant to the terms of such Collateral Sale (either as a reserve for adjustment of the purchase price, or for satisfaction of indemnities in respect of such Collateral Sale) until the termination of such escrow; and (b) with respect to any issuance or incurrence of Indebtedness (including Qualifying Note Debt or Permitted Pre-paid Miles Purchases), the cash proceeds thereof, net of (i) any fees, underwriting discounts and commissions, premiums, and other Taxes, costs and expenses incurred in connection with such issuance and (ii) attorney's fees, investment banking fees, survey costs, title insurance premiums, and related search and recording charges, transfer taxes, deed or mortgage recording taxes, other customary expenses, and brokerage, consultant, accountant, and other customary fees.

"**Non-Consenting Lender**" shall have the meaning set forth in Section 10.08.

"**Non-Control Investment**" means an investment in an airline in which Parent and its Subsidiaries do not possess, directly or indirectly, (a) more than 50% of the voting power of the ownership interests of such airline or the entity that operates any Loyalty Program thereof or (b) the ability to appoint a majority of the members of the Board of Directors (or equivalent governing body) of such airline or the entity that operates the loyalty program thereof.

"**Non-Defaulting Lender**" shall mean, at any time, a Lender that is not a Defaulting Lender.

"**Non-Extending Lender**" shall have the meaning set forth in Section 10.08.

"**Non-Recourse Debt**" shall mean Indebtedness:

(a) as to which neither Parent nor any of its Restricted Subsidiaries (i) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness) or (ii) is directly or indirectly liable as a guarantor or otherwise; and

(b) as to which the holders of such Indebtedness do not otherwise have recourse to the stock or assets of Parent or any of its Restricted Subsidiaries (other than the Equity Interests of any Unrestricted Subsidiary).

"**Non-Recourse Financing Subsidiary**" shall mean any Unrestricted Subsidiary that (a) has no Indebtedness other than Non-Recourse Debt and (b) engages in no activities other than those relating to the financing of specified assets and other activities incidental thereto.

"**Non-SOFR Benchmark Replacement**" means any Benchmark Replacement determined in accordance with clause (3) of the definition of "Benchmark Replacement".

"**Obligations**" shall mean the unpaid principal of and interest on (including interest accruing after the maturity of the Term Loans and interest accruing after the filing of any petition of bankruptcy, or the commencement of any insolvency, winding up, reorganization or like proceeding, relating to any Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) the Term Loans, and all other obligations and liabilities of the Borrowers to any Agent or any Lender, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which arise under this Agreement or any other Loan Document, whether on account of principal, interest, reimbursement obligations, fees, indemnities, out-of-pocket costs, and expenses (including all fees, charges and disbursements of counsel to any Agent or any Lender that are required to be paid by the Borrowers pursuant hereto or under any other Loan Document) or otherwise.

"**Officer's Certificate**" shall mean a certificate delivered by a Borrower on its own behalf or on behalf of an Affiliate of a Borrower or Parent signed by any Responsible Officer of such Borrower or (at the Borrower's option) Parent.

"**On-line Tracking Data**" shall mean any information or data collected in relation to on-line activities that can reasonably be associated with a particular user or computer or other device.

"**Operating Lease**" shall mean, as applied to any Person, any lease (including, without limitation, leases that may be terminated by the lessee at any time) of any property (whether real, personal or mixed) under which such Person is lessee, that is not a lease representing Capital Lease Obligations.

"**Ordinary Course of Business**" shall mean with respect to Parent or any of its Subsidiaries, (a) in the ordinary course of business of, or in furtherance of an objective that is in the ordinary course of business of, Parent and its Subsidiaries, as applicable, (b) customary and usual in the commercial airline industry in the United States or (c) consistent with the past or current practice of one or more commercial air carriers in the United States.

"**Other Connection Taxes**" means, with respect to any recipient, Taxes imposed as a result of a present or former connection between such recipient and the jurisdiction imposing such Tax (other than connections arising from such recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Term Loan or Loan Document).

"**Other Taxes**" shall mean any and all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except

any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 2.18).

"**Own Funds**" shall have the meaning set forth in Section 9.06.

"**Parent Bankruptcy Event**" shall mean (a) American or Parent (i) commences a voluntary case or proceeding under any Bankruptcy Law, (ii) consents to the entry of an order for relief against it in an involuntary case under any Bankruptcy Law or (iii) consents to the appointment of a receiver, trustee, liquidator, provisional liquidator, custodian, conservator or other similar official of it or for all or substantially all of its property or (b) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that (i) is for relief against American or Parent, (ii) appoints a receiver, trustee, liquidator, provisional liquidator, custodian, conservator or other similar official of American or Parent for all or substantially all of the property of American or Parent, or (iii) orders the liquidation of American or Parent, and in each case under clause (b) the order or decree remains unstayed and in effect for sixty (60) consecutive days.

"**Parent Change of Control**" shall mean the occurrence of any of the following:

(1) the sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of Parent and its Subsidiaries taken as a whole, or American and its Subsidiaries taken as a whole, to any Person (including any "person" (as that term is used in Section 13(d)(3) of the Exchange Act)) (other than Parent or any of its Subsidiaries); or

(2) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that any Person (including any "person" (as defined above)) becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of Parent (measured by voting power rather than number of shares), other than, in the case of clause (1) above or this clause (2), (A) any such transaction where the Voting Stock of Parent (measured by voting power rather than number of shares) outstanding immediately prior to such transaction constitutes or is converted into or exchanged for a majority of the outstanding shares of the Voting Stock of such Person or Beneficial Owner (measured by voting power rather than number of shares) or (B) any sale, transfer, conveyance or other disposition to, or any merger or consolidation of Parent with or into any Person (including any "person" (as defined above)) which owns or operates (directly or indirectly through a contractual arrangement) a Permitted Business (a "**Permitted Person**") or a Subsidiary of a Permitted Person, in each case under this clause (B), if immediately after such transaction no Person (including any "person" (as defined above)) is the Beneficial Owner, directly or indirectly, of more than 50% of the total Voting Stock of such Permitted Person (measured by voting power rather than number of shares).

For the avoidance of doubt, any Airline/Parent Merger and any Airlines Merger will not be a Parent Change of Control under this Agreement.

"**Parent Company**" shall mean, with respect to a Lender, the bank holding company (as defined in Federal Reserve Board Regulation Y), if any, of such Lender, and/or any

Person owning, beneficially or of record, directly or indirectly, a majority of the shares of such Lender.

"**Participant**" shall have the meaning set forth in Section 10.02(d)(i).

"**Participant Register**" shall have the meaning set forth in Section 10.02(d)(i).

"**Patriot Act**" shall mean the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. 107-56 (signed into law on October 26, 2001), and any subsequent legislation that amends or supplements such Act or any subsequent legislation that supersedes such Act.

"**Payment Account**" shall have the meaning set forth in Section 5.19(a).

"**Payment Date**" shall mean (a) the 20th calendar day of January, April, July and October of each year, or if such day is not a Business Day, the next succeeding Business Day, commencing July 20, 2021 and (b) the Termination Date.

"**Payment Date Statement**" shall mean a written statement substantially in the form attached hereto as Exhibit E setting forth the amounts to be paid pursuant to Section 2.10(b) on the related Payment Date.

"**Payment Material Adverse Effect**" shall mean a material adverse effect on (a) the ability of Loyalty Co to pay the Obligations, (b) the validity or enforceability of the Loan Documents or the rights or remedies of the Secured Parties, or (c) the validity, enforceability or collectability of the AAdvantage Agreements, the IP Licenses or the Contribution Agreements generally or any material portion of the AAdvantage Agreements, the IP Licenses or the Contribution Agreements, taken as a whole; *provided* that no condition or event that has been disclosed in the public filings for American on or prior to the Closing Date shall be considered a "Payment Material Adverse Effect" hereunder.

"**Payroll Accounts**" shall mean depository accounts used only for payroll.

"**PBGC**" shall mean the Pension Benefit Guaranty Corporation, or any successor agency or entity performing substantially the same functions.

"**Peak Debt Service Coverage Ratio**" shall mean, with respect to any Determination Date, the ratio obtained by dividing (i) the sum (without duplication) of (x) the aggregate amount of Collections deposited to the Collection Account during the Related Quarterly Reporting Period and (y) Cure Amounts deposited to the Collection Account on or prior to such Determination Date (and which remain on deposit in the Collection Account on such Determination Date) by (ii) the Maximum Quarterly Debt Service for such Determination Date; provided, however, that any amounts due during a Quarterly Reporting Period but deposited into the Collection Account no later than the Determination Date related to such Quarterly Reporting Period may at any Borrower's option upon notice to the Master Collateral Agent and the Administrative Agent, be treated as if such amounts were on deposit in the Collection Account as

of the end of such Quarterly Reporting Period and if so treated, such amounts shall not be considered Collections for any other Payment Date for purposes of the Peak Debt Service Coverage Ratio calculation.

"**Peak Debt Service Coverage Ratio Test**" shall be satisfied as of any Determination Date if the Peak Debt Service Coverage Ratio is not less than (i) for the Determination Dates in July 2021, October 2021 and January 2022, 0.75 to 1.00; (ii) for the Determination Dates in April 2022, July 2022 and October 2022, 1.00 to 1.00; (iii) for the Determination Dates in January 2023 and April 2023, 1.50 to 1.00; and (iv) for any Determination Date thereafter, 2.00 to 1.00.

"**Permitted Acquisition Loyalty Program**" shall mean a Loyalty Program owned, operated or controlled, directly or indirectly, by a Specified Acquisition Entity or any of its Subsidiaries, or principally associated with such Specified Acquisition Entity or any of its Subsidiaries so long as: (1) the Specified Acquisition Entity's Loyalty Program is operated so that it is not more competitive, taken as a whole, than the AAdvantage Program (as determined by American in good faith), (2) American, Parent and its Subsidiaries do not take any action that would reasonably be expected to disadvantage the AAdvantage Program relative to the Specified Acquisition Entity's Loyalty Program, (3) no members of the AAdvantage Program are targeted for membership in the Specified Acquisition Entity's Loyalty Program; provided that this clause (3) shall not prohibit general advertisements, promotions or similar general marketing activities related to the Specified Acquisition Entity, (4) except as attributable to market or business conditions as determined in good faith by American, American will devote substantially similar resources to the AAdvantage Program, including to American distribution and marketing channels, as were applicable immediately prior to the consummation of the acquisition of the Specified Acquisition Entity; and (5) American, Parent and its Subsidiaries do not announce to the public, the members of the AAdvantage Program or the members of the Specified Acquisition Entity's Loyalty Program that the Specified Acquisition Entity's Loyalty Program is the primary Loyalty Program for American, Parent or its Subsidiaries.

"**Permitted Bond Hedge Transaction**" shall mean any call or capped call option (or substantively equivalent derivative transaction) on Parent's common stock (or a parent company of the Parent's common stock) purchased by the issuer of any Convertible Indebtedness in connection with the issuance of any such Convertible Indebtedness; provided that the purchase price for such Permitted Bond Hedge Transaction, less the proceeds received by the issuer of such Convertible Indebtedness from the sale of any related Permitted Warrant Transaction, does not exceed the net proceeds received by such issuer from the sale of such Convertible Indebtedness issued in connection with the Permitted Bond Hedge Transaction.

"**Permitted Business**" shall mean, (a) with respect to Parent and its Restricted Subsidiaries, any business that is similar, or reasonably related, ancillary, supportive or complementary to, or any reasonable extension of the businesses in which Parent and its Restricted Subsidiaries are engaged on the date of this Agreement, and (b) with respect to the SPV Parties, any business that is similar, or reasonably related, ancillary, supportive or complementary to, or any reasonable extension of the businesses in which the SPV Parties are engaged (including the operation of the AAdvantage Program) on the date of this Agreement.

"**Permitted Convertible Indebtedness Call Transaction**" shall mean any Permitted Bond Hedge Transaction and any Permitted Warrant Transaction.

"**Permitted Deposit Amounts**" has the meaning set forth in the Collateral Agency and Accounts Agreement.

"**Permitted Disposition**" shall mean any of the following:

(a) the Disposition of Collateral permitted under the applicable Collateral Documents;

(b) the licensing or sub-licensing or granting of similar rights of Intellectual Property or other general intangibles pursuant to any AAdvantage Agreement or as otherwise permitted by (or pursuant to) the IP Agreements;

(c) the abandonment or cancellation of Intellectual Property in the Ordinary Course of Business;

(d) any transfer, deletion, de-identification or purge of any Personal Data that is required or permitted under applicable privacy laws, under any of the Loan Parties' public-facing privacy policies or in the Ordinary Course of Business (including in connection with terminating inactive AAdvantage Program member accounts) pursuant to the applicable Loan Party's privacy and data retention policies consistent with past practice;

(e) the Disposition of cash or Cash Equivalents constituting Collateral in exchange for other cash or Cash Equivalents constituting Collateral and having reasonably equivalent value therefor;

(f) to the extent constituting a Disposition, (i) the incurrence of Liens that are permitted to be incurred pursuant to Section 6.06, (ii) the making of (x) any Restricted Payment that is permitted to be made, and is made, pursuant to Section 6.01 or (y) any Permitted Investment or (iii) the re-designation of any AAdvantage Agreement as a Retained Agreement (and the corresponding release thereof from the Collateral) pursuant to Section 5.17(j);

(g) Dispositions in connection with the Intercompany Agreement or any IP Agreement;

(h) condemnation, expropriation or any similar action on assets or other dispositions required by a Governmental Authority or casualty or insured damage to assets;

(i) surrender or waive contractual rights and settle, release, surrender or waive contractual or litigation claims (or other Disposition of assets in connection therewith);

(j) the expiration of the following registered Intellectual Property: (A) any copyright, the term of which has expired under applicable law; (B) any patent, the term of which has expired under applicable law, taking into account all patent term adjustments and extensions, and provided that all maintenance fees are paid; and (C) any trademark or service mark, the term

of which has expired under applicable law because a declaration or statement of use to maintain the registration cannot be submitted to, or has been rejected by, the relevant governmental authority because such trademark or service mark is no longer in use; in each case, subject to the terms and conditions of the IP Management Agreement;

(k) the sale of Miles in the Ordinary Course of Business under the terms of the AAdvantage Agreements;

(l) the disposition or discount of inventory, accounts receivable, or notes receivable in the Ordinary Course of Business or the conversion of accounts receivable to notes receivable, in each case other than in respect of (A) the Intercompany Agreement and (B) the AAdvantage Agreements;

(m) any Disposition of (I) obsolete, negligible, uneconomical, worn out or surplus property or (II) other property (including any leasehold property interest) that is no longer (A) economically practical in its business, (B) commercially desirable to maintain or (C) used or useful in its business;

(n) contributions of Collateral (i) from HoldCo 1 to HoldCo 2, (ii) HoldCo 2 to Loyalty Co, and (iii) solely with respect the assets of a Permitted Acquisition Loyalty Program, from Loyalty Co to a Permitted Loyalty Subsidiary; and

(o) the sale, lease or other transfer of any Currency in the Ordinary Course of Business or in accordance with any AAdvantage Agreement as in existence on the Closing Date (or any (i) permitted successor agreement thereto or (ii) new AAdvantage Agreement permitted under this Agreement, in each case that is included in the Collateral), or subsequently approved by the Administrative Agent.

"**Permitted Investments**" shall mean:

(a) with respect to any SPV Party:

(1) to the extent constituting an Investment, Investments in any SPV Party arising from the transactions contemplated in any Loan Document;

(2) any Investment in cash, Cash Equivalents and any foreign equivalents;

(3) any Investments received in a good faith compromise or resolution of (i) obligations of trade creditors or customers that were incurred in the Ordinary Course of Business, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer or (ii) litigation, arbitration or other disputes;

(4) prepayment or repurchase of any Senior Secured Debt in accordance with the terms and conditions of the Senior Secured Debt Documents;

(5) any guarantee of Indebtedness of the SPV Parties to the extent otherwise permitted under this Agreement;

(6) accounts receivable arising in the Ordinary Course of Business; and

(7) Investments in connection with outsourcing initiatives in the Ordinary Course of Business; and

(b) with respect to Parent and its Restricted Subsidiaries (other than the SPV Parties):

(1) any Investment in Parent or in a Restricted Subsidiary of Parent;

(2) any Investment in cash, Cash Equivalents and any foreign equivalents;

(3) any Investment by Parent or any Restricted Subsidiary of Parent (other than the SPV Parties) in a Person, if as a result of such Investment:

(A) such Person becomes a Restricted Subsidiary of Parent; or

(B) such Person, in one transaction or a series of related and substantially concurrent transactions, is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, Parent or a Restricted Subsidiary of Parent;

(4) any Investment made as a result of the receipt of non-cash consideration from a Disposition of assets;

(5) any acquisition of assets or Capital Stock in exchange for the issuance of Qualifying Equity Interests;

(6) any Investments received in compromise or resolution of (A) obligations of trade creditors or customers that were incurred in the Ordinary Course of Business of Parent or any of its Restricted Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer or (B) litigation, arbitration or other disputes;

(7) Investments represented by Hedging Obligations or made in connection therewith (including any cash collateral or other collateral that does not constitute Collateral provided to or by Parent or any of its Restricted Subsidiaries in connection with any Hedging Obligation);

(8) loans or advances to officers, directors or employees made in the Ordinary Course of Business of Parent or any Restricted Subsidiary of Parent (other than the SPV Parties) in an aggregate principal amount not to exceed $30,000,000 at any one time outstanding;

(9) prepayment or purchase of any Term Loans in accordance with the terms and conditions of this Agreement;

(10) any Guarantee of Indebtedness;

(11) any Investment existing on, or made pursuant to binding commitments existing on, the Closing Date and any Investment consisting of an extension, modification or renewal of any Investment existing on, or made pursuant to a binding commitment existing on, the Closing Date, including all AAdvantage Agreements; provided that the amount of any such Investment may be increased (A) as required by the terms of such Investment as in existence on the Closing Date or (B) as otherwise permitted under this Agreement;

(12) (a) Investments or commitments to make Investments existing on the date hereof and any Investments consisting of extensions, modifications or renewals of such Investments and (b) any other Investments or commitments to make Investments acquired after the Closing Date and any Investments consisting of extensions, modifications or renewals of such Investments as a result of the acquisition by Parent or any Restricted Subsidiary of Parent (other than the SPV Parties) of another Person, including by way of a merger, amalgamation or consolidation with or into Parent or any of its Restricted Subsidiaries (other than the SPV Parties) in a transaction that is not prohibited by Section 6.10 after the Closing Date to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;

(13) the acquisition by a Receivables Subsidiary in connection with a Qualified Receivables Transaction of Equity Interests of a trust or other Person established by such Receivables Subsidiary to effect such Qualified Receivables Transaction; and any other Investment by Parent or a Subsidiary of Parent (other than the SPV Parties) in a Receivables Subsidiary or any Investment by a Receivables Subsidiary in any other Person in connection with a Qualified Receivables Transaction;

(14) Receivables arising in the Ordinary Course of Business, and Investments in Receivables and related assets including pursuant to a Receivables Repurchase Obligation;

(15) Investments in connection with outsourcing initiatives in the Ordinary Course of Business;

(16) Permitted Bond Hedge Transactions which constitute Investments;

(17) Investments having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value other than a reduction for all returns of principal in cash and capital dividends in cash), when taken together with all Investments made pursuant to this clause (17) that are at the time outstanding, not to exceed 30% of the Consolidated Total Assets of Parent and

its Restricted Subsidiaries at the time of such Investment;

(18) Investments consisting of reimbursable extensions of credit; provided that any such Investment made pursuant to this clause (18) shall not be permitted if unreimbursed within 90 days of any such extension of credit;

(19) Investments in connection with financing any pre-delivery, progress or other similar payments relating to the acquisition of Aircraft Related Equipment;

(20) Investments in Non-Recourse Financing Subsidiaries (other than Receivables Subsidiaries in connection with Qualified Receivables Transactions), in an aggregate amount outstanding at any time not to exceed $300,000,000;

(21) Investments consisting of payments to or on behalf of any Person (including without limitation any third-party service provider) for purposes of improving or reconfiguring aircraft or Aircraft Related Equipment owned or operated by such Person in order to enhance or improve the brand under which Parent or any of its Affiliates operate, in an aggregate amount outstanding at any time not to exceed $300,000,000;

(22) Investments in travel or airline related businesses made in connection with Marketing and Service Agreements, alliance agreements, distribution agreements, agreements relating to flight training, agreements relating to insurance arrangements, agreements relating to spare parts management systems and other similar agreements which Investments under this clause (22) (excluding Investments existing on the Closing Date) shall not exceed $300,000,000 at any time outstanding;

(23) Investments consisting of payroll advances and advances for business and travel expenses in the Ordinary Course of Business;

(24) Investments made by way of any endorsement of negotiable instruments received in the Ordinary Course of Business and presented to any bank for collection or deposit;

(25) Investments consisting of stock, obligations or securities received in settlement of amounts owing to Parent or any Restricted Subsidiary in the Ordinary Course of Business or in a distribution received in respect of an Investment permitted hereunder;

(26) Investments made in Unrestricted Subsidiaries not to exceed $30,000,000 in any fiscal year in the aggregate;

(27) Investments (including through special-purpose subsidiaries or Unrestricted Subsidiaries) in fuel and credit card consortia and in connection with agreements with respect to fuel consortia, credit card consortia and fuel supply and sales, in each case, in the Ordinary Course of Business;

(28) Investments consisting of advances and loans to Affiliates of Parent

or any of its Restricted Subsidiaries, in an aggregate amount outstanding at any time not to exceed $300,000,000;

(29) Investments made in Excluded Subsidiaries consistent with past practice and not to exceed $30,000,000 per fiscal year in the aggregate;

(30) Guarantees incurred in the Ordinary Course of Business of obligations that do not constitute Indebtedness of any regional air carrier doing business with any of Parent's Restricted Subsidiaries in connection with the regional air carrier's business with such Restricted Subsidiary; advances to airport operators of landing fees and other customary airport charges for carriers on behalf of which Parent or any of its Restricted Subsidiaries provides ground handling services;

(31) so long as no Default or Event of Default has occurred and is continuing, any Investment by Parent and/or any Restricted Subsidiary of Parent (other than the SPV Parties);

(32) Investments consisting of guarantees of Indebtedness of any Person to the extent that such Indebtedness is incurred by such Person in connection with activities related to the business of Parent or any Restricted Subsidiary of Parent and Parent has determined that the incurrence of such Indebtedness is beneficial to the business of Parent or any of its Restricted Subsidiaries, in an aggregate amount outstanding at any time not to exceed $300,000,000;

(33) ownership by each of Parent and its Restricted Subsidiaries of the Capital Stock of each of its wholly-owned Subsidiaries; and

(34) Investments in connection with outsourcing initiatives in the Ordinary Course of Business.

For the avoidance of doubt, any Investment by an SPV Party that is not a Permitted Investment pursuant to clause (a) in the definition of "Permitted Investment" above shall be a Restricted Investment.

"**Permitted Liens**" shall mean:

(1) Liens securing the Priority Lien Debt, including pursuant to the Loan Documents, so long as such Indebtedness and such Liens are subject to the Collateral Agency and Accounts Agreement;

(2) Liens securing Junior Lien Debt; *provided* that such Liens secured by the Collateral shall (i) rank junior to the Liens secured by the Collateral securing the Obligations and (ii) be subject to a Junior Lien Intercreditor Agreement;

(3) Liens of a collection bank arising under Section 4-208 of the New York Uniform Commercial Code or any comparable or successor provision on items in the course of collection;

(4) (i) any overdrafts and related liabilities arising from treasury, netting, depository and cash management services or in connection with any automated clearing house transfers of funds, in each case as it relates to cash or Cash Equivalents, if any, (ii) Liens in favor of depositary banks or a securities intermediary arising as a matter of law or that are contractual rights of set off encumbering deposits and that are within the general parameters customary in the banking or finance industry and (iii) other than with respect to the SPV Parties, attaching to commodity trading accounts or other commodity brokerage accounts incurred in the Ordinary Course of Business;

(5) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently pursued; provided that any reserve or other appropriate provision as is required in conformity with GAAP has been made therefor;

(6) Liens imposed by law, including carriers', vendors', materialmen's, warehousemen's, landlord's, mechanics', repairmen's, employees' or other like Liens, in each case, incurred in the Ordinary Course of Business;

(7) Liens arising by operation of law in connection with judgments, attachments or awards which do not constitute an Event of Default hereunder;

(8) to the extent constituting Liens, the rights granted by any Loan Party to another Loan Party or the Master Collateral Agent pursuant to the Intercompany Agreement or any IP Agreement (other than any rights granted thereunder following any amendment or modification thereof that is not permitted by the terms of such agreement or this Agreement);

(9) (i) leases and subleases by any Grantor as they relate to any Collateral and to the extent such leases or subleases (A) do not interfere in any material respect with the business of such Grantor and (B) do not relate to Intellectual Property or AAdvantage Agreements or (ii) to the extent constituting Liens, licenses, sub-licenses and similar rights as they relate to any AAdvantage Intellectual Property (A) granted to any third-party counterparty of any AAdvantage Agreements pursuant to the terms of such agreement or (B) as otherwise expressly permitted by the IP Licenses and the Collateral Documents to be granted to any Person (other than any sub-license or similar right granted thereunder following any amendment or modification thereof that is not permitted by the terms of such agreement or this Agreement);

(10) Liens on cash and Cash Equivalents that are earmarked to be used to satisfy or discharge Priority Lien Debt or Junior Lien Debt in connection with a permitted repayment thereof and in favor of the Master Collateral Agent (in the case of Priority Lien Debt) or the collateral agent, administrative agent or trustee in respect of such Junior Lien Debt; *provided* that (a) such cash and/or Cash Equivalents are deposited into an account from which payment is to be made, directly or indirectly, to the Person or Persons holding the Indebtedness that is to be satisfied or discharged, (b) such Liens extend solely to the account in which such cash and/or Cash Equivalents are deposited and are solely in favor of the Person or Persons holding the Indebtedness (or any agent or trustee for such Person or Persons) that is to be satisfied or discharged, and (c) the satisfaction or discharge of such Indebtedness is expressly permitted hereunder;

(11) Liens consisting of an agreement to dispose of any property pursuant to a Disposition permitted hereunder;

(12) rights reserved or vested in any Person by the terms of any lease, license, franchise, grant, or permit held by any Grantor or by a statutory provision, to terminate any such lease, license, franchise, grant, or permit, or to require annual or periodic payments as a condition to the continuance thereof, in each case so long as such rights (A) do not interfere in any material respect with the business of such Grantor and (B) do not relate to Intellectual Property or AAdvantage Agreements except as provided in the Collateral Documents;

(13) (i) Liens in favor of issuers of performance, surety, bid, indemnity, warranty, release, appeal, or similar bonds or with respect to other regulatory requirements in connection therewith or (ii) letters of credit or bankers' acceptances issued, and completion guarantees provided for, in each case pursuant to the request of and for the account of such Person in the Ordinary Course of Business;

(14) Liens in favor of banking or other financial institutions or other electronic payment service providers arising as a matter of law or customary contract encumbering deposits, including deposits in "pooled deposit" or "sweep" accounts (including the right of set-off) and which are within the general parameters customary in the banking or finance industry;

(15) Liens existing on the Closing Date set forth on Schedule 1.01(b);

(16) Liens arising in connection with the Intercompany Agreement or any IP Agreements;

(17) Liens (including all rights) of counterparties to AAdvantage Agreements arising under the terms thereof; and

(18) any extension, modification, renewal, refinancing or replacement of the Liens described in clauses (1) through (17) above, provided that such extension, modification, renewal or replacement does not increase the amount of Indebtedness associated therewith.

"**Permitted Loyalty Subsidiary**" shall mean, at any time, a Subsidiary of an SPV Party formed after the Closing Date (a) in connection with the transactions contemplated under Sections 5.17(e) and/or (i) and designated as a Permitted Loyalty Subsidiary by the Borrowers in accordance with Section 5.17(l) or (b) that is a Madrid SPV; provided that any such Subsidiary shall only be a Permitted Loyalty Subsidiary so long as (1) such Subsidiary is an exempted company incorporated with limited liability under the laws of the Cayman Islands or, solely in the case of a Madrid SPV, an entity formed under the laws of Luxembourg or, in the case of the Alternative Madrid SPV, such other jurisdiction agreed between the Borrowers and the Administrative Agent, (2) such Subsidiary satisfies each of the requirements set forth in Section 5.08, (3) such Subsidiary is a wholly-owned Subsidiary of Loyalty Co (or, in the case of an Alternative Madrid SPV, a wholly-owned Subsidiary of another SPV Party, so long as the Administrative Agent has consented thereto), (4) 100% of the Equity Interests in such Subsidiary are pledged as Collateral, (5) such Subsidiary is a "Grantor" (as defined in the Security Agreement)

under and in accordance with the Security Agreement and (6) such Subsidiary is a Guarantor hereunder and guarantees the Guaranteed Obligations in accordance with Section 9.01.

"**Permitted Pre-paid Miles Purchases**" shall mean Pre-paid Miles Purchases permitted by Section 6.02(b).

"**Permitted Refinancing Indebtedness**" shall mean any Indebtedness (or commitments in respect thereof) of Parent or any of its Restricted Subsidiaries (other than the SPV Parties) incurred in exchange for, or the net proceeds of which are used to renew, refund, extend, refinance, replace, defease or discharge all or a portion of other Indebtedness of any of Parent or any of its Restricted Subsidiaries (other than intercompany Indebtedness); *provided* that:

(1) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the original principal amount (or accreted value, if applicable) when initially incurred of the Indebtedness renewed, refunded, extended, refinanced, replaced, defeased or discharged (plus all accrued interest on the Indebtedness (whether or not capitalized or accreted or payable on a current basis) and the amount of all fees and expenses, including premiums, incurred in connection therewith (such original principal amount plus such amounts described above, collectively, for purposes of this clause (1), the "preceding amount")); *provided* that with respect to any such Permitted Refinancing Indebtedness that is refinancing secured Indebtedness and is secured by all or a portion of the same collateral, the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness shall not exceed the greater of the preceding amount and the Fair Market Value of the assets securing such Permitted Refinancing Indebtedness (which Fair Market Value may, at the time of an advance commitment, be determined to be the Fair Market Value at the time of such commitment or (at the option of the issuer of such Indebtedness) the Fair Market Value projected for the time of incurrence of such Indebtedness);

(2) if such Permitted Refinancing Indebtedness has a maturity date that is after the Term Loan Maturity Date (with any amortization payment comprising such Permitted Refinancing Indebtedness being treated as maturing on its amortization date), such Permitted Refinancing Indebtedness has a Weighted Average Life to Maturity that is (A) equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being renewed, refunded, extended, refinanced, replaced, defeased or discharged or (B) more than 60 days after the Term Loan Maturity Date;

(3) if the Indebtedness being renewed, refunded, extended, refinanced, replaced, defeased or discharged is subordinated in right of payment to the Term Loans, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Term Loans on terms at least as favorable to the Lenders as those contained in the documentation governing the Indebtedness being renewed, refunded, extended, refinanced, replaced, defeased or discharged; and

(4) notwithstanding that the Indebtedness being renewed, refunded, refinanced, extended, replaced, defeased or discharged may have been repaid or discharged

by Parent or any of its Restricted Subsidiaries prior to the date on which the new Indebtedness is incurred, Indebtedness that otherwise satisfies the requirements of this definition may be designated as Permitted Refinancing Indebtedness so long as such renewal, refunding, refinancing, extension, replacement, defeasance or discharge occurred not more than 36 months prior to the date of such incurrence of Permitted Refinancing Indebtedness.

"**Permitted Replacement AAdvantage Agreement**" shall mean any AAdvantage Agreement entered into by any Loan Party to replace any Material AAdvantage Agreement (other than the Intercompany Agreement) that has been (or will be) terminated, cancelled or expired; provided that:

(a) the Rating Agency Condition has been met;

(b) the counterparty to such Permitted Replacement AAdvantage Agreement shall have a corporate rating from at least two of S&P, Moody's and Fitch of not lower than BBB (or the equivalent thereof), Baa2 (or the equivalent thereof) and BBB (or the equivalent thereof), respectively;

(c) the projected cash payments (as determined in good faith by the Loan Parties) under such Permitted Replacement AAdvantage Agreement for the immediately succeeding 12 months shall equal no less than 85% of the actual cash payments of the Material AAdvantage Agreement that it is replacing for the 12 months preceding the termination of such Material AAdvantage Agreement;

(d) such Permitted Replacement AAdvantage Agreement shall expressly permit the applicable Loan Party to pledge its rights thereunder to the Master Collateral Agent;

(e) such Permitted Replacement AAdvantage Agreement shall have confidentiality obligations that are not materially more restrictive (taken as a whole) than the confidentiality obligations in the Material AAdvantage Agreements in existence on the date hereof (as determined in good faith by the Loan Parties);

(f) such Permitted Replacement AAdvantage Agreement shall not have a scheduled termination date prior to the scheduled termination date of the AAdvantage Agreement being replaced; and

(g) no Early Amortization Event or Event of Default would result therefrom.

It being acknowledged and agreed that so long as the conditions in clauses (a) through (g) of this definition are satisfied, an amendment and restatement, amendment and/or extension of a then existing Material AAdvantage Agreement with an existing counterparty shall constitute a Permitted Replacement AAdvantage Agreement.

"**Permitted Warrant Transaction**" shall mean any call option, warrant or right to purchase (or substantively equivalent derivative transaction) on Parent's common stock (or a

parent company of the Parent's common stock) sold by Parent substantially concurrently with any purchase of a related Permitted Bond Hedge Transaction.

"**Person**" shall mean any natural person, corporation, division of a corporation, partnership, limited liability company, exempted company, trust, joint venture, association, company, estate, unincorporated organization, Airport Authority or Governmental Authority or any agency or political subdivision thereof.

"**Personal Data**" shall mean (i) any information or data that alone or together with any other data or information can be used to identify, directly or indirectly, a natural person or otherwise relates to an identified or identifiable natural person and (ii) any other information or data considered to be personally identifiable information or data under applicable law.

"**Petition Date**" shall have the meaning set forth in the definition of "American Case Milestones".

"**Plan**" shall mean a single employer plan, as defined in Section 4001(a)(15) of ERISA, that is a pension plan subject to the provisions of Title IV of ERISA, Sections 412 or 430 of the Code or Section 302 of ERISA.

"**Pre-paid Miles Purchases**" shall mean the sale by any Loan Party of pre-paid Miles to a counterparty of an AAdvantage Agreement or another co-brand, partnering or similar agreements relating to the AAdvantage Program or any similar transaction involving a counterparty of such an agreement advancing funds to Parent or any of its Subsidiaries against future payments to Parent or any of its Subsidiaries by such counterparty under such agreement for the purchase of Miles.

"**Premium**" shall mean any amounts under clauses (a), (b), (c) or (d) of Section 2.21.

"**Prime Rate**" shall mean the rate of interest last quoted by The Wall Street Journal as the "Prime Rate" in the U.S. or, if The Wall Street Journal ceases to quote such rate, the highest per annum interest rate published by the Federal Reserve Board in Federal Reserve Statistical Release H.15 (519) (Selected Interest Rates) as the "bank prime loan" rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as determined by the Administrative Agent) or any similar release by the Federal Reserve Board (as determined by the Administrative Agent). Each change in the Prime Rate shall be effective from and including the date such change is publicly announced or quoted as being effective.

"**Priority Lien Cap**" shall mean, at any time, an amount equal to the sum of (a) $10,000,000,000 *plus* (b) the Incremental Priority Amount at such time (if any).

"**Priority Lien Debt**" shall mean (i) the Term Loans; (ii) the notes issued under the Indenture; and (iii) any incremental Term Loans or other Indebtedness incurred or any additional notes issued under the Indenture or one or more other indenture(s), in each case, incurred or issued after the Closing Date, pursuant to and in accordance with Section 6.02(c).

"**Priority Lien Debt Documents**" shall mean any documents, instruments, notes, credit agreements, purchase agreements or other agreements entered into in connection with the incurrence or issuance of any Priority Lien Debt.

"**Pro Rata Share**" means, on any date, a proportion equal to (a) the aggregate principal amount of Term Loans outstanding on such date *divided by* (b) the aggregate principal amount of Priority Lien Debt outstanding on such date.

"**PTE**" shall mean a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

"**QEC Kits**" shall mean the quick engine change kits owned by Parent or any of its Restricted Subsidiaries.

"**QFC**" has the meaning assigned to the term "qualified financial contract" in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

"**QFC Credit Support**" shall have the meaning set forth in Section 10.21.

"**Qualified Professional Asset Manager**" shall have the meaning set forth in Section 10.20(a)(iii)(A).

"**Qualified Receivables Transaction**" shall mean any transaction or series of transactions entered into by Parent or any of its Subsidiaries (other than the SPV Parties) pursuant to which Parent or any of its Subsidiaries (other than the SPV Parties) sells, conveys or otherwise transfers to (a) a Receivables Subsidiary or any other Person other than any SPV Party (in the case of a transfer by Parent or any of its Subsidiaries) and (b) any other Person other than any SPV Party (in the case of a transfer by a Receivables Subsidiary), or grants a security interest in, any Receivables (whether now existing or arising in the future) of Parent or any of its Subsidiaries (other than any SPV Party), and any assets related thereto including, without limitation, all Equity Interests and other investments in the Receivables Subsidiary, all collateral securing such Receivables, all contracts and all guarantees or other obligations in respect of such Receivables, proceeds of such Receivables and other assets which are customarily transferred or in respect of which security interests are customarily granted in connection with asset securitization transactions involving Receivables, other than assets that constitute Collateral or proceeds of Collateral. For the avoidance of doubt, in no event shall (i) any SPV Party be permitted to enter into any Qualified Receivables Transaction or (ii) any assets that constitute Collateral be pledged, sold, conveyed or otherwise transferred under or in connection with any Qualified Receivables Transaction.

"**Qualified Replacement Assets**" shall mean assets used or useful in the business of the Loan Parties that shall be pledged as Collateral on a first lien basis.

"**Qualifying Equity Interests**" shall mean Equity Interests of Parent other than Disqualified Stock.

"**Qualifying Note Debt**" shall mean Indebtedness issued in a Capital Markets Offering by the Borrowers on the Closing Date.

"**Quarterly Reporting Period**" means (a) initially, the period commencing on the Closing Date and ending on June 30, 2021, and (b) thereafter, each successive period of three consecutive months.

"**Rating Agency**" shall mean (1) each of Fitch, Moody's, and S&P, and (2) if any of Fitch, Moody's, or S&P ceases to rate the Term Loans or fails to make a rating of the Term Loans publicly available for reasons outside of American's control, a "nationally recognized statistical rating organization" as defined in Section 3 (a)(62) of the Exchange Act, selected by American (as certified by a resolution of American's Board of Directors) as a replacement agency for Fitch, Moody's, or S&P, or all of them, as the case may be.

"**Rating Agency Condition**" shall mean, with respect to any then-existing Term Loans and any action, the Borrowers have provided evidence to the Administrative Agent and the Collateral Administrator that each Rating Agency that has provided a rating for the Facility pursuant to Section 5.16 has provided a written confirmation that such action will not result in either (A) a withdrawal of its credit ratings on the then-existing Term Loans or (B) the assignment of credit ratings on the then-existing Term Loans below the lower of (x) the then-current credit ratings on such Term Loans and (y) the initial credit ratings assigned to such Term Loans (in each case, without negative implications); *provided* that any time that there are no Term Loans rated by a Rating Agency, references to any condition or requirement that the "Rating Agency Condition" shall have been satisfied shall have no effect and no such action shall be required.

"**Receivables**" shall mean Accounts, and shall also include ticket receivables, sales of frequent flyer miles and other present and future revenues and receivables that may be the subject of a Qualified Receivables Transaction.

"**Receivables Repurchase Obligation**" shall mean any obligation of a seller of Receivables in a Qualified Receivables Transaction to repurchase Receivables and related assets arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a Receivable or portion thereof becoming subject to any asserted defense, dispute, offset or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"**Receivables Subsidiary**" shall mean (x) a Subsidiary of Parent (other than the SPV Parties) which engages in no activities other than in connection with the financing or securitization of Receivables and which is designated by the Board of Directors of American or of Parent (as provided below) as a Receivables Subsidiary (a) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (1) is guaranteed by Parent or any Restricted Subsidiary of Parent (other than comprising a pledge of the Capital Stock or other interests in such Receivables Subsidiary (an "incidental pledge"), and excluding any guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to representations, warranties, covenants and indemnities entered into in the Ordinary Course of Business in connection with a Qualified Receivables Transaction), (2) is recourse to or obligates Parent or any Restricted

Subsidiary of Parent in any way other than through an incidental pledge or pursuant to representations, warranties, covenants and indemnities entered into in the Ordinary Course of Business in connection with a Qualified Receivables Transaction or (3) subjects any property or asset of Parent or any Subsidiary of Parent (other than accounts receivable and related assets as provided in the definition of "Qualified Receivables Transaction"), directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to representations, warranties, covenants and indemnities entered into in the Ordinary Course of Business in connection with a Qualified Receivables Transaction, (b) with which neither Parent nor any Subsidiary of Parent has any material contract, agreement, arrangement or understanding (other than pursuant to the Qualified Receivables Transaction) other than (i) on terms no less favorable to Parent or such Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of Parent, and (ii) fees payable in the Ordinary Course of Business in connection with servicing accounts receivable and (c) with which neither Parent nor any Subsidiary of Parent has any obligation to maintain or preserve such Subsidiary's financial condition, other than a minimum capitalization in customary amounts, or to cause such Subsidiary to achieve certain levels of operating results or (y) any Subsidiary of a Receivables Subsidiary. Any such designation by the Board of Directors of American or of Parent will be evidenced to the Administrative Agent by filing with the Administrative Agent a certified copy of the resolution of the Board of Directors of American or of Parent giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing conditions. For the avoidance of doubt, (A) Parent and any Restricted Subsidiary of Parent (other than any SPV Party) may enter into Standard Securitization Undertakings for the benefit of a Receivables Subsidiary, and (B) in no event shall any SPV Party (i) be a Receivables Subsidiary, (ii) be permitted to enter into any Qualified Receivables Transaction or (iii) have any obligations (whether contingent or otherwise) under, with respect to or in connection with any Qualified Receivables Transaction (including any Standard Securitization Undertakings) in any manner whatsoever.

"**Recovery Event**" shall mean any settlement of or payment in respect of any property or casualty insurance claim or any condemnation proceeding relating to any Collateral.

"**Reference Time**" with respect to any setting of the then-current Benchmark means (1) if such Benchmark is USD LIBOR, 11:00 a.m. (London time) on the day that is two London banking days preceding the date of such setting, and (2) if such Benchmark is not USD LIBOR, the time determined by the Administrative Agent in its reasonable discretion.

"**Refinanced Term Loans**" shall have the meaning set forth in Section 10.08(a).

"**Regional Airline**" shall mean Envoy Aviation Group Inc., Piedmont Airlines, Inc. and PSA Airlines, Inc. and their respective Subsidiaries.

"**Register**" shall have the meaning set forth in Section 10.02(b)(iv).

"**Related Parties**" shall mean, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, partners, members, employees, agents and advisors of such Person and such Person's Affiliates.

"**Related Quarterly Reporting Period**" shall mean, with respect to any Allocation Date, Determination Date or Payment Date, the most recently completed Quarterly Reporting Period.

"**Release**" shall have the meaning specified in Section 101(22) of the Comprehensive Environmental Response Compensation and Liability Act.

"**Relevant Governmental Body**" shall mean the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

"**Replacement Term Loans**" shall have the meaning set forth in Section 10.08(a).

"**Required Class Lenders**" shall mean, at any time, Lenders holding more than 50% of the Term Loans (or Term Loan Commitments) of any Class.

"**Required Lenders**" shall mean, at any time, Lenders holding more than 50% of (a) until the funding of the Initial Term Loans, the Term Loan Commitments then in effect and (b) thereafter, the aggregate principal amount of all Term Loans outstanding. The outstanding Term Loans and Term Loan Commitments of any Defaulting Lender shall be disregarded in determining the "**Required Lenders**" at any time.

"**Required Number of Independent Directors**" means (x) with respect to HoldCo 1 and HoldCo 2, one (1) Independent Director, and (y) with respect to each other SPV Party, two (2) Independent Directors.

"**Requirement of Law**" shall mean, with respect to any Person, the common law and any federal, state, local, foreign, multinational or international laws, statutes, codes, treaties, standards, rules and regulations, ordinances, orders, judgments, writs, injunctions, decrees (including administrative or judicial precedents or authorities) and the interpretation or administration thereof by, and other determinations, directives, or requirements of, any Governmental Authority, in each case having the force of law and that are applicable to or binding upon such Person or any of its Property or to which such Person or any of its Property is subject.

"**Reserve Account**" shall have the meaning set forth in Section 5.18(a).

"**Reserve Account Required Balance**" shall mean, with respect to any date, an amount equal to the sum of the Interest Distribution Amount that was due with respect to each Class of Term Loans on the most recent Payment Date; provided that (i) at any time prior to the second Payment Date following the Closing Date, the Reserve Account Required Balance shall be an amount equal to the sum of the Interest Distribution Amount with respect to each Class of Term Loans that would be payable on the next occurring Payment Date assuming the Day Count Fraction is determined using an elapsed period of 90 days and (ii) for the avoidance of doubt, on each Payment Date (other than the first Payment Date following the Closing Date) the Reserve Account Required Balance shall be the sum of the Interest Distribution Amount with respect to each Class of Term Loans that is due on such Payment Date.

"**Resignation Effective Date**" shall have the meaning set forth in Section 8.05.

"**Resolution Authority**" shall mean an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

"**Responsible Officer**" shall mean, with respect to any Person, the Chairman of the Board of Directors, the Vice Chairman of the Board of Directors, any Director of the Board of Directors, the President, the Chief Financial Officer, any Executive Vice President, any Senior Vice President, any Vice President, the Secretary, any Assistant Corporate Secretary, the Treasurer or any Assistant Treasurer.

"**Restricted Investment**" shall mean an Investment other than a Permitted Investment.

"**Restricted Payments**" shall have the meaning set forth in Section 6.01(a).

"**Restricted Subsidiary**" of a Person shall mean any Subsidiary of the referent Person that is not an Unrestricted Subsidiary.

"**Retained Agreements**" shall mean, at any time, all currently existing co-branding agreements, partnering agreements, airline-to-airline frequent flyer program agreements or similar agreements related to or entered into in connection with the AAdvantage Program, in each case, as amended, restated, extended, replaced, supplemented or otherwise modified from time to time, and with respect to which the rights therein have not been transferred to Loyalty Co to the extent permitted under Section 5.17(j), but excluding the American Airline Business Agreements.

"**S&P**" shall mean Standard & Poor's Ratings Services, together with its successors.

"**Sale of a Grantor**" shall mean, with respect to any Collateral, an issuance, sale, lease, conveyance, transfer or other disposition of:

i. in the case where the Grantor that owns such Collateral is an SPV Party, the Equity Interests of such Grantor, or

ii. in the case of any other Grantor, the Capital Stock of the applicable Grantor that owns such Collateral, other than (1) an issuance of Equity Interests by a Grantor to Parent or another Restricted Subsidiary of Parent and (2) an issuance of directors' qualifying shares.

"**Scheduled Principal Amortization Amount**" shall mean, with respect to each Payment Date, the sum of (a) an amount equal to (i) $0 in the case of the Payment Date occurring in July 2021 and the next seven (7) Payment Dates occurring thereafter and (ii) $175,000,000, in the case of the Initial Amortization Date and each Payment Date occurring thereafter, as each such amount may be adjusted with respect to any prepayments applied to reduce Scheduled Principal Amortization Amounts in accordance with Section 2.12 or Section 2.13 prior to such Payment

Date and as may be adjusted in connection with the incurrence of any Incremental Term Loans, Extended Term Loans or Replacement Term Loans *plus* (b) any unpaid Scheduled Principal Amortization Amounts from prior Payment Dates.

"**SEC**" shall mean the United States Securities and Exchange Commission.

"**Secured Parties**" shall mean the Agents and the Lenders.

"**Securities Act**" shall mean the Securities Act of 1933, as amended.

"**Security Agreement**" shall mean that certain Security Agreement, dated as of the Closing Date, among Loyalty Co, Hold Co 1, Hold Co 2, certain other grantors party thereto from time to time and the Master Collateral Agent.

"**Senior Secured Amortization Amount**" shall mean, with respect to any Payment Date, the sum of:

(a) the Scheduled Principal Amortization Amount that will be due on such Payment Date for the Term Loans; and

(b) the sum of the "Scheduled Principal Amortization Amounts" (as such term, or such similar or analogous term, is defined in the other applicable Senior Secured Debt Documents) that will be due on such Payment Date for each Series of Senior Secured Debt (other than the Term Loans) (but excluding, for the avoidance of doubt, any balloon or bullet payments of the principal amount thereof at final maturity thereof).

"**Senior Secured Debt**" shall have the meaning set forth in the Collateral Agency and Accounts Agreement.

"**Senior Secured Debt Documents**" shall have the meaning set forth in the Collateral Agency and Accounts Agreement.

"**Shortfall Period**" shall have the meaning set forth in Section 2.24.

"**SOFR**" shall mean, with respect to any Business Day, a rate per annum equal to the secured overnight financing rate for such Business Day published by the SOFR Administrator on the SOFR Administrator's Website at approximately 8:00 a.m. (New York City time) on the immediately succeeding Business Day.

"**SOFR Administrator**" means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

"**SOFR Administrator's Website**" means the website of the Federal Reserve Bank of New York, currently at http://www.newyorkfed.org, or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time.

"**Solvent**" shall mean, for any Person, that (a) the fair market value of its assets (on a going concern basis) exceeds its liabilities, (b) it has and will have sufficient cash flow to pay its debts as they mature in the ordinary course of business and (c) it does not and will not have unreasonably small capital to engage in the business in which it is engaged and proposes to engage.

"**Specified Acquisition Entity**" shall mean any entity that is (x) acquired by American or any of its Subsidiaries (other than any SPV Party) after the Closing Date (whether such entity becomes wholly or less than 100% owned by American or any of its Subsidiaries (other than any SPV Party)) or (y) another commercial airline (including any business lines or divisions thereof) with which American or such a Subsidiary of American merges or enters into an acquisition transaction.

"**Specified Intellectual Property**" shall mean (i) any AAdvantage Intellectual Property (A) listed in any Contribution Agreement entered into on the Closing Date as being Specified Intellectual Property, or (B) consisting of trademarks developed or acquired after the Closing Date, in each case, which cannot be transferred or contributed due to applicable law or regulation in any applicable jurisdictions, applicable privacy policy restrictions, domain registrar restrictions or existing contractual restrictions; or (ii) Composite Marks that must, by determination of an applicable trademark office for a particular country, be owned by an entity that otherwise owns the related Contributed Property.

"**Specified Loyalty Program**" shall have the meaning set forth in the definition of "Incremental Priority Amount."

"**Specified Minority Owned Program**" means the primary Loyalty Program operated by China Southern Airlines or any other airline (or entity that operates the loyalty program thereof) in which Parent and its applicable Subsidiaries have a Non-Control Investment, in each case only so long as such entity remains a Non-Control Investment of Parent and its applicable Subsidiaries.

"Specified Organization Documents" shall mean (i) the Amended and Restated Memorandum and Articles of Association of Loyalty Co, dated the date hereof, (ii) the Amended and Restated Memorandum and Articles of Association of HoldCo 2, dated the date hereof, (iii) the Amended and Restated Memorandum and Articles of Association of HoldCo 1, dated the date hereof and (iv) the Memorandum and Articles of Association of each Permitted Loyalty Subsidiary (if any).

"**SPV Parties**" shall mean Loyalty Co, HoldCo 1 and HoldCo 2 and any Permitted Loyalty Subsidiaries.

"**SPV Party Change of Control**" shall mean the occurrence of any of the following:

(1) the failure of American to directly own 100% of the Equity Interests in HoldCo 1 (excluding any special share(s) issued to Walkers Fiduciary Limited);

(2) the failure of HoldCo 1 to directly own 100% of the Equity Interests in HoldCo 2 (excluding any special share(s) issued to Walkers Fiduciary Limited); or

(3) the failure of HoldCo 2 to directly own 100% of the Equity Interests in Loyalty Co (excluding any special share(s) issued to Walkers Fiduciary Limited).

"**SPV Provisions**" shall mean the definitions and articles specified in the definition of "Prohibited Resolutions" in the Specified Organization Documents of each SPV Party.

"**Standard Securitization Undertakings**" shall mean all representations, warranties, covenants, indemnities, performance Guarantees and servicing obligations entered into by Parent or any Subsidiary (other than a Receivables Subsidiary), which are customary in connection with any Qualified Receivables Transaction.

"**Stated Maturity**" shall mean, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the Closing Date, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"**Statutory Reserve Rate**" shall mean a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board to which the Administrative Agent is subject with respect to the LIBO Rate, for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to such Regulation D. Eurodollar Term Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in reserve percentage.

"**Subordinated Debt**" shall have the meaning set forth in Section 9.06.

"**Subsidiary**" shall mean, with respect to any Person:

(1) any corporation, association or other business entity (other than a partnership, joint venture or limited liability company) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders' agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person (or a combination thereof); and

(2) any partnership, joint venture or limited liability company of which (A) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise and (B) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"**Subsidiary Guarantor**" shall mean each Guarantor (other than Parent and the SPV Parties).

"**Supported QFC**" shall have the meaning set forth in Section 10.21.

"**Successor Company**" shall have the meaning set forth in Section 6.10(a).

"**Swap Contract**" shall mean (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, that are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "**Master Agreement**"), including any such obligations or liabilities under any Master Agreement.

"**Taxes**" shall mean all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"**Term Lender**" shall mean each Lender having a Term Loan Commitment or, as the case may be, an outstanding Term Loan.

"**Term Loan Commitment**" shall mean the commitment of each Term Lender to make a Class of Term Loans hereunder and, in the case of the Initial Term Loans in an aggregate principal amount equal to the amount set forth under the heading "**Initial Term Loan Commitment**" opposite its name in Annex A hereto or in the Assignment and Acceptance pursuant to which such Lender became a party hereto. The aggregate amount of the Initial Term Loan Commitments is $3,500,000,000.

"**Term Loan Maturity Date**" shall mean, (a) with respect to the Initial Term Loans that have not been extended pursuant to Section 2.28, April 20, 2028 and (b) with respect

to the Extended Term Loans, the final maturity date therefor as specified in the Extension Offer accepted by the respective Term Loans (as the same may be further extended pursuant to Section 2.28).

"**Term Loans**" shall mean the Initial Term Loans, any Incremental Term Loans, any Extended Term Loans, any Refinanced Term Loans and any Replacement Term Loans, as applicable.

"**Term SOFR**" means, for the applicable Corresponding Tenor as of the applicable Reference Time, the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body. "**Termination Date**" shall mean the earlier to occur of (a) the Term Loan Maturity Date and (b) the date of acceleration of the Term Loans in accordance with the terms hereof.

"**Third Party Processor**" shall mean a third party provider or other third party that accesses, collects, stores, transmits, transfers, processes, discloses or uses Personal Data on behalf of a Borrower.

"**Threshold Amount**" shall have the meaning set forth in Section 2.12(b).

"**Title 14**" shall mean Title 14 of the U.S. Code of Federal Regulations, including Part 93, Subparts K and S thereof, as amended from time to time or any successor or recodified regulation.

"**Title 49**" shall mean Title 49 of the United States Code, which, among other things, recodified and replaced the U.S. Federal Aviation Act of 1958, and the rules and regulations promulgated pursuant thereto, and any subsequent legislation that amends, supplements or supersedes such provisions.

"**Trade Secrets**" shall mean confidential and proprietary information, including trade secrets (as defined under the Uniform Trade Secrets Act or the federal Defend Trade Secrets Act of 2016, or as otherwise defined in the applicable jurisdiction) and proprietary know-how, which may include all inventions (whether or not patentable), invention disclosures, methods, processes, designs, algorithms, source code, customer lists and data (including AAdvantage Customer Data), databases, compilations, collections of data, practices, processes, specifications, test procedures, flow diagrams, research and development, and formulas.

"**Transaction Documents**" shall mean the Loan Documents, the IP Agreements, the Intercompany Agreement, the American Intercompany Note, the Deeds of Undertaking, Co-Branded Consents and the Specified Organization Documents.

"**Transaction Revenue**" shall mean, without duplication, (a) all payments in cash paid to any Loan Party under the AAdvantage Agreements other than the Intercompany Agreement, (b) all payments in cash paid to Loyalty Co under the Intercompany Agreement and the IP Licenses and (c) all other payments in cash received by Loyalty Co. For the avoidance of doubt, Transaction Revenues shall not include (i) payments made by any SPV Party to any other

SPV Party, (ii) any Permitted Deposit Amounts and (iii) any taxes paid to Loyalty Co that Loyalty Co collects for, or on behalf of, any Governmental Authority.

"**Transactions**" shall mean the execution, delivery and performance by the Loan Parties of this Agreement and the other Transaction Documents to which they may be a party, the creation of the Liens in the Collateral in favor of the Master Collateral Agent and the Collateral Administrator, in each case for the benefit of the Secured Parties, the borrowing of Term Loans and the use of the proceeds thereof.

"**Treasury Rate**" shall mean with respect to any Trigger Date, the yield to maturity as of such Trigger Date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two (2) Business Days prior to the Trigger Date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the Trigger Date to the third anniversary of the Closing Date (or if such period is shorter than the shortest period which such yield is so published or otherwise so publicly available, such shortest period).

"Trigger Date" shall have the meaning set forth in the definition of "Make-Whole Amount."

"**U.S. Special Resolution Regimes**" shall have the meaning set forth in Section 10.21.

"**UCC**" shall mean the Uniform Commercial Code as in effect from time to time in any applicable jurisdiction.

"**UK Financial Institution**" shall mean any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

"**UK Resolution Authority**" shall mean the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

"**Unadjusted Benchmark Replacement**" shall mean the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

"**United States Citizen**" shall have the meaning set forth in Section 3.02.

"**Unrestricted Subsidiary**" shall mean any Subsidiary of Parent (other than American or any SPV Party) that is designated by Parent as an Unrestricted Subsidiary in compliance with Section 5.06 or any Subsidiary of an Unrestricted Subsidiary, but only if such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt;

(2) except as permitted by Section 6.05, is not party to any agreement, contract, arrangement or understanding with Parent or any Restricted Subsidiary of Parent unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to Parent or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of Parent;

(3) is a Person with respect to which neither Parent nor any of its Restricted Subsidiaries has any direct or indirect obligation (A) to subscribe for additional Equity Interests or (B) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results;

(4) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of Parent or any of its Restricted Subsidiaries; and

(5) does not own any assets or properties that constitute Collateral.

"**US Airways**" shall mean US Airways, Inc., a Delaware corporation, which merged with and into American with American as the surviving entity.

"**US Airways Closing Date**" shall mean May 24, 2013.

"**US Airways Indenture**" shall mean the Indenture, dated as of May 24, 2013, between US Airways and Wilmington Trust, National Association, as trustee, as amended or supplemented from time to time.

"**USD LIBOR**" shall mean the London interbank offered rate for U.S. dollars.

"**U.S. Person**" shall mean any Person that is a "United States Person" as defined in Section 7701(a)(30) of the Code.

"**U.S. Tax Compliance Certificate**" shall have the meaning set forth in Section 2.16(f).

"**Voting Stock**" of any specified Person as of any date shall mean the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"**Weighted Average Life to Maturity**" shall mean, when applied to any Indebtedness at any date, the number of years obtained by dividing:

1. the sum of the products obtained by multiplying (A) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (B) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

2. the then-outstanding principal amount of such Indebtedness.

"**Withholding Agent**" shall mean each Loan Party and the Administrative Agent.

"**Working Capital**" shall mean, as of any date, (i) the current assets (excluding cash and Cash Equivalents) of Parent minus (ii) the current liabilities of Parent (other than the current portion of long term debt), in each case, determined on a consolidated basis and otherwise, in accordance with GAAP as of such date.

"**Write-Down and Conversion Powers**" shall mean, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that Person or any other Person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

Section 1.02 Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, supplemented, extended, amended and restated or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or therein), (b) any reference herein to any Person shall be construed to include such Person's permitted successors and assigns, (c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, unless expressly provided otherwise, (e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights, (f) "knowledge" or "aware" or words of similar import shall mean, when used in reference to the Borrowers or the Guarantors, the actual knowledge of any Responsible Officer and (g) the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including"; the words "to" and "until" each mean "to but excluding"; and the word "through" means "to and including". In the case of any cure or waiver under the Loan Documents, the Borrowers, the applicable Loan Parties, the Lenders and the Agents shall be restored to their former positions and rights hereunder and under the other Loan Documents, and any Default or Event of Default cured or waived pursuant to the Loan Documents shall be deemed

to be cured and not continuing, it being understood that no such cure or waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon.

Section 1.03 Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; *provided* that, if American notifies the Administrative Agent that American requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies American that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. Upon any such request for an amendment, American, the Required Lenders and the Administrative Agent agree to consider in good faith any such amendment in order to amend the provisions of this Agreement so as to reflect equitably such accounting changes so that the criteria for evaluating American's consolidated financial condition shall be the same after such accounting changes as if such accounting changes had not occurred.

Section 1.04 Divisions. For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized and acquired on the first date of its existence by the holders of its Equity Interests at such time.

Section 1.05 Rounding. Any financial ratios required to be maintained by the Borrowers pursuant to this Agreement (or required to be satisfied in order for a specific action to be permitted under this Agreement) shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number.

Section 1.06 References to Agreements, Laws, Etc. Unless otherwise expressly provided herein, (a) references to organizational or constitutional documents, agreements (including the Loan Documents), and other contractual requirements shall be deemed to include all subsequent amendments, restatements, amendment and restatements, extensions, supplements, modifications, restructurings, replacements, refinancings, renewals, or increases (in each case, where applicable, whether pursuant to one or more agreements or with different lenders or agents and whether provided under the original credit agreement or one or more other credit agreements, indentures, financing agreements or otherwise, including any agreement extending the maturity thereof, otherwise restructuring all or any portion of the Indebtedness thereunder, increasing the amount loaned or issued thereunder, altering the maturity thereof or providing for other Indebtedness), but only to the extent that such amendments, restatements, amendment, and restatements, extensions, supplements, modifications, replacements, restructurings, refinancings, renewals, or increases are not prohibited by any Loan Document; (b) references to any Requirement of Law shall include all

statutory and regulatory provisions consolidating, amending, replacing, supplementing, or interpreting such Requirement of Law; and (c) any reference herein to any Person shall be construed to include such Person's successors and permitted assigns and, in the case of any Governmental Authority, any other Governmental Authority that shall have succeeded to any or all of the functions thereof.

Section 1.07 Exchange Rate.

(a) Any amount specified in this Agreement (other than in Section 2) or any of the other Loan Documents to be in Dollars shall also include the equivalent of such amount in any currency other than Dollars, such equivalent amount to be determined at the rate of exchange quoted by the Reuters World Currency Page for the applicable currency at 11:00 a.m. (London time) on such day (or, in the event such rate does not appear on any Reuters World Currency Page, by reference to such other publicly available service for displaying exchange rates as may be agreed upon by the Administrative Agent and Loyalty Co, or, in the absence of such agreement, by reference to such publicly available service for displaying exchange rates as the Administrative Agent selects in its reasonable discretion).

(b) For purposes of determining the Peak Debt Service Coverage Ratio, the amount of Indebtedness shall reflect the currency translation effects, determined in accordance with GAAP, of Hedging Obligations permitted hereunder for currency exchange risks with respect to the applicable currency in effect on the date of determination of the Dollar equivalent of such Indebtedness.

(c) Notwithstanding the foregoing, for purposes of determining compliance with Section 6 or the definitions of "Permitted Dispositions" "Permitted Investments" and "Permitted Liens" (and, in each case, other definitions used therein) with respect to the amount of any Indebtedness, Lien, disposition, Investment, Restricted Payment, Affiliate Transaction or other applicable transaction in a currency other than Dollars, no Default or Event of Default shall be deemed to have occurred solely as a result of changes in rates of currency exchange occurring after the time such Indebtedness or Lien is incurred or such disposition, Investment, Restricted Payment, Affiliate Transaction or other applicable transaction is made (so long as such Indebtedness, Lien, disposition, Investment, Restricted Payment, Affiliate Transaction or other applicable transaction at the time incurred or made was permitted hereunder). No Default or Event of Default shall arise as a result of any limitation or threshold set forth in Dollars in Section 7 being exceeded solely as a result of changes in currency exchange rates from those rates applicable on the last day of the fiscal quarter immediately preceding the fiscal quarter in which such determination occurs or in respect of which such determination is being made.

(d) Each provision of this Agreement shall be subject to such reasonable changes of construction as the Administrative Agent may from time to time specify with Loyalty Co's prior written consent to appropriately reflect a change in currency of any country and any relevant market conventions or practices relating to such change in currency.

Section 1.08 Times of Day. Unless otherwise specified, all references herein to times of day shall be references to New York City time (daylight or standard, as applicable).

Section 1.09 Timing of Payment or Performance. Except as otherwise expressly provided herein, when the payment of any obligation or the performance of any covenant, duty, or obligation is stated to be due or performance required on (or before) a day which is not a Business Day, the date of such payment or performance shall extend to the immediately succeeding Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be.

Section 1.10 Certifications. All certifications to be made hereunder by a Responsible Officer or representative of a Loan Party shall be made by such a Person in his or her capacity solely as a Responsible Officer or a representative of such Loan Party, on such Loan Party's behalf and not in such Person's individual capacity.

Section 1.01 Compliance with Certain Sections. For purposes of determining compliance with Section 6, in the event that any Lien, Investment, Indebtedness (whether at the time of incurrence or upon application of all or a portion of the proceeds thereof), Disposition, Restricted Payment, Affiliate Transaction, contractual requirement, or prepayment of Indebtedness meets the criteria of one, or more than one, of the "baskets" or categories of transactions then permitted pursuant to any clause or subsection of Section 6, such transaction (or portion thereof) at any time shall be permitted under one or more of such clauses at the time of such transaction or any later time from time to time, in each case, as determined by the Borrowers in their sole discretion at such time and thereafter may be reclassified by the Borrowers in any manner not expressly prohibited by this Agreement; provided that Incremental Term Loans and Refinanced Term Loans shall not be reclassified. With respect to (x) any amounts incurred or transactions entered into (or consummated) in reliance on a provision of this Agreement that do not require compliance with a financial ratio or test substantially concurrently with (y) any amounts incurred or transactions entered into (or consummated) in reliance on a provision of this Agreement that require compliance with a financial ratio or test, it is understood and agreed that the amounts in clause (x) shall be disregarded in the calculation of the financial ratio or test applicable to the amounts in clause (y).

SECTION 2.

AMOUNT AND TERMS OF CREDIT

Section 2.01 Commitments of the Lenders; Term Loans.

(a) *Initial Term Loan Commitments*. Each Initial Lender severally, and not jointly with the other Initial Lenders, agrees, upon the terms and subject to the conditions herein set forth, to make a term loan denominated in Dollars (each an "**Initial Term Loan**" and collectively the "**Initial Term Loans**") to the Borrowers on the Closing Date, in an aggregate principal amount not to exceed the Term Loan Commitment for Initial Term Loans of such Initial Lender, which Initial Term Loans, collectively, shall constitute Term Loans for all purposes of the Agreement and shall be repaid in accordance with the provisions of this Agreement. Any amount borrowed under this Section 2.01(a) and subsequently repaid or prepaid may not be reborrowed. Each Initial Lender's Term Loan Commitment for Initial Term Loans shall terminate immediately

and without further action on the Closing Date after giving effect to the funding by such Initial Lender of each Initial Term Loan to be made by it on such date.

(b) *Type of Borrowing*. Each Lender at its option may make any Term Loan by causing any domestic or foreign branch, or Affiliate of, such Lender to make such Term Loan; *provided* that any exercise of such option shall not affect the joint and several obligation of the Borrowers to repay such Term Loan in accordance with the terms of this Agreement.

Section 2.02 [Reserved].

Section 2.03 Requests for Loans. Unless otherwise agreed to by the Administrative Agent, to request the Initial Term Loans on the Closing Date, the Borrowers shall notify the Administrative Agent of such request in a written Loan Request signed by the Borrowers not later than 2:00 p.m., one (1) Business Day before the Closing Date. Such written request shall be irrevocable. Such written request shall specify the aggregate amount of such Initial Term Loans.

Section 2.04 Funding of Term Loans. Each Initial Lender shall make each Initial Term Loan to be made by it hereunder on the Closing Date by wire transfer of immediately available funds by 12:00 p.m., or such earlier time as may be reasonably practicable, to the account of the Administrative Agent most recently designated by the Administrative Agent for such purpose by notice to the Lenders. Upon satisfaction or waiver of the conditions precedent specified herein, the Administrative Agent will make the proceeds of the Initial Term Loans available to Loyalty Co, on behalf of the Borrowers, by promptly crediting such proceeds so received, in like funds, to the Collection Account.

Section 2.05 Co-Borrowers.

(a) Joint and Several Liability. All Obligations of the Borrowers under this Agreement and the other Loan Documents shall be joint and several Obligations of the Borrowers, each as principal. Anything contained in this Agreement and the other Loan Documents to the contrary notwithstanding, the Obligations of each Borrower hereunder, solely to the extent that such Borrower did not receive proceeds of Term Loans from any borrowing hereunder, shall be limited to a maximum aggregate amount equal to the largest amount that would not render its Obligations hereunder subject to avoidance as a fraudulent transfer or conveyance under §548 of the Bankruptcy Code, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar foreign, federal or state law to the extent applicable to the Obligations of such Borrower (collectively, the "**Fraudulent Transfer Laws**"), in each case after giving effect to all other liabilities of such Borrower, contingent or otherwise, that are relevant under the Fraudulent Transfer Laws (specifically excluding, however, any liabilities of such Borrower in respect of intercompany Indebtedness to any other Loan Party or Affiliates of any other Loan Party to the extent that such Indebtedness would be discharged in an amount equal to the amount paid by such Loan Party hereunder) and after giving effect as assets to the value (as determined under the applicable provisions of the Fraudulent Transfer Laws) of any rights to subrogation or contribution of such Borrower pursuant to (i) applicable law or (ii) any agreement providing for an equitable allocation among such Borrower and other Affiliates of any Loan Party of Obligations arising under guarantees by such parties.

(b) Subrogation. Until the Obligations shall have been paid in full in cash, each Borrower shall withhold exercise of any right of subrogation, contribution or any other right to enforce any remedy which it now has or may hereafter have against the other Borrowers or any other guarantor of the Obligations. Each Borrower further agrees that, to the extent the waiver of its rights of subrogation, contribution and remedies as set forth herein is found by a court of competent jurisdiction to be void or voidable for any reason, any such rights such Borrower may have against the other Borrower, any collateral or security or any such other Loan Party, shall be junior and subordinate to any rights the Agents or the Lenders may have against the other Borrower, any such collateral or security, and any such other Loan Party.

(c) Obligations Absolute. Each Borrower hereby waives, for the benefit of the Secured Parties: (1) any right to require any Secured Parties, as a condition of payment or performance by such Borrower, to (i) proceed against any other Borrower or any other Person, (ii) proceed against or exhaust any security held from any other Borrower, any Guarantor or any other Person, (iii) proceed against or have resort to any balance of any deposit account or credit on the books of any Secured Party in favor of any other Borrower or any other Person, or (iv) pursue any other remedy in the power of any Secured Party whatsoever; (2) any defense arising by reason of the incapacity, lack of authority or any disability or other defense of any other Borrower including any defense based on or arising out of the lack of validity or the unenforceability of the Obligations or any agreement or instrument relating thereto or by reason of the cessation of the liability of any other Borrower from any cause other than payment in full of the Obligations; (3) any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in other respects more burdensome than that of the principal; (4) any defense based upon any Secured Party's errors or omissions in the administration of the Obligations, except behavior which amounts to bad faith, gross negligence or willful misconduct; (5) (i) any principles or provisions of law, statutory or otherwise, which are or might be in conflict with the terms hereof and any legal or equitable discharge of such Borrower's obligations hereunder, (ii) the benefit of any statute of limitations affecting such Borrower's liability hereunder or the enforcement hereof, (iii) any rights to set-offs, recoupments, recharacterization and counterclaims, and (iv) promptness, diligence and any requirement that any Secured Party protect, secure, perfect or insure any security interest or lien or any property subject thereto; (6) notices, demands, presentments, protests, notices of protest, notices of dishonor and notices of any action or inaction, including acceptance hereof, notices of default hereunder or any agreement or instrument related thereto, notices of any renewal, extension or modification of the Obligations or any agreement related thereto, notices of any extension of credit to such Borrower and any right to consent to any thereof; (7) any defense based upon any rescission, waiver, compromise, acceleration, amendment or modification of any of the terms or provisions of any of the Loan Documents and (8) any defenses or benefits that may be derived from or afforded by law which limit the liability of or exonerate guarantors or sureties, or which may conflict with the terms hereof.

The obligations of the Borrowers hereunder shall not, to the extent permitted by applicable law, be affected by (i) the failure of the Administrative Agent, the Collateral Administrator, the Master Collateral Agent or a Lender to assert any claim or demand or to enforce any right or remedy against any other Loan Party under the provisions of this Agreement or any other Loan Document or otherwise; (ii) any extension or renewal of any provision hereof or

thereof; (iii) any rescission, waiver, compromise, acceleration, amendment or modification of any of the terms or provisions of any of the Loan Documents; (iv) the release, exchange, waiver or foreclosure of any security held by the Master Collateral Agent or the Collateral Administrator for the Obligations or any of them; (v) the failure of the Administrative Agent or a Lender to exercise any right or remedy against any other Loan Party; or (vi) the release or substitution of any Collateral or any other Loan Party.

To the extent permitted by applicable law, each Borrower hereby waives any defense that it might have based on a failure to remain informed of the financial condition of the other Borrower and of any other Loan Party and any circumstances affecting the ability of the Borrowers to perform under this Agreement.

Each Borrower further agrees that its obligations hereunder shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any Obligation is rescinded or must otherwise be restored by the Administrative Agent, any Lender or any other Secured Party upon the bankruptcy or reorganization of the other Borrower or any Guarantor, or otherwise.

Section 2.06 [Reserved].

Section 2.07 Interest on Term Loans.

(a) Subject to the provisions of Section 2.08 and 2.09, each Term Loan shall bear interest (computed using the Day Count Fraction) at a rate per annum equal, during each Interest Period applicable thereto, to the LIBO Rate for such Interest Period plus the Applicable Margin (or, if the Alternate Base Rate shall apply instead of the LIBO Rate pursuant to Section 2.09, the Alternate Base Rate plus the Applicable Margin).

(b) Accrued interest on all Term Loans shall be payable in arrears on each Payment Date, on the Termination Date and thereafter on written demand and upon any repayment or prepayment thereof (on the amount repaid or prepaid).

Section 2.08 Default Interest. If any Borrower or any Guarantor, as the case may be, shall default in the payment of the principal of or interest on any Term Loan or in the payment of any other amount due hereunder, whether at stated maturity, by acceleration or otherwise, the Borrowers or such Guarantor, as the case may be, shall on written demand of the Administrative Agent from time to time pay interest, to the extent permitted by law, on all overdue amounts up to (but not including) the date of actual payment (after as well as before judgment) at a rate per annum (computed using the Day Count Fraction) equal to (a) with respect to the principal amount of any Term Loan, the rate then applicable for such Borrowings plus 2.0%, and (b) in the case of all other amounts, the Alternate Base Rate plus 2.0%.

Section 2.09 Benchmark Replacement Setting

(a) Notwithstanding anything to the contrary herein or in any other Loan Document, if a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its

related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any setting of the then-current Benchmark, then (x) if a Benchmark Replacement is determined in accordance with clause (1) or (2) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of such Benchmark setting and subsequent Benchmark settings without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document and (y) if a Benchmark Replacement is determined in accordance with clause (3) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of any Benchmark setting at or after 5:00 p.m. (New York City time) on the fifth (5th) Business Day after the date notice of such Benchmark Replacement is provided to the Lenders without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document so long as the Administrative Agent has not received, by such time, written notice of objection to such Benchmark Replacement from Lenders comprising the Required Lenders.

(b) In connection with the implementation of a Benchmark Replacement, the Administrative Agent (or with respect to any Non-SOFR Benchmark Replacement, the Administrative Agent with the consent of the Borrowers) will have the right to make Benchmark Replacement Conforming Changes from time to time and, subject to the parenthetical above but notwithstanding any other provision to the contrary herein or in any other Loan Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document.

(c) The Administrative Agent will promptly notify the Borrowers and the Lenders of (i) any occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date, (ii) the implementation of any Benchmark Replacement, (iii) the effectiveness of any Benchmark Replacement Conforming Changes, (iv) the removal or reinstatement of any tenor of a Benchmark pursuant to clause (d) below and (v) the commencement or conclusion of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Administrative Agent or, if applicable, any Lender (or group of Lenders) pursuant to this Section 2.09 including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Agreement or any other Loan Document, except, in each case, as expressly required pursuant to this Section 2.09.

(d) Notwithstanding anything to the contrary herein or in any other Loan Document, at any time (including in connection with the implementation of a Benchmark Replacement), (i) if the then-current Benchmark is a term rate (including Term SOFR or USD LIBOR) and either (A) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion or (B) the regulatory supervisor for the administrator of such

Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is no longer representative, then the Administrative Agent may modify the definition of "Interest Period" for any Benchmark settings at or after such time to remove such unavailable or non-representative tenor and (ii) if a tenor that was removed pursuant to clause (i) above either (A) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (B) is not, or is no longer, subject to an announcement that it is or will no longer be representative for a Benchmark (including a Benchmark Replacement), then the Administrative Agent may modify the definition of "Interest Period" for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(e) Upon American's or Loyalty Co's receipt of notice of the commencement of a Benchmark Unavailability Period, (a) American or Loyalty Co may revoke any request for a Borrowing of Eurodollar Term Loans to be made during any Benchmark Unavailability Period and, failing that, the Borrower will be deemed to have converted any such request into a request for a Borrowing of or conversion to ABR Term Loans and (b) all calculations of interest by reference to LIBO Rate hereunder shall instead be made by reference to the Alternate Base Rate.

(f) The Borrowers and the Administrative Agent will cooperate to effect any adoption of a new or replacement Benchmark (and any other modification of the terms of the Loan Documents) as contemplated by this Section 2.09 in a manner that does not result in a deemed exchange of any indebtedness issued in connection with this Agreement pursuant to Section 1001 of the Code.

Section 2.10 Repayment of Term Loans; Evidence of Debt.

(a) The Term Loans, together with all other Obligations (other than contingent obligations not due and owing) shall, in any event, be paid in full in cash no later than the Termination Date.

(b) Subject to Section 7.01, on each Payment Date on which no Event of Default has occurred and is continuing, Available Funds in the Payment Account as of such Payment Date (based upon instructions in the Payment Date Statement furnished to it on the related Determination Date by the Borrowers) shall be distributed by the Collateral Administrator in the following order of priority:

(i) *first*, (x) ratably to (i) to the Master Collateral Agent and Depositary, the amount of Fees, costs, expenses, reimbursements and indemnification amounts due and payable to such Persons on such Payment Date pursuant to the terms of the Loan Documents (which amounts shall be paid from Available Funds and from any amounts transferred to the Payment Account with respect to such Payment Date specifically to pay such amounts so long as Wilmington Trust, National Association shall be serving as the Master Collateral Agent and Depositary) and (ii) the Collateral Administrator and the Collateral Custodian, the amount of fees, costs, expenses, reimbursements and indemnification amounts due and payable to such Persons on such Payment Date pursuant to the terms of the Loan Documents, provided that the amounts distributed pursuant to this clause (x) shall not exceed

the sum of (A) $200,000 in the aggregate per annum *plus* (B) the amount transferred into the Payment Account with respect to clause (x)(i) in such year and *then* (y) ratably to the Administrative Agent, the amount of Fees, costs, expenses, reimbursements and indemnification amounts due and payable on such Payment Date to the Administrative Agent pursuant to the terms of the Loan Documents in an amount not to exceed $200,000 in the aggregate per Payment Date and *then* (z) ratably, the Term Loans' Pro Rata Share of the amount of fees, expenses and other amounts due and owing to any Independent Director of any SPV Party (and any independent director service provider of any such Independent Director) or any government fees, in an amount not to exceed $200,000 in the aggregate per Payment Date, in the case of each of clause (x), (y) and (z), to the extent not otherwise paid or provided for or to the extent such Persons have agreed with the Borrowers for payment at a later date;

(ii) *second*, to the Administrative Agent, on behalf of the Lenders, an amount equal to the Interest Distribution Amounts for all Classes of Term Loans with respect to such Payment Date *minus* the amount of interest paid by the Borrowers on the Term Loans after the immediately preceding Payment Date and prior to such Payment Date;

(iii) *third*, to the Administrative Agent, on behalf of the Lenders, in an amount equal to the Scheduled Principal Amortization Amount due and payable on such Payment Date;

(iv) *fourth*, to the Reserve Account to the extent the amount on deposit in the Reserve Account is less than the Reserve Account Required Balance on such Payment Date, the amount of such shortfall;

(v) *fifth*, to the extent not already paid, to the Administrative Agent, on behalf of the Lenders, as a reduction in the outstanding principal balance of the Term Loans, the amount of any outstanding mandatory prepayments required pursuant to Section 2.12 (including any related Premium due with respect thereto) to be applied in accordance with the terms thereof;

(vi) *sixth*, after the fifth anniversary of the Closing Date, any "AHYDO catchup payments" on the Term Loans;

(vii) *seventh*, any Premium, without duplication of any Premium paid in clause *fifth*, due and unpaid as of such Payment Date;

(viii) *eighth*, to pay (x) ratably to (i) the Collateral Administrator and the Collateral Custodian and (ii) the Depositary and the Master Collateral Agent (which amounts shall be paid from Available Funds and from any amounts transferred to the Payment Account with respect to such Payment Date specifically to pay such amounts so long as Wilmington Trust, National Association shall be serving as the Master Collateral Agent and Depositary), and *then* (y) to the

Administrative Agent, and *then* (z) any other Person (other than American and any of its Subsidiaries (*provided* that any payment to the IP Manager pursuant to the IP Management Agreement shall be permitted pursuant to this clause (viii))), including any Independent Director of any SPV Party (and any independent director service provider of any such Independent Director) and the IP Manager, any additional Obligations due and payable to such Person on such Payment Date, in the case of clause (x), (y) and (z), to the extent not otherwise paid or provided for or to the extent such Persons have agreed with the Borrowers for payment at a later date;

(ix) *ninth*, if an Early Amortization Period was in effect as of the last day of the Related Quarterly Reporting Period, then, to the Administrative Agent on behalf of the Lenders, as a reduction in the outstanding principal balance of the Term Loans, an amount equal to the Early Amortization Payment for such Payment Date;

(x) *tenth*, to the extent any amounts are due and owing under any other Senior Secured Debt, to the Master Collateral Agent for further distribution to the appropriate Person pursuant to the Collateral Agency and Accounts Agreement; and

(xi) *eleventh*, all remaining amounts shall be released to or at the direction of Loyalty Co.

For the avoidance of doubt, to the extent Available Funds with respect to any Payment Date are insufficient to pay amounts due hereunder to the Agents, Lenders or any other Person on such Payment Date, the Borrowers and, to the extent provided in Section 9.01 hereof, the Guarantors, are fully obligated to timely pay such amounts to the Agents, Lenders or other Persons.

(c) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrowers to such Lender resulting from each Term Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(d) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Term Loan made hereunder, the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrowers to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof, which in all circumstances shall be consistent with the Register maintained pursuant to Section 10.02(c). The Borrowers shall have the right, upon reasonable notice, to request information regarding the accounts referred to in the preceding sentence.

(e) The entries made in the accounts maintained pursuant to paragraph (c) or (d) of this Section 2.10 shall be prima facie evidence (absent manifest error) of the existence and amounts of the obligations recorded therein; *provided* that the failure of any Lender or the

Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrowers to repay the Term Loans in accordance with the terms of this Agreement.

(f) Any Lender may request that Term Loans made by it be evidenced by a promissory note. In such event, the Borrowers shall promptly execute and deliver to such Lender a promissory note payable to such Lender and its registered assigns in a form furnished by the Administrative Agent and reasonably acceptable to the Borrowers. Thereafter, the Term Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 10.02) be represented by one or more promissory notes in such form payable to such payee and its registered assigns.

Section 2.11 [Reserved].

Section 2.12 Mandatory Prepayment of Term Loans.

(a) Within five (5) Business Days of Loyalty Co or any other SPV Party receiving any Net Proceeds from the issuance or incurrence of any Indebtedness of Loyalty Co or any other SPV Party (other than with respect to any Indebtedness permitted to be incurred pursuant to Section 6.02), the Borrowers shall prepay the Term Loans in an aggregate amount equal to the Term Loans' Pro Rata Share of such Net Proceeds.

(b) No later than ten (10) Business Days following the date of receipt by Parent or any of its Subsidiaries of any Net Proceeds in respect of any Recovery Event (in each case, in respect of Collateral) which Net Proceeds, together with the aggregate amount of Net Proceeds previously received from Recovery Events since the later of (x) the date that is 36 months prior to the date of such Recovery Event and (y) the Closing Date, are in excess of $10,000,000 (the "**Threshold Amount**", and all such Net Proceeds in excess of the Threshold Amount, "**Excess Proceeds**"), the Borrowers shall (i) give written notice to the Administrative Agent of such Recovery Event and (ii) offer to prepay the Term Loans in an aggregate amount equal to the Term Loans' Pro Rata Share of such Excess Proceeds (other than any such Excess Proceeds withheld for reinvestment pursuant to the proviso in this clause (b)) no later than the tenth (10th) Business Day following the date of receipt of such Net Proceeds; *provided* that (1) so long as no Event of Default shall have occurred and be continuing at the time of receipt of such Excess Proceeds, the Borrowers shall have the option to (x) invest such Excess Proceeds within 365 days of receipt thereof in Qualified Replacement Assets (or, if a binding commitment for any such investment has been entered into within such 365-day period, within 180 days after the end of such 365-day period) or (y) repair, replace or restore the assets which are the subject of such Recovery Event; and (2) within ten (10) Business Days of the end of such permitted reinvestment period (or earlier if the Borrowers so elect), the Borrowers shall offer to prepay the Term Loans in an aggregate amount equal to the Term Loans' Pro Rata Share of the aggregate amount of such Excess Proceeds not used in accordance with the preceding subclause (1). Any Lender may elect, by notice to the Administrative Agent at least two Business Days prior to the prepayment date, to decline all (but not less than all) of the prepayment of any Class of its Term Loans pursuant to this Section 2.12(b), in which case the aggregate amount of the prepayment that would have been applied to prepay

such Term Loans but was so declined shall be retained by Loyalty Co (or American or such other applicable Subsidiary).

(c) No later than ten (10) Business Days following the date of receipt by Parent or any of its Subsidiaries of any Net Proceeds in respect of (x) any Collateral Sale of AAdvantage Intellectual Property (other than with respect to any Permitted Disposition) or (y) any other Collateral Sale (other than with respect to any Permitted Pre-paid Miles Purchase or Permitted Disposition) which Net Proceeds, together with the aggregate amount of Net Proceeds previously received from Collateral Sales (other than with respect to any Permitted Pre-paid Miles Purchases or Permitted Dispositions) during the fiscal year in which such date occurs, are in excess of $10,000,000 (the "**CS Threshold Amount**", and all such Net Proceeds in excess of the CS Threshold Amount together with all Net Proceeds of any Collateral Sale of AAdvantage Intellectual Property (other than with respect to any Permitted Pre-paid Miles Purchase or Permitted Disposition), "**CS Excess Proceeds**"), the Borrowers shall offer to prepay the Term Loans in an aggregate amount equal to Term Loans' Pro Rata Share of such CS Excess Proceeds no later than the tenth (10th) Business Day following the date of receipt of such CS Excess Proceeds. Any Lender may elect, by notice to the Administrative Agent at least two Business Days prior to the prepayment date, to decline all (but not less than all) of the prepayment of any Class of its Term Loans pursuant to this Section 2.12(c), in which case the aggregate amount of the prepayment that would have been applied to prepay such Term Loans but was so declined shall be retained by Loyalty Co (or Parent or such other applicable Subsidiary). Notwithstanding anything herein to the contrary, no sales of Collateral shall be permitted during the continuance of any Early Amortization Period or Event of Default or if an Early Amortization Event or Event of Default would result therefrom.

(d) Within ten (10) Business Days of Parent or any of its Subsidiaries receiving any Net Proceeds as a result of any Contingent Payment Event which Net Proceeds, together with the aggregate amount of Net Proceeds previously received from Contingent Payment Events since the Closing Date, are in excess of $50,000,000, the Borrowers shall offer to prepay the Term Loans in an aggregate amount equal to the Term Loans' Pro Rata Share of such excess Net Proceeds. Any Lender may elect, by notice to the Administrative Agent at least two Business Days prior to the prepayment date, to decline all (but not less than all) of the prepayment of any Class of its Term Loans pursuant to this Section 2.12(d), in which case the aggregate amount of the prepayment that would have been applied to prepay such Term Loans but was so declined shall be retained by Loyalty Co (or Parent or such other applicable Subsidiary).

(e) Within ten (10) Business Days of Parent or any of its Subsidiaries receiving any Net Proceeds of a Pre-paid Miles Purchase which Net Proceeds, together with the aggregate amount of Net Proceeds previously received from Pre-paid Miles Purchases since the Closing Date, are in excess of $500,000,000, the Borrowers shall prepay the Term Loans in an aggregate amount equal to the Term Loans' Pro Rata Share of such excess Net Proceeds; provided that the Borrowers shall not be required to make such prepayment so long as the aggregate amount of Net Proceeds received from Pre-Paid Miles Purchases since the Closing Date is less than $505,000,000.

(f) Within five (5) Business Days following the occurrence of a Parent Change of Control, the Borrowers shall offer to prepay all of each Lender's Term Loans at a purchase price in cash equal to 100% of the aggregate principal amount of the Term Loans prepaid. The repayment date shall be no later than thirty (30) days from the date such offer is made. Any Lender may elect, by notice to the Administrative Agent at least two (2) Business Days prior to the prepayment date, to decline all (but not less than all) of the prepayment of any Class of its Term Loans pursuant to this Section 2.12(f).

(g) Amounts required to be applied to the prepayment of Term Loans pursuant to Section 2.12(a) through (f) shall be applied to prepay on a pro rata basis the remaining scheduled amortization payments of the Term Loans. To the extent that such amounts are not applied on a Payment Date pursuant to Section 2.10(b), the Borrowers shall provide the Administrative Agent (with a copy to the Collateral Administrator) with payment instructions setting forth the applicable amounts and payees in respect thereof. All prepayments under Section 2.12 shall be accompanied (inclusive of all Premiums (if any) owed on account of any such prepayment) by accrued but unpaid interest on the principal amount being prepaid to (but not including) the date of prepayment, plus any Fees (if any) included in, and any losses, costs and expenses, as more fully described in Section 2.15. Term Loans prepaid pursuant to Section 2.12 may not be reborrowed. To the extent that any amounts required to be applied as a prepayment pursuant to this Section 2.12 are on deposit in the Collection Account on any Allocation Date on which an Event of Default is not continuing, the portion of such amount allocated to the Term Loans pursuant to the Collateral Agency and Accounts Agreement shall be applied as Available Funds on the related Payment Date pursuant to Section 2.10(b).

(h) Notwithstanding the foregoing, to the extent that the prepayment of Term Loans pursuant to Section 2.12(b) through (e) arises as a result of Net Proceeds generated by a Subsidiary of Parent (other than an SPV Party) that is not organized in the United States (or a Subsidiary of Parent that is organized in the United States but that is a Subsidiary of an entity (other than an SPV Party) that is not organized in the United States) and the Borrowers reasonably determine (in consultation with the Administrative Agent) that actions reasonably required to use such Net Proceeds to effect a prepayment of Term Loans pursuant to such sections of this Section 2.12 would result in material and adverse Tax consequences to Parent or its Affiliates, then the relevant amounts shall be entitled to be retained by Parent or the applicable Affiliate of Parent and such amounts shall not be required to be used to effect a prepayment of the Term Loans pursuant to this Section 2.12.

Section 2.13 Optional Prepayment of Term Loans.

(a) The Borrowers shall have the right, at any time and from time to time, to prepay any Term Loans, in whole or in part, upon delivery of a written notice of prepayment, substantially in the form of Exhibit J, which notice may be conditional, by facsimile or electronic mail to the Administrative Agent, received by 1:00 p.m., on the date that is three (3) Business Days prior to the proposed date of prepayment; *provided* that any revocation of such conditional notice occurs within the applicable notice period plus five (5) Business Days; *provided, further*, that each such partial prepayment, if any, shall be in an amount not less than $1,000,000 and in integral multiples of $1,000,000 in excess thereof.

(b) Any prepayments under Section 2.13 shall be applied to prepay on a pro rata basis the remaining scheduled amortization payments of the Term Loans. To the extent that such amounts are not applied on a Payment Date pursuant to Section 2.10(b), the Borrowers shall provide the Administrative Agent (with a copy to the Collateral Administrator) with payment instructions setting forth the applicable amounts and payees in respect thereof. All prepayments under Section 2.13 shall be accompanied by accrued but unpaid interest on the principal amount being prepaid to (but not including) the date of prepayment, plus any Fees (if any), Premiums (if any), and any losses, costs and expenses, as more fully described in Sections 2.15 hereof. Term Loans prepaid pursuant to Section 2.13 may not be reborrowed.

(c) Each notice of prepayment shall specify the prepayment date, the principal amount of the Term Loans to be prepaid and shall commit the Borrowers to prepay such Term Loan in the amount and on the date stated therein; *provided* that the Borrowers may revoke any notice of prepayment under this Section 2.13 (x) if such prepayment would have resulted from a refinancing of any or all of the Obligations hereunder or the occurrence of another event or condition and such refinancing or event or condition shall not be consummated or shall otherwise be delayed or (y) in accordance with Section 2.13(a) if the notice of prepayment was a conditional notice. The Administrative Agent shall, promptly after receiving notice from the Borrowers hereunder, notify each Lender of the principal amount of the Term Loans held by such Lender which are to be prepaid, the prepayment date and the manner of application of the prepayment.

(d) [Reserved].

Section 2.14 Increased Costs.

(a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement subject to Section 2.14(c)); or

(ii) impose on any Lender or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or Eurodollar Term Loans made by such Lender;

and the result of any of the foregoing shall be to increase the cost to such Lender of making, converting into, continuing or maintaining any Eurodollar Term Loan (or of maintaining its obligation to make any such Term Loan) or to reduce the amount of any sum received or receivable by such Lender hereunder with respect to any Eurodollar Term Loan (whether of principal, interest or otherwise), then, upon the request of such Lender, the Borrowers will pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

(b) If any Lender reasonably determines in good faith that any Change in Law affecting such Lender or such Lender's holding company regarding capital or liquidity

requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement or the Eurodollar Term Loan made by such Lender to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy), then from time to time the Borrowers will pay to such Lender such additional amount or amounts, in each case as documented by such Lender to the Borrowers as will compensate such Lender or such Lender's holding company for any such reduction suffered; it being understood that this Section 2.14 shall not apply to provide any indemnity or other compensation in respect of (A) Indemnified Taxes, (B) Excluded Taxes described in clause (a)(i) or (b) through (d) of the definition thereof or (C) Connection Income Taxes.

(c) Solely to the extent arising from a Change in Law, the Borrowers shall pay to each Lender (i) as long as such Lender shall be required to maintain reserves with respect to liabilities or assets consisting of or including Eurodollar funds or deposits, additional interest on the unpaid principal amount of each Eurodollar Term Loan equal to the actual costs of such reserves allocated to such Term Loan by such Lender (as determined by such Lender in good faith, which determination shall be conclusive in the absence of manifest error) and (ii) as long as such Lender shall be required to comply with any reserve ratio requirement or analogous requirement of any other central banking or financial regulatory authority imposed in respect of the maintenance of the Term Loan Commitments or the funding of the Eurodollar Term Loans, such additional costs (expressed as a percentage per annum and rounded upwards, if necessary, to the nearest five decimal places) equal to the actual costs allocated to such Term Loan Commitment or Eurodollar Term Loan by such Lender (as determined by such Lender in good faith, which determination shall be conclusive absent manifest error) which in each case shall be due and payable on each date on which interest is payable on such Term Loan, *provided* that the Borrowers shall have received at least fifteen (15) days' prior written notice (with a copy to the Administrative Agent, and which notice shall specify the Statutory Reserve Rate, if any, applicable to such Lender) of such additional interest or cost from such Lender. If a Lender fails to give written notice fifteen (15) days prior to the relevant Payment Date, such additional interest or cost shall be due and payable fifteen (15) days from receipt of such notice.

(d) A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section 2.14 and the basis for calculating such amount or amounts shall be delivered to the Borrowers and shall be *prima facie* evidence of the amount due (absent manifest error). The Borrowers shall pay such Lender the amount due within fifteen (15) days after receipt of such certificate.

(e) Failure or delay on the part of any Lender to demand compensation pursuant to this Section 2.14 shall not constitute a waiver of such Lender's right to demand such compensation; *provided* that the Borrowers shall not be required to compensate a Lender pursuant to this Section 2.14 for any increased costs or reductions incurred more than one hundred eighty (180) days prior to the date that such Lender notifies the Borrowers of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation

therefor; *provided further* that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the one hundred eighty (180) day period referred to above shall be extended to include the period of retroactive effect thereof. The protection of this Section 2.14 shall be available to each Lender regardless of any possible contention as to the invalidity or inapplicability of the law, rule, regulation, guideline or other change or condition which shall have occurred or been imposed.

(f) The Borrowers shall not be required to make payments under this Section 2.14 to any Lender if (A) a claim hereunder arises solely through circumstances peculiar to such Lender and which do not affect commercial banks in the jurisdiction of organization of such Lender generally, (B) the claim arises out of a voluntary relocation by such Lender of its applicable lending office (it being understood that any such relocation effected pursuant to Section 2.18 is not "voluntary"), or (C) such Lender is not seeking similar compensation for such costs to which it is entitled from its borrowers generally in commercial loans of a similar size.

(g) Notwithstanding anything herein to the contrary, regulations, requests, rules, guidelines or directives implemented after the Closing Date pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act or Basel III shall be deemed to be a Change in Law; *provided* that any determination by a Lender of amounts owed pursuant to this Section 2.14 to such Lender due to any such Change in Law shall be made in good faith in a manner generally consistent with such Lender's standard practice.

Section 2.15 Break Funding Payments. In the event of (a) the payment of any principal of any Eurodollar Term Loan other than on a Payment Date (including as a result of the occurrence and continuance of an Event of Default), (b) the failure to borrow or prepay any Eurodollar Term Loan on the date specified in any notice delivered pursuant hereto (other than with respect to a conditional notice that is revoked in accordance with the terms of this Agreement), or (c) the assignment of any Eurodollar Term Loan other than on a Payment Date as a result of a request by the Borrowers pursuant to Section 2.18 or Section 10.08(d), then, in any such event, at the request of such Lender, the Borrowers shall compensate such Lender for the loss, cost and expense sustained by such Lender attributable to such event; *provided* that in no case shall this Section 2.15 apply to any payment pursuant to Section 2.10(b). Such loss, cost or expense to any Lender shall be deemed to include an amount reasonably determined in good faith by such Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Term Loan had such event not occurred, at the applicable rate of interest for such Term Loan (excluding, however the Applicable Margin included therein, if any), for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, for the period that would have been the Interest Period for such Term Loan), over (ii) the amount of interest (as reasonably determined by such Lender) which would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for dollar deposits of a comparable amount and period from other banks in the eurodollar market. A certificate of any Lender setting forth any amount or amounts (and the basis for requesting such amount or amounts) that such Lender is entitled to receive pursuant to this Section 2.15 shall be delivered to the Borrowers and shall be *prima facie*

evidence of the amount due (absent manifest error). The Borrowers shall pay such Lender the amount due within fifteen (15) days after receipt of such certificate.

Section 2.16 Taxes.

(a) Any and all payments by or on account of any Obligation of any Loan Party hereunder or under any other Loan Document shall be made free and clear of and without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the Loan Party shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) the applicable Lender or Agent receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) In addition (and without duplication of any payments with respect to Other Taxes pursuant to Section 2.16(a)), the Borrowers, shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(c) Without duplication of amounts payable pursuant to Section 2.16(a) or 2.16(b), the Borrowers shall, jointly and severally, indemnify each Lender or Agent, within 30 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such person or required to be withheld or deducted from a payment to such person and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. After an Agent or a Lender, as the case may be, learns of the imposition of any Indemnified Taxes, such party will act in good faith to notify the Borrowers promptly of its obligation thereunder. A certificate as to the amount of such payment or liability delivered to the Borrowers by a Lender, by the Administrative Agent on its own behalf or on behalf of a Lender, or by the Collateral Administrator or the Master Collateral Agent on its own behalf, shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Taxes by the Borrowers to a Governmental Authority pursuant to this Section 2.16, the Borrowers shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment to the extent available, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Each Lender shall, within ten (10) days after written demand therefor, indemnify the Administrative Agent, the Collateral Administrator and the Master Collateral Agent (to the extent the Administrative Agent, the Collateral Administrator or the Master Collateral

Agent has not been reimbursed by the Borrowers) for the full amount of any Taxes imposed by any Governmental Authority that are attributable to such Lender and that are payable or paid by the Administrative Agent, the Collateral Administrator or the Master Collateral Agent, together with all interest, penalties, reasonable costs and expenses arising therefrom or with respect thereto, as determined by the Administrative Agent, the Collateral Administrator or the Master Collateral Agent, respectively in good faith. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent, the Collateral Administrator or the Master Collateral Agent, as applicable, shall be conclusive absent manifest error.

(f)

(i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrowers and the Administrative Agent, at the time or times reasonably requested by the Borrowers or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrowers or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrowers or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrowers or the Administrative Agent as will enable the Borrowers or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in paragraphs (f)(ii)(1), (ii)(2) and (ii)(4) of this Section) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing,

(1) any Lender that is a U.S. Person shall deliver to the Borrowers and the Administrative Agent on or about the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrowers or the Administrative Agent), executed copies of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(2) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrowers and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or about the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrowers or the Administrative Agent), whichever of the following is applicable

(A) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(B) executed copies of IRS Form W-8ECI;

(C) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit I-1 to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of either Borrower within the meaning of Section 871(h)(3)(B) of the Code, or a "controlled foreign corporation" related to either Borrower as described in Section 881(c)(3)(C) of the Code (a "**U.S. Tax Compliance Certificate**") and (y) executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E; or

(D) to the extent a Foreign Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit I-2 or Exhibit I-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit I-4 on behalf of each such direct and indirect partner;

(3) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrowers and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or about the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrowers or the Administrative Agent), executed copies of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to

permit the Borrowers or the Administrative Agent to determine the withholding or deduction required to be made;

(4) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrowers and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrowers or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrowers or the Administrative Agent as may be necessary for the Borrowers and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount, if any, to deduct and withhold from such payment. Solely for purposes of this clause (4), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(g) If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section (including by the payment of additional amounts pursuant to this Section), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (g) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (g), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (g) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(h) Each of the Administrative Agent and the Collateral Administrator shall provide the Borrowers with two (2) properly completed and duly executed originals of, if it is a "United States person" (as defined in Section 7701(a)(30) of the Code), Internal Revenue Service Form W-9 certifying that it is exempt from U.S. federal backup withholding, and, if it is not a United States person, (1) Internal Revenue Service Form W-8ECI with respect to payments to be

received by it as a beneficial owner and (2) Internal Revenue Service Form W-8IMY (together with required accompanying documentation) with respect to payments to be received by it on behalf of the Lenders, and shall update such forms periodically upon the reasonable request of the Borrowers.

(i) Each person required to provide Tax forms pursuant to this Section 2.16 agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

Section 2.17 Payments Generally; Pro Rata Treatment.

(a) The Borrowers shall make each payment or prepayment required to be made by it hereunder (whether of principal, interest or fees, or of amounts payable under Section 2.14 or 2.15, or otherwise) prior to 3:00 p.m., on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the reasonable discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its offices at 745 7th Avenue, New York New York 10019, pursuant to wire instructions to be provided by the Administrative Agent, except that payments pursuant to Section 10.04 shall be made directly by the Borrowers to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. All payments hereunder shall be made in U.S. Dollars.

(b) [Reserved].

(c) Unless the Administrative Agent shall have received notice from the Borrowers prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that the Borrowers will not make such payment, the Administrative Agent may assume that the Borrowers have made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if the Borrowers have not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(d) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.04, 8.04, 8.07 or 10.04(d), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

(e) Pro Rata Treatment.

(i) Each payment by the Borrowers in respect of the Term Loans shall be applied to the amounts of such obligations owing to the Lenders pro rata according to the respective amounts then due and owing to the Lenders.

(ii) Each payment (including each prepayment) by the Borrowers on account of principal of and interest on the Term Loans shall be made to the applicable Class or Classes of Term Loans pro rata according to the respective outstanding principal amounts of the Term Loans then held by the Lenders.

(f) If all or any part of any payment by or on behalf of the Administrative Agent to any Lender or other Secured Party is determined by the Administrative Agent to have been made in error, whether known to the recipient or not, or if such Lender or other Secured Party is not otherwise entitled to receive such payment under the provisions of this Agreement at such time and in such amount from the Administrative Agent as determined by the Administrative Agent (any such payment, an "**Erroneous Payment**"), then the relevant Lender or other Secured Party shall repay to the Administrative Agent forthwith on demand an amount equal to such Erroneous Payment made to such Lender or other Secured Party with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation. Each Lender that fails to return such amounts to the Administrative Agent within one (1) Business Day after receipt of such notice shall be a Defaulting Lender for all purposes under this Agreement. Each Lender and other Secured Party hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender or other Secured Party under this Agreement or any other Loan Document against any amount in respect of an Erroneous Payment due from such Lender or other Secured Party, respectively, to the Administrative Agent. Any determination by the Administrative Agent that all or a portion of any payment was an Erroneous Payment shall be conclusive absent manifest error. Each Lender and other Secured Party irrevocably waives any claim of discharge for value and any other claim of entitlement to, or in respect of, any Erroneous Payment.

Section 2.18 Mitigation Obligations; Replacement of Lenders.

(a) If the Borrowers are required to pay any additional amount or indemnification payment to any Lender under Section 2.14 or to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.16, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Term Loans hereunder, to assign its rights and obligations hereunder to another of its offices, branches or affiliates, to file any certificate or document reasonably requested by the Borrowers or to take other reasonable measures, if, in the judgment of such Lender, such designation, assignment, filing or other measures (i) would eliminate or reduce amounts payable pursuant to Section 2.14 or 2.16, as the case may be, and (ii) would not subject such Lender to any unreimbursed cost or expense (other than immaterial costs and expenses) and would not otherwise be materially disadvantageous to such Lender. The Borrowers hereby, jointly and severally, agree to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment. Nothing

in this Section 2.18 shall affect or postpone any of the obligations of any Borrower or the rights of any Lender pursuant to Section 2.14 or 2.16.

(b) If, after the date hereof, any Lender requests compensation under Section 2.14 or if the Borrowers are required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.16, or if any Lender becomes a Defaulting Lender, Non-Extending Lender or Non-Consenting Lender, then the Borrowers may, at their sole expense and effort, upon notice to such Lender and the Administrative Agent, (i) prepay such Lender's outstanding Term Loans (on a non-pro rata basis), or (ii) require such Lender to assign, without recourse (in accordance with and subject to the restrictions contained in Section 10.02), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), in any case as of a Business Day specified in such notice from the Borrowers; *provided* that (i) such terminated or assigning Lender shall have received payment of an amount equal to the outstanding principal of its Term Loans, accrued interest thereon, accrued fees and all other amounts due, owing and payable to it hereunder at the time of such termination or assignment, from the assignee (to the extent of such outstanding principal and accrued interest and fees in the case of an assignment) or the Borrowers (in the case of all other amounts) and (ii) in the case of an assignment due to payments required to be made pursuant to Section 2.16, such assignment will result in a reduction in such compensation or payments.

Section 2.19 Certain Fees. The Borrowers shall, jointly and severally, pay (i) to the Administrative Agent, the Joint Lead Arrangers and Bookrunners and the Joint Bookrunners, the fees to which each is respectively entitled as set forth in the Arrangers Fee Letter, dated as of March 19, 2021, among the Joint Lead Arrangers and Bookrunners, the Joint Bookrunners and American, and the Administrative Agent Fee Letter, dated as of March 24, 2021, among the Administrative Agent and the Borrowers (together, the "**Fee Letter**"), and (ii) to the Collateral Administrator and the Master Collateral Agent the fees set forth in the fee proposal, dated as of February 8, 2021 (the "**Collateral Administrator and Master Collateral Agent Fee Letter**"), among the Collateral Administrator, the Master Collateral Agent and the Borrowers, in each case at the times set forth therein. Other than the amounts to be paid on the Closing Date, all amounts due and owing pursuant to the Fee Letter shall be subject to the payment priorities set forth in Section 2.10(b).

Section 2.20 [Reserved].

Section 2.21 Premium. Upon the occurrence of an Applicable Trigger Event, the Borrowers agree to pay to the Administrative Agent for the benefit of each Lender that holds an applicable Term Loan:

(a) If such Applicable Trigger Event occurs prior to the third anniversary of the Closing Date, the Make-Whole Amount.

(b) If such Applicable Trigger Event occurs on or after the third anniversary of the Closing Date, but prior to the fourth anniversary of the Closing Date, 4.0% of the amount prepaid or repaid (or deemed prepaid or repaid).

(c) If such Applicable Trigger Event occurs on or after the fourth anniversary of the Closing Date, but prior to the fifth anniversary of the Closing Date, 2.0% of the amount prepaid or repaid (or deemed prepaid or repaid).

(d) If such Applicable Trigger Event occurs on or after the fifth anniversary of the Closing Date, 0.0% of the amount prepaid or repaid (or deemed prepaid or repaid).

Any amounts payable in accordance with this Section 2.21 shall be presumed to be equal to the liquidated damages sustained by the Lenders as the result of the occurrence of the Applicable Trigger Event, and the Borrowers agree that it is reasonable under the circumstances currently existing. The Loan Parties expressly agree that (i) the premium is reasonable and is the product of an arm's length transaction between sophisticated business people, ably represented by counsel, (ii) the premium shall be payable notwithstanding the then prevailing market rates at the time payment is made, (iii) there has been a course of conduct between Lenders and the Borrowers giving specific consideration in the transaction for such agreement to pay the premium, (iv) the Loan Parties shall be estopped hereafter from claiming differently than as agreed to in this Section 2.21, Section 2.12 and Section 2.13, (v) the agreement to pay the premium is a material inducement to the Lenders to make the Term Loans, and (vi) the premium represents a good faith, reasonable estimate and calculation of the lost profits or damages of the Lenders and that it would be impractical and extremely difficult to ascertain the actual amount of damages to the Lenders or profits lost by the Lenders as a result of such Applicable Trigger Event.

THE PREMIUM IS DEEMED TO CONSTITUTE LIQUIDATED DAMAGES, AND THE PARTIES HERETO (OTHER THAN THE COLLATERAL ADMINISTRATOR) EACH ACKNOWLEDGE AND AGREE THAT SUCH DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE AND THAT THE SETTLEMENT AMOUNT IS INTENDED TO BE A REASONABLE APPROXIMATION OF THE AMOUNT OF SUCH DAMAGES AND NOT A PENALTY.

Section 2.22 Nature of Fees. Except as otherwise specified in the Fee Letter or the Collateral Administrator and Master Collateral Agent Fee Letter, as applicable, all Fees shall be paid on the dates due, in immediately available funds, (a) to the Administrative Agent, as provided herein and in the Fee Letter or (b) to the Collateral Administrator or Master Collateral Agent, as applicable, as provided in the Collateral Administrator and Master Collateral Agent Fee Letter, as applicable. Once paid, none of the Fees shall be refundable under any circumstances.

Section 2.23 Right of Set-Off. Upon the occurrence and during the continuance of any Event of Default pursuant to Section 7.01(b), the Administrative Agent, the Master Collateral Agent, the Collateral Administrator, the Collateral Custodian and each Lender (and their respective banking Affiliates) are hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final but excluding the Escrow Accounts) at any time held and other indebtedness at any time owing by the Administrative Agent, the Master Collateral Agent, the Collateral Administrator, the Collateral Custodian and each Lender (or any of such banking Affiliates) to or for the credit or the account of any Loan Party against any and all of any such overdue amounts owing to such Person under the Loan Documents, irrespective of whether or not the Administrative

Agent, the Master Collateral Agent, the Collateral Administrator, the Collateral Custodian or such Lender shall have made any demand under any Loan Document; *provided* that in the event that any Defaulting Lender exercises any such right of setoff, (x) all amounts so set off will be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.26(d) and, pending such payment, will be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent and the Lenders and (y) the Defaulting Lender will provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. Each Lender, the Master Collateral Agent, the Collateral Administrator, the Collateral Custodian and the Administrative Agent agree promptly to notify the Loan Parties after any such set-off and application made by such Lender, the Master Collateral Agent, the Collateral Administrator, the Collateral Custodian or the Administrative Agent (or any of such banking Affiliates), as the case may be, *provided* that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender, the Master Collateral Agent, the Collateral Administrator, the Collateral Custodian and the Administrative Agent under this Section 2.23 are in addition to other rights and remedies which such Lender, the Administrative Agent, the Master Collateral Agent, the Collateral Administrator and the Collateral Custodian may have upon the occurrence and during the continuance of any Event of Default.

Section 2.24 Peak Debt Service Coverage Cure. To the extent that Collections received in the Collection Account with respect to any Quarterly Reporting Period are insufficient to satisfy the Peak Debt Service Coverage Ratio Test for such Quarterly Reporting Period (the "**Shortfall Period**"), at any time prior to the related Determination Date the Borrowers may deposit, or cause to be deposited into the Collection Account, funds in an amount necessary to satisfy the Peak Debt Service Coverage Ratio Test for such Shortfall Period (determined as if such deposited funds constitute Collections attributable to such Shortfall Period); *provided* that (x) deposits made pursuant to this Section 2.24 shall not occur more than five times in the aggregate prior to the Term Loan Maturity Date and no more than two times in any 12 month period, (y) any such amounts received in the Collection Account on or prior to the applicable Determination Date in accordance with this Section 2.24 will be treated as Collections for the Shortfall Period for purposes of the Peak Debt Service Coverage Ratio Test and all other purposes and (z) amounts deposited in the Collection Account after such Determination Date shall be treated as Collections for the Quarterly Reporting Period in which such funds were deposited and shall not be included in the Peak Debt Service Coverage Ratio Test for the Shortfall Period (amounts deposited pursuant to this paragraph being, "**Cure Amounts**").

Section 2.25 Payment of Obligations. Subject to the provisions of Section 7.01, upon the maturity (whether by acceleration or otherwise) of any of the Obligations under this Agreement or any of the other Loan Documents of the Loan Parties, the Lenders shall be entitled to immediate payment of such Obligations.

Section 2.26 Defaulting Lenders.

(a) If at any time any Lender becomes a Defaulting Lender, then the Borrowers may replace such Lender by causing such Lender to (and such Lender shall be obligated to) assign pursuant to Section 10.02(b) (with the assignment fee to be waived in such instance and subject to

any consents required by such Section) all of its rights and obligations under this Agreement to one or more assignees; *provided* that neither the Administrative Agent nor any Lender shall have any obligation to the Borrowers to find a replacement Lender.

(b) Any Lender being replaced pursuant to Section 2.26(a) shall (i) execute and deliver to the Administrative Agent, an Assignment and Acceptance with respect to such Lender's outstanding Term Loan Commitments and Term Loans, and (ii) deliver any documentation evidencing such Term Loans to the Borrowers or the Administrative Agent. Pursuant to such Assignment and Acceptance, (A) the assignee Lender shall acquire all or a portion, as specified by the Borrowers and such assignee, of the assigning Lender's outstanding Term Loan Commitments and Term Loans, (B) all obligations of the Borrowers owing to the assigning Lender relating to the Term Loan Commitments and Term Loans so assigned shall be paid in full by the assignee Lender to such assigning Lender concurrently with such Assignment and Acceptance (including, without limitation, any amounts owed under Section 2.15 due to such replacement occurring on a day other than a Payment Date), and (C) upon such payment and, if so requested by the assignee Lender, delivery to the assignee Lender of the appropriate documentation executed by the Borrowers, the assignee Lender shall become a Lender hereunder and the assigning Lender shall cease to constitute a Lender hereunder with respect to such assigned Term Loan Commitments and Term Loans, except with respect to indemnification provisions under this Agreement, which shall survive as to such assigning Lender; *provided* that an assignment contemplated by this Section 2.26(b) shall become effective notwithstanding the failure by the Lender being replaced to deliver the Assignment and Acceptance contemplated by this Section 2.26(b), so long as the other actions specified in this Section 2.26(b) shall have been taken.

(c) Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as that Lender is no longer a Defaulting Lender, to the extent permitted by applicable law, such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of "Required Lenders" and Section 10.08.

(d) Any amount paid by the Borrowers or otherwise received by the Administrative Agent for the account of a Defaulting Lender under this Agreement (whether on account of principal, interest, fees, indemnity payments or other amounts) will not be paid or distributed to such Defaulting Lender, but shall instead be retained by the Administrative Agent in a segregated account until (subject to Section 2.26(f)) the termination of the Term Loan Commitments and payment in full of all obligations of the Borrowers hereunder and will be applied by the Collateral Administrator, to the fullest extent permitted by law, to the making of payments from time to time in the following order of priority:

first, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent;

second, to the payment of the Default Interest and then current interest due and payable to the Lenders which are Non-Defaulting Lenders hereunder, ratably among them in accordance with the amounts of such interest then due and payable to them,

third, to the payment of fees then due and payable to the Non-Defaulting Lenders hereunder, ratably among them in accordance with the amounts of such fees then due and payable to them,

fourth, to pay principal then due and payable to the Non-Defaulting Lenders hereunder ratably in accordance with the amounts thereof then due and payable to them,

fifth, to the ratable payment of other amounts then due and payable to the Non-Defaulting Lenders, and

sixth, after the termination of the Term Loan Commitments and payment in full of all obligations of the Borrowers hereunder, to pay amounts owing under this Agreement to such Defaulting Lender or as a court of competent jurisdiction may otherwise direct.

(e) The Borrowers may terminate the unused amount of the Term Loan Commitment of any Lender that is a Defaulting Lender upon not less than five (5) Business Days' prior notice to the Administrative Agent (which shall promptly notify the Non-Defaulting Lenders thereof), and in such event the provisions of Section 2.26(d) will apply to all amounts thereafter paid by the Borrowers for the account of such Defaulting Lender under this Agreement (whether on account of principal, interest, fees, indemnity or other amounts), *provided* that (i) no Event of Default shall have occurred and be continuing and (ii) such termination shall not be deemed to be a waiver or release of any claim any Borrower, the Administrative Agent, or any Lender may have against such Defaulting Lender.

(f) If the Borrowers and the Administrative Agent agree in writing that a Lender that is a Defaulting Lender should no longer be deemed to be a Defaulting Lender, the Administrative Agent will so notify the Non-Defaulting Lenders, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any amounts then held in the segregated account referred to in Section 2.26(d)), such Lender shall purchase at par such portions of outstanding Term Loans of the other Lenders, and/or make such other adjustments, as the Administrative Agent may determine to be necessary to cause the Lenders to hold Term Loans on a pro rata basis in accordance with their ratable shares, whereupon such Lender shall cease to be a Defaulting Lender and will be a Non-Defaulting Lender; *provided* that no adjustments shall be made retroactively with respect to fees accrued while such Lender was a Defaulting Lender; and *provided, further*, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Non-Defaulting Lender shall constitute a waiver or release of any claim of any party hereunder arising from such Lender's having been a Defaulting Lender.

(g) Notwithstanding anything to the contrary herein, the Administrative Agent may not be replaced hereunder except in accordance with the terms of Section 8.05.

Section 2.27 Incremental Term Loans.

(a) *Borrowers Request*. The Borrowers may, by written notice to the Administrative Agent from time to time, request an increase to the existing Facility or one or more

new term loan facilities (the commitments thereunder, the "**Incremental Commitments**" and the Term Loans thereunder, the "**Incremental Term Loans**") in an amount not less than $25,000,000 individually from one or more Incremental Lenders (which may include any existing Lender) willing to provide such Incremental Commitments in their sole discretion; *provided* that each Incremental Lender (which is not an existing Lender) shall be subject to the approval requirements of Section 10.02. Each such notice shall specify (i) the date (each, an "**Increase Effective Date**") on which the Borrowers propose that the proposed Incremental Commitments shall be effective, which shall be a date not less than ten (10) Business Days after the date on which such notice is delivered to the Administrative Agent (or such shorter notice as agreed to by the Administrative Agent) and (ii) the identity of each Eligible Assignee to whom the Borrowers propose any portion of such Incremental Commitments be allocated and the amounts of such allocations (each provider of the Incremental Commitments referred to herein as an "**Incremental Lender**"); *provided* that any existing Lender approached to provide all or a portion of the proposed Incremental Commitments may elect or decline, in its sole discretion, to provide such Incremental Commitment.

(b) *Conditions*. Any new Incremental Commitments shall become effective as of such Increase Effective Date *provided* that:

(i) each of the conditions set forth in Section 4.02 shall be satisfied or waived by the Incremental Lenders on or prior to such Increase Effective Date;

(ii) no Default, Event of Default or Early Amortization Event shall have occurred and be continuing or would immediately result from giving effect to the Incremental Commitments on, or the making of any Incremental Term Loans on, such Increase Effective Date;

(iii) after giving effect to the Borrowing of the applicable Incremental Term Loans on the Increase Effective Date (and assuming such Borrowing on such date in the case of any delayed draw term loan), the aggregate outstanding principal amount of the Priority Lien Debt, giving effect to any reductions of such outstanding amount including as a result of any voluntary prepayments (including those pursuant to debt buybacks made by the Borrowers in an amount equal to the face value of such indebtedness), mandatory prepayments and amortization of Priority Lien Debt prior to such time, shall not (excluding any fees, premiums, costs and other expenses in connection therewith) exceed the Priority Lien Cap;

(iv) the Rating Agency Condition has been satisfied; and

(v) the pro forma Peak Debt Service Coverage Ratio (calculated using the Maximum Quarterly Debt Service of the then existing Term Loans and the Incremental Term Loans) as of the immediately preceding Determination Date, immediately after giving effect to the making of the Incremental Term Loans shall be more than (i) for any date of determination prior to the Determination Date occurring in January 2022, 1.10 to 1.00, (ii) for any date of determination during the period beginning on or after the Determination Date occurring in January 2022 but

excluding the Determination Date occurring in January 2023, 1.50 to 1.00, (iii) for any date of determination during the period beginning on or after the Determination Date occurring in January 2023 but excluding the Determination Date occurring in July 2023, 1.75 to 1.00 and (iv) for any date of determination occurring on or after the Determination Date in July 2023, 2.25 to 1.00.

(c) *Terms of Incremental Commitments*. The terms and provisions of Term Loans made pursuant to any Incremental Commitments shall be as follows:

(i) terms and provisions with respect to interest rates, maturity date and amortization schedule of Incremental Term Loans made pursuant to any Incremental Commitments shall be as agreed upon between the Borrowers and the applicable Lenders providing such Incremental Term Loans (it being understood that the Incremental Term Loans may be part of the Initial Term Loans or any other Class of Term Loans);

(ii) the Weighted Average Life to Maturity of any Term Loans made pursuant to Incremental Commitments shall be no shorter than the remaining Weighted Average Life to Maturity of the then-outstanding Term Loans;

(iii) the maturity date for such Incremental Term Loans shall be on or after the Latest Maturity Date;

(iv) to the extent that the terms and provisions of Incremental Term Loans are not identical to an outstanding Class of Term Loans (except to the extent permitted by clauses (i), (ii) and (iii) above), such terms and conditions shall (A) be reasonably acceptable to the Administrative Agent or (B) not be materially more restrictive to the Borrowers (as determined in good faith by the Borrowers), when taken as a whole, than the terms of the then-outstanding Term Loans (except for (1) covenants, events of default and guarantees applicable only to periods after the Latest Maturity Date (as of the date of the incurrence of such Incremental Term Loans) and (2) subject to clause (vi), pricing, fees, rate floors, premiums, optional prepayment or redemption terms) unless the Lenders under the then-outstanding Term Loans receive the benefit of such more restrictive terms; *provided* that in no event shall such Incremental Term Loans be subject to events of default resulting (either directly or through a cross-default or cross-acceleration provision) from the occurrence of any event described in the definition of "Parent Bankruptcy Event" (or the occurrence of any such event with respect to any Subsidiary of Parent other than any SPV Party) except on the same terms as the then-outstanding Term Loans;

(v) such Incremental Term Loans shall not be subject to any Guarantee by any Person other than a Loan Party and shall not be secured by a Lien on any asset other than any asset constituting Collateral (except to the extent that any additional collateral security is added to the Collateral to secure, and additional guarantees are added for the benefit of, the then-outstanding Term Loans); and

(vi) the All-In Yield applicable to any Incremental Term Loans shall be determined by the Borrowers and the applicable Lenders providing such Incremental Term Loans; *provided* that if the All-In Yield of any such Incremental Term Loans that are incurred prior to the date that is six months after the Closing Date exceeds the All-In Yield on any then-outstanding Term Loans (calculated in the same manner and after giving effect to any amendment to interest rate margins applicable to such outstanding Term Loans after the Closing Date but immediately prior to the time of the making of such Incremental Term Loans) by more than 0.50%, the applicable margins applicable to such outstanding Term Loans shall be increased to the extent necessary so that the yield on such Term Loans is 0.50% less than the All-In Yield on such Incremental Term Loans (it being agreed that any increase in yield to such outstanding Term Loans required due to the application of a LIBO Rate or Alternate Base Rate floor on any Incremental Term Loans shall be effected solely through an increase in (or implementation of, as applicable) any LIBO Rate or Alternate Base Rate floor applicable to such outstanding Term Loans).

The Incremental Commitments shall be effected by a joinder agreement (the "**Increase Joinder**") executed by the Borrowers, the Administrative Agent and each Incremental Lender making such Incremental Commitment, in form and substance satisfactory to each of them; *provided* that if the terms of such Increase Joinder do not require the approval of the Administrative Agent pursuant to any other provision of this Agreement, then the Administrative Agent's consent to the execution of such Increase Joinder will not be unreasonably withheld, conditioned or delayed. The Increase Joinder may, without the consent of any other Lenders, effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the opinion of the Administrative Agent and the Borrowers, to effect the provisions of this Section 2.27. In addition, unless otherwise specifically provided herein, all references in the Loan Documents to Term Loans shall be deemed, unless the context otherwise requires, to include references to any Term Loans made pursuant to Incremental Commitments and this Agreement.

(d) *Making of New Term Loans*. On any Increase Effective Date on which one or more Incremental Commitments becomes effective, subject to the satisfaction of the foregoing terms and conditions, each Incremental Lender holding such Incremental Commitment shall make an Incremental Term Loan to the Borrowers in an amount equal to its Incremental Commitment.

(e) *Equal and Ratable Benefit*. The Incremental Term Loans and Incremental Commitments established pursuant to this Section 2.27 shall constitute Term Loans and Term Loan Commitments under, and shall be entitled to all the benefits afforded by, this Agreement and the other Loan Documents and shall, without limiting the foregoing, benefit equally and ratably from the security interests created by the Collateral Documents.

Section 2.01 Extension of Term Loans.

(a) Notwithstanding anything to the contrary in this Agreement, pursuant to one or more offers (each, a "**Extension Offer**"), made from time to time by the Borrowers to all Lenders holding Term Loans with like maturity date, on a pro rata basis (based on the aggregate Term Loan Commitments with like maturity date) and on the same terms to each such Lender, the

Borrowers are hereby permitted to consummate from time to time transactions with individual Lenders that accept the terms contained in any such Extension Offers to extend the scheduled maturity date with respect to all or a portion of any outstanding principal amount of such Lender's Term Loans and otherwise modify the terms of such Term Loans pursuant to the terms of the relevant Extension Offer (including, without limitation, by changing the interest rate or fees payable in respect of such Term Loan Commitments) (each, an "**Extension**", and each group of Term Loans, as so extended, as well as the original Term Loans not so extended, being a "**tranche of Term Loans**", and subject to the last sentence of the definition of "Class" any Extended Term Loan shall constitute a separate tranche of Term Loans from the tranche of Term Loans from which they were converted), so long as the following terms are satisfied or waived:

(i) no Event of Default shall have occurred and be continuing at the time the offering document in respect of an Extension Offer is delivered to the applicable Lenders (the "**Extension Offer Date**");

(ii) except as to interest rates, fees, scheduled amortization payments of principal and final maturity (which shall be as set forth in the relevant Extension Offer), the Term Loan of any Lender that agrees to an Extension with respect to such Term Loan extended pursuant to an Extension Amendment (an "**Extended Term Loan**"), shall be a Term Loan with the same terms as the original Term Loans; *provided* that (1) the permanent repayment of Extended Term Loans after the applicable Extension shall be made on a pro rata basis with all other Term Loans, except that the Borrowers shall be permitted to permanently repay any such tranche of Term Loans on a better than a pro rata basis as compared to any other tranche of Term Loans with a later maturity date than such tranche of Term Loans, (2) assignments and participations of Extended Term Loans shall be governed by the same assignment and participation provisions applicable to Term Loans, (3) the relevant Extension Amendment may provide for other covenants and terms that apply solely to any period after the Latest Maturity Date that is in effect on the effective date of such Extension Amendment (immediately prior to the establishment of such Extended Term Loans), (4) Extended Term Loans may have call protection as may be agreed by the Borrowers and the applicable Lenders of such Extended Term Loans, (5) no Extended Term Loans may be optionally prepaid prior to the date on which all Term Loans with an earlier Term Loan Maturity Date are repaid in full, unless such optional prepayment is accompanied by a pro rata optional prepayment of such other Term Loans and (6) at no time shall there be Term Loans hereunder (including Extended Term Loans and any original Term Loans) which have more than five different maturity dates;

(iii) all documentation in respect of such Extension shall be consistent with the foregoing;

(iv) the Borrowers may amend, revoke or replace an Extension Offer at any time prior to the date on which Lenders under the tranche of Term Loans are requested to respond to the offer; and

(v) any applicable Minimum Extension Condition shall be satisfied unless waived by the Borrowers.

For the avoidance of doubt, no Lender shall be obligated to accept any Extension Offer.

(b) [Reserved].

(c) With respect to all Extensions consummated by the Borrowers pursuant to this Section 2.28, (i) such Extensions shall not constitute voluntary or mandatory payments or prepayments for purposes of Section 2.12 or Section 2.13 and (ii) each Extension Offer shall specify the minimum amount of Term Loans to be tendered, which shall be a minimum amount reasonably approved by the Administrative Agent (a "**Minimum Extension Condition**"). The Administrative Agent and the Lenders hereby consent to the transactions contemplated by this Section 2.28 (including, for the avoidance of doubt, payment of any interest, fees or premium in respect of any Extended Term Loans on such terms as may be set forth in the relevant Extension Offer) and hereby waive the requirements of any provision of this Agreement (including, without limitation, Sections 2.12, 2.17 and 8.08) or any other Loan Document that may otherwise prohibit any such Extension or any other transaction contemplated by this Section 2.28.

(d) The consent of the Administrative Agent shall not be required to effectuate any Extension. No consent of any Lender shall be required to effectuate any Extension, other than the consent of each Lender agreeing to such Extension with respect to one or more of its Term Loans (or a portion thereof), as applicable. All Extended Term Loans and all obligations in respect thereof shall be Obligations under this Agreement and the other Loan Documents that are secured by the Collateral on a *pari passu* basis with all other applicable Obligations under this Agreement and the other Loan Documents. The Lenders hereby irrevocably authorize the Administrative Agent to enter into amendments to this Agreement and the other Loan Documents (each, an "**Extension Amendment**") with the Borrowers as may be necessary in order to establish new tranches or sub-tranches or Classes in respect of Term Loans so extended and such technical amendments as may be necessary or appropriate in the reasonable opinion of the Administrative Agent and the Borrowers in connection with the establishment of such new tranches or sub-tranches or Classes, in each case on terms consistent with this Section 2.28.

(e) In connection with any Extension, the Borrowers shall provide the Administrative Agent at least five (5) Business Days (or such shorter period as may be agreed by the Administrative Agent) prior written notice thereof, and shall agree to such procedures (including, without limitation, regarding timing, rounding and other adjustments and to ensure reasonable administrative management of the credit facilities hereunder after such Extension), if any, as may be established by, or acceptable to, the Administrative Agent, in each case acting reasonably to accomplish the purposes of this Section 2.28.

SECTION 3.

REPRESENTATIONS AND WARRANTIES

In order to induce the Lenders to make Term Loans hereunder, each Loan Party jointly and severally represents and warrants as follows:

Section 3.01 Organization and Authority. Each of the Loan Parties (a) is duly organized or incorporated, validly existing and in good standing (to the extent such concept is applicable in the applicable jurisdiction) under the laws of the jurisdiction of its organization or incorporation and is duly qualified and in good standing in each other jurisdiction in which the failure to so qualify would have a Material Adverse Effect and (b) has the requisite corporate or limited liability company power and authority under the laws of the jurisdiction of its organization or incorporation to effect the Transactions, to own or lease and operate its properties and to conduct its business as now or currently proposed to be conducted.

Section 3.02 Air Carrier Status. As of the date hereof, American is an "air carrier" within the meaning of Section 40102 of Title 49 and holds a certificate under Section 41102 of Title 49. American holds or co-holds an air carrier operating certificate issued pursuant to Chapter 447 of Title 49. American is a "citizen of the United States" as defined in Section 40102(a)(15) of Title 49 and as that statutory provision has been interpreted by the DOT pursuant to its policies (a "**United States Citizen**"). American possesses or co-possesses all necessary certificates, franchises, licenses, permits, rights, designations, authorizations, exemptions, concessions, frequencies and consents of any Governmental Authority which relate to the operation of the routes flown by it and the conduct of its business and operations as currently conducted except where failure to so possess would not, individually or in the aggregate, have a Material Adverse Effect.

Section 3.03 Due Execution. The execution, delivery and performance by each of the Loan Parties of each of the Transaction Documents to which it is a party:

(a) are within the respective corporate, company or limited liability company powers of such Loan Party, have been duly authorized by all necessary corporate, company or limited liability company action, including the consent of shareholders or members where required, and do not (i) contravene the charter, memorandum and articles of association, by-laws or limited liability company agreement (or equivalent documentation) of such Loan Party, (ii) violate any applicable law (including, without limitation, the Exchange Act) or regulation (including, without limitation, Regulations T, U or X of the Board), or any order or decree of any court or Governmental Authority, other than violations by a Loan Party which would not reasonably be expected to have a Material Adverse Effect, (iii) conflict with or result in a breach of, or constitute a default under, any material indenture, mortgage or deed of trust or any material lease, agreement or other instrument binding on a Loan Party or any of their properties, which, in the aggregate, would reasonably be expected to have a Material Adverse Effect or (iv) result in or require the creation or imposition of any Lien (other than Permitted Liens) upon any of the property of any of the Loan Parties other than the Liens granted pursuant to this Agreement or the other Loan Documents; and

(b) do not require the consent, authorization by or approval of or notice to or filing or registration with any Governmental Authority or any other Person, other than (i) the filing of financing statements under the UCC, (ii) such as may be required in order to perfect and register the security interests and liens purported to be created by the Collateral Documents (including appropriate filings with the U.S. Patent and Trademark Office), (iii) approvals, consents and exemptions that have been obtained on or prior to the Closing Date and remain in full force and effect, (iv) consents, approvals and exemptions that the failure to obtain in the aggregate would not be reasonably expected to result in a Material Adverse Effect and (v) routine reporting obligations. Each Transaction Document to which a Loan Party is a party has been duly executed and delivered by such Loan Party. This Agreement and the other Transaction Documents to which any Loan Party is a party, when delivered hereunder or thereunder, will be a legal, valid and binding obligation of such Loan Party, enforceable against such Loan Party in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

Section 3.04 Statements Made.

(a) The written information furnished by or on behalf of any Loan Party to the Administrative Agent or any Lender in connection with the negotiation of this Agreement (as modified or supplemented by other written information so furnished), together with the Annual Report on Form 10 K for 2020 of Parent and American filed with the SEC and all Quarterly Reports on Form 10-Q or Current Reports on Form 8-K that have been filed after December 31, 2020, by Parent or American with the SEC (as amended), taken as a whole as of the Closing Date did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein not materially misleading in light of the circumstances in which such information was provided; *provided* that, with respect to projections, estimates or other forward looking information the Loan Parties represent only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time that such forward-looking information was prepared.

(b) The Annual Report on Form 10-K of Parent and American most recently filed with the SEC, and each Quarterly Report on Form 10-Q and Current Report on Form 8-K of Parent or American filed with the SEC subsequently and prior to the date that this representation and warranty is being made, did not as of the date filed with the SEC (giving effect to any amendments thereof made prior to the date that this representation and warranty is being made) contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not materially misleading.

Section 3.05 Financial Statements; Material Adverse Change.

(a) The audited consolidated financial statements of Parent and its Subsidiaries for the fiscal year ended December 31, 2020, included in Parent's Annual Report on Form 10-K for 2020 filed with the SEC, present fairly, in all material respects, in accordance with GAAP, the financial condition, results of operations and cash flows of Parent and its Subsidiaries on a

consolidated basis as of such date and for such period (except that any unaudited consolidated financial statements are subject to normal year-end audit adjustments and the absence of footnotes).

(b) Except as disclosed in Parent's Annual Report on Form 10 K for 2020 or any subsequent report filed by Parent on Form 10 Q or Form 8 K with the SEC, since December 31, 2020, there has been no Material Adverse Change.

Section 3.06 Ownership of Subsidiaries. As of the Closing Date, other than as set forth on Schedule 3.06, (a) each of the Persons listed on Schedule 3.06 is a wholly owned, direct or indirect Subsidiary of Parent and (b) Parent owns no other Subsidiaries (other than Immaterial Subsidiaries), whether directly or indirectly.

Section 3.07 Liens. There are no Liens of any nature whatsoever on any Collateral except for Permitted Liens.

Section 3.08 Use of Proceeds. The proceeds of the Term Loans received on the Closing Date shall be used (a) to fund the Reserve Account, (b) to make the American Intercompany Loan (the proceeds of which may be used by American for any general corporate purposes), and (c) to pay transaction costs, fees and expenses as contemplated hereby and as referred to in Section 2.19.

Section 3.09 Litigation and Compliance with Laws.

(a) Except as disclosed in Parent's Annual Report on Form 10-K for 2020 or any subsequent report filed by Parent on Form 10-Q or Form 8-K with the SEC since December 31, 2020, there are no actions, suits, proceedings or investigations pending or, to the knowledge of the Loan Parties, threatened against any Loan Party or any of their respective properties (including any properties or assets that constitute Collateral under the terms of the Loan Documents), before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, that (i) are likely to have a Material Adverse Effect or (ii) could reasonably be expected to affect the legality, validity, binding effect or enforceability of the Loan Documents, the IP Agreements, the Intercompany Agreement or the AAdvantage Agreements or, in any material respect, the rights and remedies of the Secured Parties under the Loan Documents or in connection with the Transactions.

(b) Except with respect to any matters that, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect, each Loan Party to its knowledge is currently in compliance with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, all Governmental Authorities, in respect of the conduct of its business and ownership of its property.

Section 3.10 [Reserved].

Section 3.11 [Reserved].

Section 3.12 Margin Regulations; Investment Company Act.

(a) No Loan Party is engaged, principally or as one of its important activities, in the business of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board, "**Margin Stock**"), or extending credit for the purpose of purchasing or carrying Margin Stock, and no proceeds of any Term Loans will be used to purchase or carry any Margin Stock or to extend credit to others for the purpose of purchasing or carrying any Margin Stock in violation of Regulation U.

(b) No Loan Party is, or immediately after the making of the Term Loans will be, or is required to be, registered as an "investment company" under the 40 Act.

Section 3.13 [Reserved].

Section 3.14 Ownership of Collateral.

(a) Each Grantor has good title, leasehold, license or rights to use, all Collateral (other than Intellectual Property and data, which is addressed below in clause (b)) owned or purported to be owned by it that is material to the conduct of the business of such Grantor, in each case free and clear of all Liens other than Permitted Liens.

(b) Except for Intellectual Property and data that is not material, individually or in the aggregate, to the conduct of the business of Loyalty Co or the AAdvantage Program, Loyalty Co has good title to all Intellectual Property and data that is Collateral owned or purported to be owned by it, in each case free and clear of all Liens other than Permitted Liens, subject to the filing of assignments at the applicable intellectual property office for Intellectual Property contributed directly or indirectly to Loyalty Co pursuant to the Contribution Agreements.

Section 3.15 Perfected Security Interests. The Collateral Documents, taken as a whole, are effective to create in favor of the Master Collateral Agent or the Collateral Administrator, as applicable, for the benefit of the Secured Parties, a legal, valid and enforceable security interest in all of the Collateral to the extent purported to be created thereby, subject as to enforceability to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law. With respect to the Collateral as of the Closing Date, at such time as (a) financing statements in appropriate form are filed in the appropriate offices (and the appropriate fees are paid), (b) the execution of Account Control Agreements, and (c) the appropriate filings with the United States Patent and Trademark Office are made, the Master Collateral Agent, for the benefit of the Secured Parties, shall have a first priority perfected security interest and/or mortgage (or comparable Lien) in all of such Collateral to the extent that the Liens on such Collateral may be perfected upon the filings, registrations or recordations or upon the taking of the actions described in clauses (a), (b) and (c) above, subject in each case only to Permitted Liens, and such security interest is entitled to the benefits, rights and protections afforded under the Collateral Documents applicable thereto (subject to the qualification set forth in the first sentence of this Section 3.15).

Section 3.16 Payment of Taxes. Each Loan Party has timely filed or caused to be filed all Tax returns and reports required to have been filed by it through the date hereof, except for

such exceptions as would not individually or collectively result in a Material Adverse Effect, and has paid or caused to be paid when due all Taxes required to have been paid by it, except such Taxes as are being contested in good faith by appropriate proceedings or as would not, individually or collectively result in a Material Adverse Effect.

Section 3.17 Anti-Corruption Laws and Sanctions; OFAC; Compliance with Anti-Money Laundering Laws.

(a) None of the Loan Parties or any of their respective subsidiaries, nor, to the knowledge of any Loan Party, any director, officer, employee or agent acting on behalf of any Loan Party or any of their respective subsidiaries has materially violated in the past five years or is in material violation of (i) laws relating to the use of any corporate funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity, (ii) laws relating to direct or indirect unlawful payments to any foreign or domestic government official or employee from corporate funds, (iii) the Foreign Corrupt Practices Act of 1977, as amended, or the rules and regulations thereunder or (iv) laws relating to bribes, rebates, payoffs, influence payments, kickbacks or other unlawful payments. Each Loan Party has implemented compliance programs for purposes of (A) informing the appropriate officers and employees of such Loan Party and their respective subsidiaries of the Loan Parties' policies to reasonably ensure compliance with the laws described under (i) through (iv) above, and (B) requiring such officers and employees to report to the Loan Parties any knowledge they may have of violations of the Loan Parties' policies referred to above. No Loan Party will directly or indirectly use the proceeds of any Borrowing hereunder, or lend, contribute or otherwise make available such proceeds to any of its subsidiaries or joint venture partners or any other person or entity, for any purpose in breach of any laws described in clause (i) – (iv) above.

(b) None of the Loan Parties or any of their respective subsidiaries or, to the knowledge of any Loan Party, any director, officer, agent, employee, affiliate or other person acting on behalf of any Loan Party or any of their respective subsidiaries is currently the subject of any U.S. sanctions administered by the U.S. federal government (including the Office of Foreign Assets Control of the U.S. Treasury Department ("**OFAC**")); and no Loan Party will directly or knowingly indirectly use the proceeds of any Borrowing hereunder, or lend, contribute or otherwise make available such proceeds to any of its subsidiaries or joint venture partners or any other person or entity, for the purpose of financing the activities of any person currently the subject of any U.S. sanctions administered by the U.S. federal government (including OFAC) in a manner that would constitute or give rise to a violation of any sanctions by any party hereto.

(c) The operations of each Loan Party and their respective subsidiaries are and have been conducted at all times in material compliance with all applicable financial recordkeeping and reporting requirements, including those of the Bank Secrecy Act of 1970 (31 U.S.C. 5311 et seq.), as amended by Title III of the Patriot Act, and the applicable anti-money laundering statutes of jurisdictions where the Loan Parties and their respective subsidiaries conduct business, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the "**Anti-Money Laundering Laws**"), and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the any Loan Party or any of their respective

subsidiaries with respect to the Anti-Money Laundering Laws is pending or, to the best knowledge of any Loan Party, threatened.

Section 3.18 Schedule of the AAdvantage Agreements; Sole Intercompany Agreement. Schedule 3.18 sets forth the name of each AAdvantage Agreement and each Material AAdvantage Agreement as of the Closing Date. After giving effect to any agreements, licenses or sublicenses terminated or cancelled on the Closing Date, other than the Intercompany Agreement, the American Intercompany Note, the Deeds of Undertaking, the IP Management Agreement and the IP Agreements provided to the Administrative Agent prior to the Closing Date, no Loan Party is party to any material agreement, license or sublicense with any other Loan Party governing the AAdvantage Program.

Section 3.19 Representations Regarding the AAdvantage Agreements. With respect to each AAdvantage Agreement as of the Closing Date and on the date that an agreement is designated as a "AAdvantage Agreement" on Schedule 3.18 (solely in respect of such AAdvantage Agreement) pursuant to Section 5.17(j):

(a) (i) each Loan Party that is a party to such AAdvantage Agreement had full legal capacity to execute and deliver such AAdvantage Agreement and (ii) (x) such AAdvantage Agreement is in full force and effect and constitutes the legal, valid and binding obligation of the applicable Loan Party enforceable against such Loan Party in accordance with its terms, subject to usual and customary bankruptcy, insolvency and equity limitations and (y) such AAdvantage Agreement is not subject to, or the subject of any assertions in respect of, any material litigation, dispute or offset of the applicable Loan Party or its Subsidiaries;

(b) to the knowledge of the Loan Parties, (i) no default by any party thereto exists and (ii) no party thereto is delinquent in payment of any other amounts required to be paid thereunder, in each case, that would reasonably be expected to result in a Material Adverse Effect;

(c) such AAdvantage Agreement complies with, and will not violate, any applicable law except as would not reasonably be expected to result in a Material Adverse Effect;

(d) except as disclosed to the Administrative Agent, such AAdvantage Agreements permit the Loan Parties to grant a security interest therein granted to the Master Collateral Agent pursuant to the Collateral Documents; and

(e) as of the Closing Date, the Collateral includes American's rights to receive payments under Material AAdvantage Agreements (other than the Intercompany Agreement).

Section 3.20 Compliance with IP Agreements. Each Loan Party is in compliance in all material respects with the terms and conditions of each IP Agreement to which it is a party as of the Closing Date.

Section 3.21 Solvency. As of the Closing Date, immediately after giving effect to the Borrowings on the Closing Date and the payment of all costs and expenses in connection therewith, the Loan Parties (taken as a whole) are Solvent.

Section 3.22 Intellectual Property.

(a) Except as would not be reasonably expected to result in a Material Adverse Effect, Parent and its Subsidiaries have taken commercially reasonable measures to protect the confidentiality of the AAdvantage Customer Data and all Trade Secrets of American and its Subsidiaries included in the AAdvantage Intellectual Property (and any material Trade Secrets owned by any Person to whom any Loan Party or any of its Subsidiaries has a confidentiality obligation with respect to the AAdvantage Program), as determined in their commercially reasonable business judgment. No material portion of the AAdvantage Customer Data, and no such material Trade Secrets have been disclosed by Parent or its Subsidiaries to any Person other than (i) pursuant to a written agreement restricting the disclosure and use thereof or (ii) AAdvantage Customer Data disclosed to members in the ordinary course of operating the AAdvantage Program. Except as would not be reasonably expected to result in a Material Adverse Effect, no current or former employee, contractor or consultant of Parent or its Subsidiaries or their Affiliates has any right, title or interest in or to any AAdvantage Intellectual Property. All Persons (including any current or former employees, contractors or consultants) who have developed, created, conceived or reduced to practice any material AAdvantage Intellectual Property for Parent or any of its Subsidiaries have assigned all right, title and interest in and to all such AAdvantage Intellectual Property pursuant to a valid and enforceable written contract or by operation of law.

(b) Following the contribution on the Closing Date of the AAdvantage Intellectual Property by American, directly or indirectly, to Loyalty Co pursuant to the Contribution Agreements, Parent and each of its Subsidiaries (other than Loyalty Co) would not be able to operate the AAdvantage Program in a manner materially consistent with the operation of the AAdvantage Program on the Closing Date, or any other similar airline loyalty program (other than a Permitted Acquisition Loyalty Program or Specified Minority Owned Program), without the rights granted to American with respect to such Intellectual Property under the IP Licenses.

Section 3.23 Privacy and Data Security.

(a) Except as would not be reasonably expected to result in a Material Adverse Effect, each applicable Loan Party maintains commercially reasonable privacy and data security policies. Except as would not be reasonably expected to result in a Material Adverse Effect, during the five (5) year period preceding the date hereof, each applicable Loan Party and each of its Subsidiaries and each of its Third Party Processors have been and, as of the date hereof, is in compliance with (i) all applicable internal privacy policies and privacy policies contained on any websites maintained by or on behalf of each such Loan Party or such Subsidiary, and such policies are consistent with the actual practices of such entity, (ii) all applicable Data Protection Laws with respect to Personal Data, including Data Protection Laws anywhere in the United States, the State of California, the Cayman Islands, the United Kingdom and the European Union and (iii) its contractual commitments and obligations regarding Personal Data.

(b) Except as would not be reasonably expected to result in a Material Adverse Effect, the consummation of the transactions contemplated by this Agreement will not cause any Loan Party to be in violation or breach of any policy of any Loan Party, law of the United States

or European Union or contractual agreement to which any Loan Party is a party, in each case with respect to Personal Data.

SECTION 4.

CONDITIONS OF LENDING

Section 4.01 Conditions Precedent to Closing. This Agreement shall become effective on the date on which the following conditions precedent shall have been satisfied (or waived by the Lenders in accordance with Section 10.08 and by the Administrative Agent), subject in all respects to Section 4.03:

(a) *Supporting Documents*. The Administrative Agent shall have received with respect to the Loan Parties in form and substance reasonably satisfactory to the Administrative Agent:

(i) to the extent available in the applicable jurisdiction, (x) a certificate of the Secretary of State of the state of such entity's incorporation or formation (other than in respect of any entity incorporated in the Cayman Islands), dated as of a recent date, as to the good standing of that entity and (y) a certificate of good standing issued by the Registrar of Companies dated as of a recent date in respect of each Loan Party incorporated, registered or formed in the Cayman Islands;

(ii) a certificate of the Secretary or an Assistant Secretary (or similar officer), of such entity dated the Closing Date and certifying (A) that attached thereto is a true and complete copy of the certificate of incorporation, registration or formation and the memorandum and articles of association, by-laws or limited liability company or other operating agreement (as the case may be) (or equivalent constitutional documents) of that entity as in effect on the date of such certification, (B) that attached thereto is a true and complete copy of resolutions adopted by the board of directors, board of managers or members (or similar managing body) of that entity authorizing the Borrowings hereunder, the execution, delivery and performance in accordance with their respective terms of this Agreement, the other Loan Documents and any other documents required or contemplated hereunder or thereunder, and the granting of the Liens contemplated hereby or the other Loan Documents (in each case to the extent applicable to such entity), (C) that the certificate of incorporation, registration or formation (or equivalent constitutional documents) of that entity has not been amended since the date of the last amendment thereto indicated on the certificate of the Secretary of State furnished pursuant to clause (i) above (if applicable), and (D) as to the incumbency and specimen signature of each officer of that entity executing this Agreement and the Loan Documents or any other document delivered by it in connection herewith or therewith (such certificate to contain a certification by another officer or similar authorized person of that entity as to the incumbency and signature of the officer signing the certificate referred to in this clause (ii)); and

(iii) an Officer's Certificate from the Borrowers certifying (A) as to the accuracy in all material respects of the representations and warranties of all of the Loan Parties set forth in the Loan Documents as though made on the Closing Date, except to the extent that any such representation or warranty relates to a specified date, in which case as of such date (provided that any representation or warranty that is qualified by materiality (it being understood that any representation or warranty that excludes circumstances that would not result in a "Material Adverse Change" or "Material Adverse Effect" shall not be considered (for purposes of this proviso) to be qualified by materiality) shall be true and correct in all respects as of the applicable date, immediately after giving effect to the Transactions) and (B) as to the absence of any Early Amortization Event or an Event of Default occurring and continuing on the Closing Date immediately after giving effect to the Transactions.

(b) *Term Loan Credit Agreement*. Each party hereto (including each Borrower and each Guarantor) shall have duly executed and delivered to the Administrative Agent this Agreement.

(c) *Security Agreements*. The Loan Parties shall have duly executed and delivered to the Administrative Agent the Security Agreement, the American Security Agreement, each Cayman Share Mortgage in relation to shares in Loyalty Co, HoldCo 1 and HoldCo 2, and each of the IP Security Agreements, in each case in form and substance reasonably acceptable to the Administrative Agent and all financing statements reasonably requested by the Administrative Agent, in form and substance reasonably acceptable to the Administrative Agent and required to grant an enforceable security interest in the applicable Collateral (subject to the terms hereof and of the other Loan Documents) in accordance with the UCC as enacted in all relevant jurisdictions, together with certificates, if any, representing the pledged Equity Interests accompanied by undated stock powers executed in blank to the extent required by the Security Agreement or the American Security Agreement.

(d) *Collateral Agency and Accounts Agreement*. The Borrowers, the Collateral Administrator, the Depositary and the Master Collateral Agent shall have executed the Collateral Agency and Accounts Agreement.

(e) *Opinions of Counsel*. The Administrative Agent, the Collateral Administrator and the Master Collateral Agent shall have received each of the following, dated as of the Closing Date, and in form and substance reasonably satisfactory to the Administrative Agent, the Collateral Administrator and the Master Collateral Agent:

(i) a customary written opinion of Latham & Watkins LLP, special New York counsel to the Loan Parties, including a true contribution opinion and a non-conflict with certain contractual obligations opinion;

(ii) a customary written opinion of Morrison & Foerster LLP, special New York counsel to the Loan Parties, including a non-conflict with respect to the Material AAdvantage Agreements (other than the Intercompany Agreement) opinion;

(iii) a customary written opinion of Pillsbury Winthrop Shaw & Pittman LLP, special regulatory counsel to the Loan Parties;

(iv) a customary written opinion of Walkers, special Cayman Islands counsel to the Secured Parties, including as to non-consolidation of Loyalty Co, HoldCo 1, HoldCo 2 and American; and

(v) a customary written opinion of Maples and Calder, special Cayman Islands counsel to the Loan Parties.

(f) *Account Control Agreements*. The Administrative Agent shall have received a fully executed copy of the Account Control Agreement with respect to the Payment Account and the Reserve Account.

(g) *Payment of Fees and Expenses*. The Borrowers shall have paid to the Agents, the Joint Lead Arrangers and Bookrunners and the Lenders the then unpaid balance of all accrued and unpaid Fees due, owing and payable under and pursuant to this Agreement, as referred to in Sections 2.19, and all reasonable and documented out-of-pocket expenses of the Administrative Agent (including reasonable attorneys' fees of Milbank LLP and Walkers) and the Collateral Administrator, the Collateral Custodian, the Master Collateral Agent and the Depositary (including reasonable attorneys' fees of Seward & Kissel LLP) for which invoices have been presented at least two (2) Business Days prior to the Closing Date, or the Borrowers shall have authorized that such fees and expenses be deducted from the proceeds of the initial funding under the Term Loans.

(h) *Lien Searches*. The Administrative Agent shall have received copies of (UCC, tax and judgment lien searches, in each case as of a recent date that name American, Loyalty Co and the other SPV Parties (under their current and any previous names used within the last five years) and in such offices and the states (or other jurisdictions) of formation of such Persons or in which the chief executive office of each such Person is located together with copies of the financing statements (or similar documents) disclosed by such search, in each case, accompanied by evidence reasonably satisfactory to the Administrative Agent that the Liens indicated in any such financing statement (or similar document) are in respect of a Permitted Lien.

(i) *[Reserved]*.

(j) *Representations and Warranties*. All representations and warranties of the Loan Parties contained in this Agreement and the other Loan Documents executed and delivered on the date hereof or on the Closing Date shall be true and correct in all material respects on and as of the Closing Date, immediately after giving effect to the Transactions, as though made on and as of such date (except to the extent any such representation or warranty by its terms is made as of a different specified date, in which case as of such specified date); *provided* that any representation or warranty that is qualified by materiality (it being understood that any representation or warranty that excludes circumstances that would not result in a "Material Adverse Change" or "Material Adverse Effect" shall not be considered (for purposes of this proviso) to be qualified by

materiality) shall be true and correct in all respects, as though made on and as of the applicable date, immediately after giving effect to the Transactions.

(k) *No Early Amortization Event or Event of Default*. Immediately after giving effect to the Transactions, no Early Amortization Event or Event of Default shall have occurred and be continuing on the Closing Date.

(l) *Patriot Act*. The Lenders shall have received at least three (3) days prior to the Closing Date all documentation and other information, including a Beneficial Ownership Certification, required by bank regulatory authorities under applicable "know-your-customer" and anti-money laundering rules and regulations, including the Patriot Act, in each case that such Lenders shall have reasonably requested from any Loan Party in writing at least ten (10) days prior to the Closing Date.

(m) *Solvency Certificate*. The Administrative Agent shall have received a certificate of the chief financial officer or treasurer (or other comparable officer) of American certifying that as of the Closing Date, immediately after giving effect to the Borrowings on the Closing Date, the Loan Parties (taken as a whole) are Solvent.

(n) *Direction of Payment*. American shall provide confirmation that a Direction of Payment has been delivered to a sufficient number of counterparties under AAdvantage Agreements to cause at least 90% of the AAdvantage Revenues to be directly deposited into the Collection Account.

(o) *Contribution Agreements*. American shall provide copies of executed agreements evidencing the transfer to Loyalty Co of (i) all of American's, HoldCo 1's and HoldCo 2's rights, title and interest in and to the AAdvantage Intellectual Property that it owns or purports to own (excluding the Composite Marks, the Specified Intellectual Property and the Madrid IP except as expressly provided in the Contribution Agreements), (ii) all of American's, HoldCo 1's and HoldCo 2's rights to establish, create, organize, initiate, participate, operate, assist, benefit from, promote or otherwise be involved in or associated with, in any capacity, the AAdvantage Program or any other customer loyalty miles program or any similar customer loyalty program (other than with respect to a Specified Minority Owned Program or a Permitted Acquisition Loyalty Program), and (iii) all of the Assigned AAdvantage Agreement Rights, in each case, pursuant to Contribution Agreements in form and substance reasonably satisfactory to the Administrative Agent.

(p) *Other Transaction Documents*. The Administrative Agent shall have received a copy of each other Transaction Document required to be delivered on the Closing Date duly executed and delivered by each of the parties thereto.

(q) *Ratings*. The Loan Parties shall have obtained ratings for the Initial Term Loans from two (2) Rating Agencies (which Rating Agencies are acceptable to the Joint Lead Arrangers and Bookrunners in their reasonable discretion).

(r) *No Going Concern Qualification.* The opinion of the independent public accountants (after giving effect to any reissuance or revision of such opinion) on the audited consolidated financial statements of Parent and its Subsidiaries for the fiscal year ended December 31, 2020, included in Parent's Annual Report on Form 10-K for 2020 filed with the SEC, shall not include a "going concern" qualification under GAAP.

(s) *Notice*. The Administrative Agent shall have received a Loan Request pursuant to Section 2.03 with respect to such Borrowing.

The execution by each Lender of this Agreement shall be deemed to be confirmation by such Lender that any condition relating to such Lender's satisfaction or reasonable satisfaction with any documentation set forth in this Section 4.01 has been satisfied as to such Lender.

Section 4.02 Conditions Precedent to Each Loan. The obligation of the Lenders to make any Term Loans after the Closing Date is subject to the satisfaction (or waiver in accordance with Section 10.08) of the following conditions precedent:

(a) *Notice*. The Administrative Agent shall have received a Loan Request pursuant to Section 2.03 with respect to such Borrowing.

(b) *Representations and Warranties*. All representations and warranties of the Loan Parties contained in this Agreement and the other Loan Documents to which it is a party shall be true and correct in all material respects on and as of the date such Term Loan is made, immediately before and after giving effect to Borrowing of such Term Loan, as though made on and as of such date (except to the extent any such representation or warranty expressly relate to a specified date, in which case as of such specified date); *provided* that any representation or warranty that is qualified by materiality (it being understood that any representation or warranty that excludes circumstances that would not result in a "Material Adverse Change" or "Material Adverse Effect" shall not be considered (for purposes of this proviso) to be qualified by materiality) shall be true and correct in all respects, as though made on and as of the applicable date, immediately before and after giving effect to Borrowing of such Term Loan.

(c) *No Early Amortization Event or Event of Default*. Immediately before and after giving effect to the Borrowing of such Term Loan on a pro forma basis, no Early Amortization Event or Event of Default shall have occurred and be continuing on the date such Term Loan is made.

(d) *No Going Concern Qualification*. On the date of such Borrowing, the opinion of the independent public accountants (after giving effect to any reissuance or revision of such opinion) on the most recent audited consolidated financial statements delivered by Parent pursuant to Section 5.01(a) shall not include a "going concern" qualification under GAAP as in effect on the date of this Agreement or, if there is a change in the relevant provisions of GAAP thereafter, any like qualification or exception under GAAP after giving effect to such change.

The acceptance by the Borrowers of each extension of credit hereunder shall be deemed to be a representation and warranty by the Borrowers that the conditions specified in Section 4.02 have been satisfied at that time.

Section 4.03 Conditions Subsequent.

(a) Any assignment, pursuant to a Contribution Agreement, of AAdvantage Intellectual Property registered in the United States shall be filed in the applicable intellectual property office on or before the date that is thirty (30) days after the Closing Date (as extendable automatically for not more than thirty (30) days without further consent to the extent the Borrowers are diligently pursuing satisfaction of the terms hereof, but such completion has been delayed as a result of the COVID-19 pandemic or other similar events and conditions (e.g., natural disaster), which are outside the control of the Borrowers); provided that such period may be extended to a later date as the Master Collateral Agent (acting at the direction of the Collateral Controlling Party) may agree. Any assignment, pursuant to a Contribution Agreement, of AAdvantage Intellectual Property registered outside the United States shall be filed in the applicable intellectual property office on or before the date that is one hundred and eighty (180) days after the Closing Date (as extended automatically without further consent to the extent the Borrowers are diligently pursuing satisfaction of the terms hereof, but such completion has been delayed as a result of applicable law or the COVID-19 pandemic or other similar events and conditions (e.g., natural disaster), which are outside the control of the Borrowers); provided that such period may be extended to a later date as the Master Collateral Agent (acting at the direction of the Collateral Controlling Party) may agree.

(b) On or before the date that is six (6) months after the Closing Date (or such later date as agreed by the Master Collateral Agent (acting at the direction of the Collateral Controlling Party)), American shall segregate, compile and host, and thereafter American shall maintain, current and future AAdvantage Customer Data in a database (the "**AAdvantage Customer Database**") separate from the database containing any data owned or purported to be owned, or later developed or acquired and owned or purported to be owned, by Parent or any of its Subsidiaries (other than the AAdvantage Customer Data); provided that American is not required to segregate or remove copies of American Traveler Related Data contained in the AAdvantage Customer Database but copies of any such American Traveler Related Data contained in the AAdvantage Customer Database shall be subject to the Lien granted under the Collateral Documents over the AAdvantage Customer Database and American shall not have access to the AAdvantage Customer Database (including the copies of American Traveler Related Data contained therein) upon the termination of the licenses granted under any IP License (excluding the Madrid IP License). The proviso in the immediately preceding sentence shall not restrict or limit American's rights with respect to American Traveler Related Data maintained on any database that is not the AAdvantage Customer Database. As between the parties, it is American's responsibility to maintain a separate version of the American Traveler Related Data, but a failure by American to do so shall not be deemed a breach of this Agreement. The AAdvantage Customer Database shall be property of Loyalty Co and subject to the Lien granted under the Collateral Documents.

(c) [Reserved].

(d) Within one hundred and twenty (120) days after the Closing Date (as extended automatically for not more than sixty (60) days without further consent to the extent the Borrowers are diligently pursuing satisfaction of the terms hereof, but such completion has been delayed as a result of events and conditions (e.g., natural disaster, pandemic) outside the control of the Borrowers; provided that such period may be extended to a later date as the Administrative Agent in its sole discretion may agree), the Loan Parties shall enter into a series of transactions that will result in, among other things: (i) pursuant to a series of Contribution Agreements, the transfer of the rights in the Madrid IP to an entity to be organized in Luxembourg as a wholly-owned subsidiary of American ("**Madrid IP Lux Holdco**"), (ii) the assignment by American, as licensor, of the Madrid IP License to Madrid IP Lux Holdco, (iii) the contribution of the equity of Madrid IP Lux Holdco to an entity to be organized in Luxembourg as a wholly-owned subsidiary of American ("**Madrid IP Lux Holdco 2**"), resulting in Madrid IP Lux Holdco becoming a wholly-owned subsidiary of Madrid IP Lux Holdco 2 and (iv) the contribution of the equity of Madrid IP Lux Holdco 2 to Loyalty Co, resulting in Madrid IP Lux Holdco 2 becoming a wholly-owned subsidiary of Loyalty Co (the "**Madrid Protocol Holding Structure**"). For the avoidance of doubt, all transfers of the Madrid IP and the assignment of the Madrid IP License as described above shall be subject to Permitted Liens.

Notwithstanding the foregoing or any provision herein or in any Transaction Document to the contrary, if, (a) at any time after the Closing Date, a Loan Party determines in its reasonable judgment that due to applicable law or a change in law (including, for the avoidance of doubt, any legislative or regulatory action or decision by any administrative or judicial body responsible for the administration of Taxes) implementation or maintenance of the Madrid Protocol Holding Structure has resulted or will result in any Loan Party or any of its Subsidiaries incurring any material tax detriment (determined after taking into account the ability to utilize any foreign tax credit within the same tax year) that such Loan Party (or such Subsidiary) would not have incurred had the Madrid Protocol Holding Structure not been in place; and (b) American and the Administrative Agent reasonably conclude that there is another structure for holding the Madrid IP in a bankruptcy remote special purpose entity that is, or will contemporaneously with the effectiveness of the contemplated transactions become, a subsidiary of Loyalty Co ("**Alternative Madrid SPV**") that would eliminate the material tax detriment described in the foregoing clause (a) without the incurrence of material costs, then upon notice to the Administrative Agent that the Madrid Protocol Holding Structure cannot be implemented or is required to be unwound for the foregoing reasons, the Loan Parties and their applicable Subsidiaries shall implement an alternative structure for the ownership and licensing of the Madrid IP (the "**Alternative Madrid Structure**") in which, if applicable, the Madrid Protocol Holding Structure will be unwound and that will result in: (A) pursuant to existing or newly executed Contribution Agreements that are substantially similar to those existing on the Closing Date, the transfer of the Madrid IP and the Madrid IP License to Alternative Madrid SPV and (B) the filing of corresponding national trademark registrations in each Madrid Protocol Contracting State or Organization originally designated in each of International Registration Nos. 1240856, 1330760, 1321874 and 1321705 registered with the World Intellectual Property Organization; and if there is no feasible Alternative Madrid Structure that would eliminate the material tax detriment described in the foregoing clause (a), then (X) the Madrid IP and the Madrid IP License would be re-assigned to American as licensor and Loyalty Co would remain as licensee (the "**Default**

Structure"); and (Y) corresponding national trademark registrations in each Madrid Protocol Contracting State or Organization originally designated in each of International Registration Nos. 1240856, 1330760, 1321874 and 1321705 registered with the World Intellectual Property Organization will be filed; *provided* that the Loan Parties shall exercise commercially reasonable efforts to take such actions to implement such Alternative Madrid Structure or Default Structure, as applicable, that are within the control of the Loan Parties within one hundred and eighty (180) days of providing such notice to the Administrative Agent (as extended automatically for not more than sixty (60) days without further consent to the extent the Borrowers are diligently pursuing satisfaction of the terms hereof, but such completion has been delayed as a result of events and conditions (e.g., natural disaster, pandemic) outside the control of the Borrowers); and provided further, that that such period may be extended to a later date as the Administrative Agent in its sole discretion may agree. The actions taken by the Loan Parties to consummate the Madrid Protocol Holding Structure or the Alternative Madrid Structure, or if applicable the reversion to the Default Structure, consistent with this Section 4.03(d) shall be permitted under this Agreement and the other Loan Documents and, notwithstanding anything to the contrary in this Agreement or any other Loan Document, shall not constitute a violation of any other provision of this Agreement or any other Loan Document. Upon the request of the Administrative Agent, the Loan Parties shall provide the Administrative Agent information about the actions being taken by the Loan Parties to implement the Madrid Protocol Holding Structure or the Alternative Madrid Structure, or the reversion to the Default Structure, and such other information as the Administrative Agent shall reasonably request to be able to monitor compliance with this Section 4.03(d). If the Madrid Protocol Holding Structure is implemented, the Loan Parties will cause any registrations of AAdvantage Intellectual Property under the Madrid System of the World Intellectual Property Organization after the Closing Date to be filed in the name of Madrid IP Lux Holdco (provided that no Loan Party has any obligation to file any such registrations). If the Alternative Madrid Structure is implemented, the Loan Parties will cause any registrations of AAdvantage Intellectual Property under the Madrid System of the World Intellectual Property Organization after the Closing Date to be filed in the name of Alternative Madrid SPV (provided that no Loan Party has any obligation to file any such registrations). Unless and until the Madrid Protocol Holding Structure or the Alternative Madrid Structure is implemented, the Loan Parties may only file registrations for AAdvantage Intellectual Property under the Madrid System of the World Intellectual Property Organization in the Ordinary Course of Business. Any registrations for AAdvantage Intellectual Property filed by the Loan Parties under the Madrid System of the World Intellectual Property Organization after the Closing Date will be added to the Madrid IP.

SECTION 5.

AFFIRMATIVE COVENANTS

From the date hereof and for so long as the Term Loan Commitments remain in effect, the principal of or interest on any Term Loan is owing (or any other amount that is due and unpaid on the first date that none of the foregoing is in effect, outstanding or owing, respectively, is owing) to any Lender or the Administrative Agent hereunder:

Section 5.01 Financial Statements, Reports, Etc. The Borrowers shall deliver to the Administrative Agent on behalf of the Lenders:

(a) Within (i) ninety (90) days after the end of each fiscal year, Parent's consolidated balance sheet and related statement of income and cash flows, showing the financial condition of Parent and its Subsidiaries on a consolidated basis as of the close of such fiscal year and the results of their respective operations during such year, such consolidated financial statements of Parent to be audited for Parent by independent public accountants of recognized national standing and to be accompanied by an opinion of such accountants (which opinion shall be unqualified as to scope of such audit) to the effect that such consolidated financial statements fairly present in all material respects the financial condition and results of operations of Parent and its Subsidiaries on a consolidated basis in accordance with GAAP; *provided* that the foregoing delivery requirement shall be satisfied if Parent shall have filed with the SEC its Annual Report on Form 10-K for such fiscal year, which is available to the public via EDGAR or any similar successor system and (ii) one hundred eighty (180) days after the end of the fiscal year ending December 31, 2021, and within one hundred twenty (120) days after the end of each fiscal year thereafter, HoldCo 1's consolidated balance sheet and related statement of income and cash flows, showing the financial condition of HoldCo 1 and its Subsidiaries on a consolidated basis as of the close of such fiscal year and the results of their respective operations during such year, such consolidated financial statements of HoldCo 1 to be audited for HoldCo 1 by independent public accountants of recognized national standing and to be accompanied by an opinion of such accountants (which opinion shall be unqualified as to scope of such audit) to the effect that such consolidated financial statements fairly present in all material respects the financial condition and results of operations of HoldCo 1 and its Subsidiaries on a consolidated basis in accordance with GAAP;

(b) Within (i) forty-five (45) days after the end of each of the first three fiscal quarters of each fiscal year, Parent's consolidated balance sheets and related statements of income and cash flows, showing the financial condition of Parent and its Subsidiaries on a consolidated basis as of the close of such fiscal quarter and the results of their operations during such fiscal quarter and the then-elapsed portion of the fiscal year, each certified by a Responsible Officer of Parent as fairly presenting in all material respects the financial condition and results of operations of Parent and its Subsidiaries on a consolidated basis in accordance with GAAP, subject to normal year-end audit adjustments and the absence of footnotes; *provided* that the foregoing delivery requirement shall be satisfied if Parent shall have filed with the SEC its Quarterly Report on Form 10-Q for such fiscal quarter, which is available to the public via EDGAR or any similar successor system and (ii) ninety (90) days after the end of the fiscal quarter ending June 30, 2021 and thereafter within sixty (60) days after the end of each of the first three fiscal quarters of each fiscal year, HoldCo 1's consolidated balance sheets and related statements of income and cash flows, showing the financial condition of HoldCo 1 and its Subsidiaries on a consolidated basis as of the close of such fiscal quarter and the results of their operations during such fiscal quarter and the then-elapsed portion of the fiscal year, each certified by a Responsible Officer of HoldCo 1 as fairly presenting in all material respects the financial condition and results of operations of HoldCo 1 and its Subsidiaries on a consolidated basis in accordance with GAAP, subject to normal year-end audit adjustments and the absence of footnotes;

(c) Within the time period under Section 5.01(a) above with respect to Parent, a certificate of a Responsible Officer of American certifying that, to the knowledge of such Responsible Officer, no Early Amortization Event or Event of Default has occurred and is continuing, or, if, to the knowledge of such Responsible Officer, such an Early Amortization Event or Event of Default has occurred and is continuing, specifying the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto;

(d) On or prior to each Determination Date with respect to each Related Quarterly Reporting Period, an Officer's Certificate demonstrating in reasonable detail compliance with (i) Section 6.08 as of the last day of the Related Quarterly Reporting Period and (ii) the Peak Debt Service Coverage Ratio Test as of the last day of the Related Quarterly Reporting Period;

(e) No later than each Determination Date with respect to each Related Quarterly Reporting Period, a certificate of a Responsible Officer of American, (i) setting forth the name of each new AAdvantage Agreement entered into as of such date and each of the parties thereto, (ii) certifying compliance with deposit requirements with respect to such AAdvantage Agreements and (iii) certifying that Transaction Revenues representing 90% of all AAdvantage Revenues for such Quarterly Reporting Period were deposited directly into the Collection Account;

(f) Promptly after the occurrence thereof, written notice of the termination of a Plan of Parent or an ERISA Affiliate pursuant to Section 4042 of ERISA to the extent such termination would constitute an Event of Default;

(g) So long as any Term Loan Commitment or Term Loan is outstanding, promptly upon knowledge thereof by a Responsible Officer of a Borrower, notice in writing of any Default, Early Amortization Event or Event of Default and what action Loyalty Co, American, Parent and its Subsidiaries are taking or propose to take with respect thereto (with a copy to the Collateral Administrator and the Master Collateral Agent);

(h) Promptly after a Responsible Officer of Parent or a Borrower obtains knowledge thereof, written notice of the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting Parent or any of its Subsidiaries that would reasonably be expected to result in a Material Adverse Effect;

(i) Subject to any confidentiality restrictions under binding agreements or limitations imposed by applicable law, a notice (which will be posted on a password protected website to which the Administrative Agent will have access to such notice (or which will otherwise be delivered to the Administrative Agent, including, without limitation, by electronic mail)) with respect to the occurrence of: (i) any material amendment, restatement, supplement, waiver or other material modification to any Material AAdvantage Agreement (with such notice posted or delivered, as applicable, promptly but in each case within thirty (30) days of the effectiveness of such material amendment, restatement, supplement, waiver or other material modification) and (ii) any termination, cancellation or expiration of a Material AAdvantage Agreement (with such notice posted or delivered, as applicable, as soon as reasonably practicable after such termination, cancellation or expiration); and

(j) On each Determination Date, deliver a Payment Date Statement to the Administrative Agent, the Collateral Administrator and the Master Collateral Agent. The Administrative Agent may, prior to the related Payment Date, provide notice to the Borrowers, the Collateral Administrator and the Master Collateral Agent of any information contained in the Payment Date Statement that the Administrative Agent believes to be incorrect. If the Administrative Agent provides such a notice, the Borrowers shall use their reasonable efforts to resolve the discrepancy and provide an updated Payment Date Statement on or prior to the related Payment Date. If the discrepancy is not resolved and a replacement Payment Date Statement is not received by the Collateral Administrator prior to the payment of Available Funds on the related Payment Date pursuant to Section 2.10(b), and it is later determined that the information identified by the Administrative Agent as incorrect was in fact incorrect and such error resulted in a party receiving a smaller distribution on the Payment Date than they would have received had there not been such an error, then the Borrowers shall indemnify such party for such shortfall. For the avoidance of doubt and, notwithstanding anything to the contrary herein or in any other Loan Document, the Collateral Administrator and the Administrative Agent shall have no obligation to inquire into, investigate, verify or perform any calculations in connection with a Payment Date Statement or, in the case of the Collateral Administrator, notice from the Administrative Agent in respect of the same; it being understood and agreed that the Administrative Agent and the Collateral Administrator shall be entitled to conclusively rely, and shall not be liable for so relying, on the Payment Date Statement last received by it on or prior to each Payment Date and the Administrative Agent and the Collateral Administrator shall have no obligation, responsibility or liability in connection with any indemnification payment of the Borrowers pursuant to the immediately preceding sentence.

Any certificate to be delivered under this Section 5.01 may, at any Borrower's option, be combined with any other certificate to be delivered under this Section 5.01 within the same time period.

In no event shall the Administrative Agent be entitled to inspect, receive and make copies of materials, (i) except in connection with any enforcement or exercise of remedies, (A) that constitute non-registered AAdvantage Intellectual Property, non-financial Trade Secrets (including the AAdvantage Customer Data) or non-financial proprietary information, or (B) in respect of which disclosure to the Administrative Agent, the Collateral Administrator or any Lender (or their respective representatives or contractors) is prohibited by law or any binding agreement (or would otherwise cause a breach or default thereunder) (including, but not limited to, copies of any AAdvantage Agreements or any information thereof) or (ii) that are subject to attorney client or similar privilege or constitute attorney work product or constitute Excluded Intellectual Property or an AAdvantage Agreement. The Borrowers agree to provide copies of any notices or any deliverables given or received under the Collateral Agency and Accounts Agreement to the Administrative Agent, including any notice or deliverable required to be provided to the Senior Secured Debt Representatives.

Subject to the next succeeding sentence, information delivered pursuant to this Section 5.01 to the Administrative Agent may be made available by the Administrative Agent to the Lenders by posting such information on the Syndtrak website on the Internet at http://

syndtrak.com. Information required to be delivered pursuant to this Section 5.01 by any Loan Party shall be delivered pursuant to Section 10.01 hereto. Information required to be delivered pursuant to this Section 5.01 (to the extent not made available as set forth above) shall be deemed to have been delivered to the Administrative Agent on the date on which Loyalty Co provides written notice to the Administrative Agent that such information has been posted on American's general commercial website on the Internet (to the extent such information has been posted or is available as described in such notice), as such website may be specified by Loyalty Co to the Administrative Agent from time to time. Information required to be delivered pursuant to this Section 5.01 shall be in a format which is suitable for transmission.

Any notice or other communication delivered pursuant to this Section 5.01, or otherwise pursuant to this Agreement, shall be deemed to contain material non-public information unless (i) expressly marked by a Loan Party as "PUBLIC", (ii) such notice or communication consists of copies of any Loan Party's public filings with the SEC or (iii) such notice or communication has been posted on American's general commercial website on the Internet, as such website may be specified by Loyalty Co to the Administrative Agent from time to time.

Delivery of reports, information and documents to the Collateral Administrator is for informational purposes only, and its receipt of such reports, information and documents shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including any Loan Party's or any other Person's compliance with any of its covenants under this Agreement or any other Loan Document. The Collateral Administrator shall have no liability or responsibility for the content, filing or timeliness of any report or other information delivered, filed or posted under or in connection with this Agreement, the other Loan Documents or the transactions contemplated hereunder or thereunder. For the avoidance of doubt, the Collateral Administrator shall have no duty to monitor or access any website of a Loan Party or any other Person referenced herein, shall not have any duty to monitor, determine or inquire as to compliance or performance by any Loan Party or any other Person of its obligations under this Section 5.01 or otherwise and the Collateral Administrator shall not be responsible or liable for any Loan Party's or any other Person's non-performance or non-compliance with such obligations.

Section 5.02 Taxes. Each Loan Party shall pay, and shall cause each of its Subsidiaries to pay, all material taxes, assessments and governmental levies imposed or assessed on any of them or any of their assets before the same shall become more than 90 days delinquent, other than taxes, assessments and levies (i) being contested in good faith by appropriate proceedings or (ii) the failure to effect such payment of which are not reasonably be expected to have, individually or collectively, a Material Adverse Effect.

Section 5.03 [Reserved].

Section 5.04 Corporate Existence. Each Loan Party shall do or cause to be done all things reasonably necessary to preserve and keep in full force and effect:

(a) its corporate existence, and the corporate, partnership or other existence of each of its Restricted Subsidiaries, in accordance with the respective organizational and/or

constitutional documents (as the same may be amended from time to time) of such Loan Party or any such Restricted Subsidiary; and

(b) the rights (charter and statutory) and material franchises of each Loan Party and its Restricted Subsidiaries; *provided* that no Loan Party shall be required to preserve any such right or franchise, or the corporate, partnership or other existence of such Loan Party (other than an SPV Party) or any of its Restricted Subsidiaries (other than an SPV Party), if a Responsible Officer of American or Parent shall, in such officer's reasonable judgment, determine that the preservation thereof is no longer desirable in the conduct of the business of Parent and its Subsidiaries, taken as a whole, and that the loss thereof would not, individually or in the aggregate, have a Material Adverse Effect.

For the avoidance of doubt, this Section 5.04 shall not prohibit any actions permitted by Section 6.04 or Section 6.10(b).

Section 5.05 Compliance with Laws. Each Loan Party shall comply, and cause each of its Restricted Subsidiaries to comply, with all applicable laws, rules, regulations and orders of any Governmental Authority applicable to it or its property, except where such noncompliance, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

Section 5.06 Designation of Restricted and Unrestricted Subsidiaries.

(a) Parent may designate any Restricted Subsidiary of it (other than any Borrower or SPV Party) to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by Parent and its Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation. That designation will be permitted only if the Investment would be permitted at that time under Section 6.01 and if the Restricted Subsidiary otherwise meets the definition of an "Unrestricted Subsidiary." Parent may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if that redesignation would not cause a Default.

(b) Parent may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary of Parent; provided that such designation will be permitted only if no Default or Event of Default would be in existence following such designation.

(c) In connection with the designation of an Unrestricted Subsidiary as provided in Section 5.06(a), (x) such designated Unrestricted Subsidiary shall be released from its Guarantee of the Obligations and (y) any Liens on such designated Unrestricted Subsidiary and any of the Collateral of such designated Unrestricted Subsidiary shall be released.

Section 5.07 Contribution of AAdvantage Intellectual Property. American shall contribute Intellectual Property and data to Loyalty Co pursuant to the Contribution Agreements from time to time so that at all times Parent and its Subsidiaries (other than Loyalty Co) would not be able to operate the AAdvantage Program in a manner materially consistent with the operation

of the AAdvantage Program at such time, or any other similar airline loyalty program (other than a Permitted Acquisition Loyalty Program or Specified Minority Owned Program), without the rights granted to American with respect to such Intellectual Property under the IP Licenses; provided that, for the avoidance of doubt, American shall not be required to so contribute any Airlines Business Intellectual Property or sublicense any Intellectual Property owned by any non-Affiliate third party.

Section 5.08 Special Purpose Entity. Other than as required or permitted by the Transaction Documents or the AAdvantage Agreements, the SPV Parties have not and shall not:

(a) engage in any business or activity other than (i) the purchase, receipt, management and sale of Collateral and Excluded Property; *provided* that in no event shall any SPV Party purchase, receive, manage or sell real property, (ii) the transfer and pledge of Collateral pursuant to the terms of the Collateral Documents and the Priority Lien Debt Documents and the Junior Lien Debt Documents, (iii) the entry into and the performance under the Transaction Documents and AAdvantage Agreements to which it is a party and the Priority Lien Debt Documents and Junior Lien Debt Documents and (iv) such other activities as are incidental to the foregoing clauses (i) through (iii);

(b) acquire or own any material assets other than (i) the Collateral and Excluded Property; *provided* that in no event shall any SPV Party acquire or own real property, or (ii) incidental property as may be necessary or desirable for the operation of any SPV Party and the performance of its obligations under the Transaction Documents and AAdvantage Agreements to which it is a party and the Priority Lien Debt Documents and the Junior Lien Debt Documents;

(c) except as permitted by this Agreement (i) merge into or consolidate with any Person or dissolve, terminate or liquidate in whole or in part, transfer or otherwise dispose of all or substantially all of its assets, or (ii) change its legal structure, or jurisdiction of incorporation, unless, in connection with any of the foregoing, such action shall result in the substantially contemporaneous occurrence of the Discharge of Senior Secured Debt Obligations;

(d) except as otherwise permitted under Section 5.08(c), fail to preserve its existence as an entity duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation;

(e) form, acquire or own any Subsidiary, own any Equity Interests in any other entity, or make any Investment in any Person other than to the extent permitted in its memorandum and articles of association and the Loan Documents (it being understood that each SPV Party shall only be permitted to form and thereafter own one or more Subsidiaries that are each SPV Parties or will become SPV Parties upon satisfaction of the requirements set forth in clauses (4), (5) and (6) of the proviso in the definition of "Permitted Loyalty Subsidiary" within the time periods set forth in Section 5.17(l));

(f) except as contemplated in the Senior Secured Debt Documents, commingle its assets with the assets of any of its Affiliates, or of any other Person;

(g) incur any Indebtedness other than (i) Indebtedness to the Secured Parties hereunder or in conjunction with a repayment of all or a portion of the Term Loans owed to the Lenders and a termination of all the Term Loan Commitments, (ii) any other Priority Lien Debt, (iii) any Junior Lien Debt and (iv) ordinary course contingent obligations under or any terms thereof related to the AAdvantage Agreements (such as customary indemnities to fronting banks, administrative agents, collateral agents, depository banks, escrow agents, etc.);

(h) become insolvent or fail to pay its debts and liabilities from its assets as the same shall become due in the ordinary course of business;

(i) fail to maintain its records, books of account and bank accounts separate and apart from those of any other Person;

(j) enter into any contract or agreement with any Person, except (i) the Transaction Documents to which it is a party and the Priority Lien Debt Documents and the Junior Lien Debt Documents, (ii) organizational documents, (iii) AAdvantage Agreements or other co-branding, partnering or similar agreements, (iv) agreements between any SPV Party and American and/or its Subsidiaries substantially consistent with American's arrangements with its other Subsidiaries that (I) terminate upon such SPV Party ceasing to be a Subsidiary of American, (II) do not involve the payment of cash to or from such SPV Party, (III) are entered into for the primary purpose of managing the transfer and processing of data among the parties thereto and (IV) contain non-petition and nonrecourse covenants with respect to such SPV Party consistent with the provisions set forth in this Agreement, (v) intercompany loans from Loyalty Co to American permitted under Section 6.01, or (vi) other contracts or agreements that (x) are upon terms and conditions that are commercially reasonable and substantially similar to those that would be available on an arm's length basis with third parties other than such Person, (y) contain non-petition covenants with respect to such SPV Party consistent with the provisions set forth in this Agreement and (z) contain nonrecourse covenants with respect to such SPV Party consistent with the provisions set forth in this Agreement;

(k) seek its dissolution or winding up in whole or in part;

(l) fail to use commercially reasonable efforts to correct promptly any material known misunderstandings regarding the separate identities of any SPV Party, on the one hand, and any Affiliate or any principal thereof or any other Person, on the other hand;

(m) except pursuant to the Transaction Documents and AAdvantage Agreements, the Priority Lien Debt Documents and the Junior Lien Debt Documents, guarantee, become obligated for, or hold itself out to be responsible for the Indebtedness of another Person;

(n) fail, in any material respect, either to hold itself out to the public as a legal entity separate and distinct from any other Person or to conduct its business, solely in its own name in order not (i) to mislead others as to the identity of the Person with which such other party is transacting business, or (ii) to suggest that it is responsible for the Indebtedness of any third party (including any of its principals or Affiliates (other than as contemplated or required pursuant to the Transaction Documents or AAdvantage Agreements));

(o) fail, to the extent of its own funds (taking into account the requirements in the Transaction Documents and AAdvantage Agreements), to maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations;

(p) [reserved];

(q) fail to maintain separate financial statements, showing its assets and liabilities separate and apart from those of any other Person and not have its assets listed on any financial statement of any other Person; *provided, however,* that the SPV Parties' assets may be included in a consolidated financial statement of its Affiliates so long as (i) appropriate notation shall be made on such consolidated financial statements to indicate the separateness of the SPV Parties from such Person and to indicate that the SPV Parties' assets and credit are not available to satisfy the Indebtedness and other obligations of such Person or any other Person except for Indebtedness incurred and other obligations pursuant to the Loan Documents, the Priority Lien Debt Documents and the Junior Lien Debt Documents and (ii) such assets shall also be listed on the SPV Parties' own separate balance sheet (in each case, subject to clause (y) below);

(r) fail to pay its own separate liabilities and expenses only out of its own funds (other than as contemplated under any Director Services Agreement);

(s) maintain, hire or employ any individuals as employees; *provided* that the SPV Parties are not prohibited or limited in any manner from having directors and officers;

(t) acquire the obligations or securities issued by its Affiliates or members (other than (i) any equity interests of another SPV Party that is a Subsidiary of such SPV Party, (ii) Madrid SPV or in connection with implementation of the Madrid Protocol Holding Structure or an Alternative Madrid Structure or (iii) intercompany loans permitted under Section 6.01);

(u) fail to allocate fairly and reasonably any overhead expenses that are shared with an Affiliate, including paying for office space and services performed by any employee of an Affiliate;

(v) pledge its assets to secure the obligations of any other Person other than pursuant to the Loan Documents, the Priority Lien Debt Documents and the Junior Lien Debt Documents;

(w) fail to satisfy the requirements of Section 5.09;

(x) (i) institute proceedings to be adjudicated bankrupt or insolvent, (ii) institute or consent to the institution of bankruptcy, winding up or insolvency proceedings against it, (iii) file a petition seeking or consent to reorganization or relief under any applicable federal or state law relating to bankruptcy or insolvency, (iv) seek or consent to the appointment of a receiver, liquidator, provisional liquidator, assignee, trustee, sequestrator, collateral agent or any similar official for any SPV Party, (v) make any general assignment for the benefit of any SPV Party's

creditors, (vi) admit in writing its inability to pay its debts generally as they become due, or (vii) take any corporate action to approve any of the foregoing; or

(y) fail to file its own tax returns separate from those of any other Person, except to the extent that any SPV Party is treated as a disregarded entity for U.S. federal and applicable state and local income tax purposes or except as otherwise required by law.

Section 5.09 SPV Party Independent Directors. No SPV Party shall fail for five (5) consecutive Business Days to have the Required Number of Independent Directors (or 30 days in the case of such Independent Director's death, disability or resignation, provided that in the case of Loyalty Co, one Independent Director remains at Loyalty Co during such period). Each SPV Party agrees that no vote for a "Material Action" (as defined in the Specified Organization Document of such SPV Party) shall be held unless such SPV Party has the Required Number of Independent Directors at such time, all of the Required Number of Independent Directors are present for such vote and the affirmative vote of all Independent Directors is required for such SPV Party to take such "Material Action."

Section 5.10 Regulatory Matters; Utilization. American will:

(a) maintain at all times its status as an "air carrier" within the meaning of Section 40102(a)(2) of Title 49, and hold or co-hold a certificate under Section 41102(a)(1) of Title 49; and

(b) maintain at all times its status at the FAA as an "air carrier" and hold or co-hold an air carrier operating certificate under Section 44705 of Title 49 and operations specifications issued by the FAA pursuant to Parts 119 and 121 of Title 14.

Section 5.11 Collateral Ownership. Subject to the provisions described (including the actions permitted) under Section 6 hereof, each Grantor will continue to maintain its interest in and right to use all property and assets so long as such property and assets constitute Collateral, except as would not reasonably be expected to result in a Material Adverse Effect.

Section 5.12 [Reserved].

Section 5.13 Guarantors; Grantors; Collateral.

(a) Parent shall take, and cause each Subsidiary to take, such actions as are necessary in order to ensure that the obligations of the Loan Parties hereunder and under the other Loan Documents are guaranteed by all Guarantors. If (x) Parent or any of its Restricted Subsidiaries acquires or creates another Domestic Subsidiary or a Permitted Loyalty Subsidiary after the Closing Date or (y) Parent, in its sole discretion, elects to cause a Domestic Subsidiary that is not a Guarantor to become a Guarantor, then Parent will promptly cause such Domestic Subsidiary or Permitted Loyalty Subsidiary to guarantee the Guaranteed Obligations and become a Guarantor by executing an Instrument of Assumption and Joinder substantially in the form attached hereto as Exhibit B; provided, that any Domestic Subsidiary that constitutes an Immaterial Subsidiary, a Receivables Subsidiary or an Excluded Subsidiary need not become a Guarantor

unless and until (1) 30 Business Days after such time as it ceases to be (and is no longer any of) an Immaterial Subsidiary, a Receivables Subsidiary or an Excluded Subsidiary or (2) such time as it guarantees, or pledges any property or assets to secure, any other Obligations.

(b) If any Domestic Subsidiary that constitutes an Immaterial Subsidiary, a Receivables Subsidiary or an Excluded Subsidiary on the Closing Date ceases to be (and is no longer any of) an Immaterial Subsidiary, a Receivables Subsidiary or an Excluded Subsidiary or at such time as it guarantees, or pledges any property or assets to secure, Obligations hereunder, then Parent will promptly cause such Domestic Subsidiary to guarantee the Guaranteed Obligations and become a Guarantor by executing an Instrument of Assumption and Joinder substantially in the form attached hereto as Exhibit B within 30 Business Days after such time as it ceases to be (and is no longer any of) an Immaterial Subsidiary, a Receivables Subsidiary or an Excluded Subsidiary or such time as it guarantees, or pledges any property or assets to secure, any other Obligations.

(c) Notwithstanding the provisions in Section 5.13(a) and 5.13(b), no Regional Airline shall be required to become a Guarantor hereunder at any time. A Regional Airline may become a Guarantor at the sole discretion of American.

(d) Parent, American and Loyalty Co shall, in each case at their own expense, (A) cause each Subsidiary of any SPV Party to become a Grantor and to become a party to the Security Agreement and each other applicable Collateral Document and all other agreements, instruments or documents that create or purport to create and perfect a first priority Lien (subject to Permitted Liens) in favor of the Master Collateral Agent for the benefit of the Secured Parties in substantially all of its assets (other than Excluded Property), subject to and in accordance with the terms, conditions and provisions of the Loan Documents, (B) promptly execute and deliver (or cause such Grantor to execute and deliver) to the Administrative Agent, the Collateral Administrator and the Master Collateral Agent such documents and take such actions to create, grant, establish, preserve and perfect the applicable priority Liens (subject to Permitted Liens) (including to obtain any release or termination of Liens not permitted under Section 6.06 and the filing of UCC financing statements, as applicable) in favor of the Master Collateral Agent, as applicable, on such assets of any Grantor to secure the Obligations to the extent required under the applicable Collateral Documents or reasonably requested by the Administrative Agent or the Master Collateral Agent, and to ensure that such Collateral shall be subject to no other Liens other than Permitted Liens (it being understood that only American and the SPV Parties shall be required to become Grantors and pledge their respective Collateral) and (C) if reasonably requested by the Administrative Agent, deliver to the Administrative Agent, for the benefit of the Secured Parties, the Master Collateral Agent, the Collateral Administrator and the Depositary, a customary written opinion of counsel (which counsel shall be reasonably satisfactory to the Administrative Agent) to Parent or such Grantor, as applicable, with respect to the matters described in clauses (A) and (B) hereof, in each case within twenty (20) Business Days after the addition of such Collateral.

Section 5.14 Access to Books and Records.

(a) Each Loan Party will make and keep books, records and accounts in which full, true and correct entries in conformity with GAAP are made of all financial dealings and

transactions in relation to its business and activities, including, without limitation, an accurate and fair reflection of the transactions and dispositions of the assets of the Loan Parties.

(b) Each Loan Party will permit, to the extent not prohibited by applicable law or contractual obligations (including all confidentiality obligations set forth in the AAdvantage Agreements), any representatives designated by the Administrative Agent or any Governmental Authority that is authorized to supervise or regulate the operations of a Lender, as designated by such Lender, upon reasonable prior written notice and, so long as no Event of Default has occurred and is continuing, at no out-of-pocket cost to any Loan Party and not more than once per fiscal year, to (x) visit and inspect the Collateral (excluding the AAdvantage Agreements), (y) examine its books and records (excluding the AAdvantage Agreements) and (z) discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times during normal business hours (it being understood that a representative of American will be present); provided that if an Event of Default has occurred and is continuing, the Loan Parties shall be responsible for the reasonable costs and expenses of any visits of the Administrative Agent and the Lenders, acting together (but not separately); provided, further, that with respect to Collateral and matters relating thereto, the rights of Administrative Agent and the Lenders under this Section 5.14 shall be limited to the following: upon the request of the Administrative Agent, the applicable Grantor will permit the Administrative Agent or any of its agents or representatives, at reasonable times and intervals upon reasonable prior notice, to (x) visit during normal business hours its offices and sites and (y) inspect any documents (excluding the AAdvantage Agreements) relating to (i) the existence of such Collateral, (ii) with respect to Collateral, the condition of such Collateral, and (iii) the validity, perfection and priority of the Liens on such Collateral, and to discuss such matters with its officers, except to the extent the disclosure of any such document or any such discussion would result in the applicable Grantor's violation of its contractual (including all confidentiality obligations set forth in the AAdvantage Agreements) or legal obligations. All confidential or proprietary information obtained in connection with any such visit, inspection or discussion shall be held confidential by the Administrative Agent and each agent or representative thereof and shall not be furnished or disclosed by any of them to anyone other than their respective bank examiners, auditors, accountants, agents and legal counsel, and except as may be required by an order of any court or administrative agency or by any statute, rule, regulation or order of any Governmental Authority. None of Parent or any of its Subsidiaries will be required to disclose, permit the inspection, examination or making copies or abstracts of, or discussion of, any document, information or other matter pursuant to this Section 5.14 (i) except after the occurrence of an Event of Default and of the exercise of remedies hereunder, that constitutes non-registered AAdvantage Intellectual Property, non-financial Trade Secrets (including the AAdvantage Customer Data) or non-financial proprietary information, including the AAdvantage Agreements, (ii) in respect of which disclosure to Administrative Agent or any Lender (or their respective designees or representatives) is prohibited by law or any binding agreement (or would otherwise cause a breach or default thereunder), (iii) that is Excluded Intellectual Property or an AAdvantage Agreement, or (iv) that is subject to attorney-client or similar privilege or constitutes attorney work product.

Section 5.15 Further Assurances.

(a) In each case, subject to the terms, conditions and limitations in the Loan Documents, each Loan Party shall execute any and all further documents and instruments, and take all further actions, that may be required or advisable under applicable law or that the Master Collateral Agent or the Collateral Administrator may reasonably request, in order to create, grant, establish, preserve, protect and perfect the validity, perfection and priority of the Liens and security interests created or intended to be created by the Collateral Documents, in each case to the extent required under this Agreement or the Collateral Documents. For the avoidance of doubt, the requirements of this Section 5.15(a) shall not create any obligation of the Loan Party to provide any AAdvantage Agreements (or copies thereof), or disclose any information therein that is not otherwise disclosed on the Closing Date.

(b) Promptly following the entry by Parent or any of its Subsidiaries into any AAdvantage Agreements after the Closing Date (or, in the case of an agreement that previously was a Retained Agreement that becomes an AAdvantage Agreement, upon such agreement becoming an AAdvantage Agreement), Loyalty Co will deliver to the Administrative Agent an executed Direction of Payment.

(c) Promptly after the date upon which it is permissible to transfer and assign any Specified Intellectual Property, the Loan Parties shall, if such Specified Intellectual Property is not transferred and assigned pursuant to an existing Contribution Agreement or an amendment thereto, execute and deliver one or more Contribution Agreements together with all further documents and instruments that may be required and advisable, and take all further actions that may be required or advisable under applicable law or that the Master Collateral Agent may reasonably request, to transfer and assign all of the Loan Parties' right, title and interest in and to such Specified Intellectual Property to Loyalty Co, and shall promptly provide the Administrative Agent and the Master Collateral Agent copies of any such documents.

Section 5.16 Maintenance of Rating. The Loan Parties shall use commercially reasonable efforts to cause the Term Loans to be continuously rated (but not any specific rating) by the two (2) Rating Agencies that initially rated the Term Loans. The Loan Parties shall make commercially reasonable efforts to provide such Rating Agencies (at American's sole expense) such reports, records and documents as each shall reasonably request to monitor or affirm such ratings, except to the extent the disclosure of any such document or any such discussion would result in the violation of any Loan Party's contractual (including all confidentiality obligations set forth in the AAdvantage Agreements) or legal obligations; *provided* that the Loan Parties' failure to obtain such a rating after using commercially reasonable efforts shall not constitute an Event of Default.

Section 5.17 AAdvantage Program; AAdvantage Agreements.

(a) Each Loan Party (as applicable) agrees to honor Miles according to the policies and procedures of the AAdvantage Program except to the extent that would not reasonably be expected to cause a Payment Material Adverse Effect.

(b) Each Loan Party shall take any action permitted under the AAdvantage Agreements and applicable law that it, in its reasonable business judgment, determines is advisable, in order to diligently and promptly (i) enforce its rights and any remedies available to it under the AAdvantage Agreements, (ii) perform its obligations under the AAdvantage Agreements and (iii) cause the applicable counterparties to perform their obligations under the related AAdvantage Agreements, including such counterparties' obligations to make payments to and indemnify the applicable Loan Parties in accordance with the terms thereof in each case except to the extent that would not reasonably be expected to cause a Payment Material Adverse Effect.

(c) The Loan Parties shall not substantially reduce the AAdvantage Program business or modify the terms of the AAdvantage Program in any manner that would reasonably be expected to cause a Payment Material Adverse Effect.

(d) Parent shall not and shall not permit any of its Subsidiaries to change the policies and procedures of the AAdvantage Program in any manner that would reasonably be expected to cause a Payment Material Adverse Effect.

(e) No Loan Party shall, or shall permit any of its Subsidiaries to, establish, create, or operate any Loyalty Program, other than a Permitted Acquisition Loyalty Program or a Specified Minority Owned Program, unless substantially all (i) such Loyalty Program cash payments (which excludes, for the avoidance of doubt, airline revenues such as ticket sales and baggage fees), (ii) accounts in which such cash payments are deposited, (iii) Intellectual Property and member data (but solely to the extent that such Intellectual Property and member data would be included in the definition of AAdvantage Intellectual Property, substituting references to the AAdvantage Program with references to such other Loyalty Program), and (iv) material third-party co-branding, partnering or similar agreements, including airline-to-airline frequent flyer program agreements, related to or entered into in connection with such Loyalty Program (but solely to the extent that such agreements would be included in the definition of AAdvantage Agreements (e.g., Retained Agreements are excluded from all of the foregoing so long as such agreements remain Retained Agreements or later again become Retained Agreements), substituting references to the AAdvantage Program with references to such other Loyalty Program) and intercompany agreements concerning the operation of such Loyalty Program are transferred to and held at Loyalty Co or a Permitted Loyalty Subsidiary and pledged as Collateral on a first lien basis (except to the extent such revenues or assets constitute Excluded Property), subject to Permitted Liens; *provided* that, for the avoidance of doubt, nothing shall prohibit Parent or any of its Subsidiaries from offering and providing discounts or other incentives for travel or carriage on American or any of the oneworld partners (or, in the case of, American's AirPass program, Business Extra program and ConciergeKey program, from offering and providing other goods and services) to (A) any Person that is not a natural person or (B) members of American's AirPass program, Business Extra program and ConciergeKey program so long as no Currency is provided to such members other than Miles or, in the case of members of the Business Extra program that are Persons other than natural persons, the Currency of the Business Extra program.

(f) The Loan Parties agree that, with respect to each AAdvantage Agreement entered into after the Closing Date that would be an AAdvantage Agreement and not a Retained Agreement at such time, (i) Loyalty Co shall either be (A) party to such AAdvantage Agreement

and have right to enforce the terms of such AAdvantage Agreement pursuant to the terms thereof or (B) an express third party beneficiary of such AAdvantage Agreement, including the express right to enforce the terms of such AAdvantage Agreement, pursuant to the terms thereof and (ii) such AAdvantage Agreement shall (x) provide that payment made by the counterparty thereunder shall be made to Loyalty Co and deposited directly into the Collection Account and (y) permit Loyalty Co to grant a Lien on such AAdvantage Agreement to secure the Obligations; *provided*, that the foregoing shall not apply to any renewals, extensions or modifications of Closing Date AAdvantage Agreements as long as commercially reasonable efforts (as determined by American) have first been made to have Loyalty Co be a party to (or an express third party beneficiary of) such renewed, extended or modified agreement; provided further that in no event shall American be required to pay or provide concessions to a counterparty of such a renewed, extended or modified Closing Date AAdvantage Agreement in order to have Loyalty Co added as a party to such agreement (or an express third party beneficiary thereof). In the event that the Barclays Co-Branded Agreement or the Citi Co-Branded Agreement is renewed, extended or modified, American and Loyalty Co shall ensure that the applicable Co-Branded Consent is effective with respect to such renewed, extended or modified agreement.

(g) American shall assign all of its Assigned AAdvantage Agreement Rights with respect to each AAdvantage Agreement to Loyalty Co. The Loan Parties shall, if any such Assigned AAdvantage Agreement Rights with respect to any AAdvantage Agreement is not assigned pursuant to an existing Contribution Agreement, execute and deliver one or more Contribution Agreements together with all further documents and instruments that may be required, and take all further actions that may be required under applicable law or that the Master Collateral Agent may reasonably request, to transfer and assign all of the Loan Parties' Assigned AAdvantage Agreement Rights to Loyalty Co, and shall promptly provide the Administrative Agent and the Master Collateral Agent copies of any such documents.

(h) Notwithstanding anything to the contrary, with respect to any Permitted Acquisition Loyalty Program, each Loan Party shall be permitted to undertake any of the following actions at any time after such actions are permitted under the Material AAdvantage Agreements and applicable law:

(i) terminate the Permitted Acquisition Loyalty Program;

(ii) merge and consolidate the Permitted Acquisition Loyalty Program into the AAdvantage Program; or

(iii) cause all or part of the Permitted Acquisition Loyalty Program's payments in cash (which excludes airline revenues such as ticket sales and baggage fees) to be pledged as Collateral.

(i) For the avoidance of doubt, (i) until it is merged into or consolidated with the AAdvantage Program or substantially all of the payments in cash and Intellectual Property of such Permitted Acquisition Loyalty Program, all material third-party co-branding, partnering and similar agreements, including airline-to-airline frequent flyer program agreements, related to or

entered into in connection with such Permitted Acquisition Loyalty Program (but solely to the extent that such agreements would be included in the definition of AAdvantage Agreements (e.g., Retained Agreements are excluded from all of the foregoing so long as such agreements remain Retained Agreements or again become Retained Agreements), substituting references to the AAdvantage Program with references to such other Permitted Acquisition Loyalty Program) and intercompany agreements concerning the operation of such Permitted Acquisition Loyalty Program are transferred and held at Loyalty Co or a Permitted Loyalty Subsidiary and pledged as Collateral on a first lien basis, any Permitted Acquisition Loyalty Program shall not be deemed part of the AAdvantage Program, its co-branding, partnering or similar agreements, including airline-to-airline frequent flyer program agreements, shall not constitute AAdvantage Agreements, and its customer data shall not constitute AAdvantage Customer Data and (ii) following a merger or consolidation of such Permitted Acquisition Loyalty Program into the AAdvantage Program or substantially all of the payments in cash and Intellectual Property of such Permitted Acquisition Loyalty Program, all material third-party co-branding, partnering and similar agreements, including airline-to-airline frequent flyer program agreements, related to or entered into in connection with such Permitted Acquisition Loyalty Program (but solely to the extent that such agreements would be included in the definition of AAdvantage Agreements (e.g., Retained Agreements are excluded from all of the foregoing so long as such agreements remain Retained Agreements or later again become Retained Agreements), substituting references to the AAdvantage Program with references to such other Permitted Acquisition Loyalty Program) and intercompany agreements concerning the operation of such Permitted Acquisition Loyalty Program are transferred and held at Loyalty Co or a Permitted Loyalty Subsidiary and pledged as Collateral on a first lien basis (subject to Permitted Liens), (A) none of the restrictions described in the definition of "Permitted Acquisition Loyalty Program" will continue to apply to the merged program, (B) the co-branding, partnering and similar agreements, including airline-to-airline frequent flyer program agreements, related to or entered into in connection with such Permitted Acquisition Loyalty Program shall become AAdvantage Agreements (but solely to the extent that such agreements would be included in the definition of AAdvantage Agreements (e.g., Retained Agreements are excluded from all of the foregoing so long as such agreements remain Retained Agreements or again become Retained Agreements), substituting references to the AAdvantage Program with references to such other Permitted Acquisition Loyalty Program) and (C) to the extent not effected pursuant to such merger or consolidation, American shall promptly cause such Permitted Acquisition Loyalty Program's payments in cash (which excludes airline revenues such as ticket sales and baggage fees), accounts in which such payment in cash are deposited, Intellectual Property and member data related to such Permitted Acquisition Loyalty Program (but solely to the extent that such Intellectual Property and member data would be included in the definition of AAdvantage Intellectual Property, substituting references to the AAdvantage Program with references to such other Permitted Acquisition Loyalty Program), all material third-party co-branding, partnering and similar agreements, including airline-to-airline frequent flyer program agreements, related to or entered into in connection with such Permitted Acquisition Loyalty Program (but solely to the extent that such agreements would be included in the definition of AAdvantage Agreements (e.g., Retained Agreements are excluded from all of the foregoing so long as such agreements remain Retained Agreements or again become Retained Agreements), substituting references to the AAdvantage Program with references to such other Permitted

Acquisition Loyalty Program) and intercompany agreements concerning the operation of such Loyalty Program and all other assets of such Permitted Acquisition Loyalty Program to be transferred and held at Loyalty Co or a Permitted Loyalty Subsidiary and be pledged as Collateral pursuant to the Collateral Documents.

(j) Each Loan Party agrees that if, as of any Determination Date, the aggregate amount of payments in cash attributable to the Retained Agreements for the preceding four Quarterly Reporting Periods (or, in the case of the first three Quarterly Reporting Periods, since the Closing Date) are greater than or equal to 7.0% of the AAdvantage Revenues for such period, (i) American shall promptly transfer (or cause to be transferred) its Assigned AAdvantage Agreement Rights with respect to one or more Retained Agreements to Loyalty Co such that the aggregate amount of payments in cash produced by the Retained Agreements not so transferred is less than 7.0% of the AAdvantage Revenues in such period (on a pro forma basis) and shall deliver updates to Schedule 3.18 to list such transferred agreement(s) as AAdvantage Agreement(s) and (ii) upon the effectiveness of such transfer, such Retained Agreement(s) shall become AAdvantage Agreement(s); *provided* that, in the case of any airline-to-airline frequent flyer program agreement that was previously a Retained Agreement and subsequently becomes an AAdvantage Agreement, such airline-to-airline frequent flyer program may be re-designated as a Retained Agreement and released from the Collateral so long as after giving effect to such release and re-designation, the aggregate amount of revenues of the Retained Agreements is less than 7.0% (on a pro forma basis) for the preceding four Quarterly Reporting Periods (or, in the case of the first three Quarterly Reporting Periods, since the Closing Date).

(k) Loyalty Co shall have the exclusive right to issue Miles in connection with the AAdvantage Program (including any Miles purchased by American, AAdvantage Program members or any other third parties pursuant to AAdvantage Agreements, Retained Agreements, American Airline Business Agreements or otherwise from Loyalty Co, American or any of its Affiliates). Neither American nor any of its Affiliates (other than Loyalty Co) shall issue or create Miles. American shall purchase Miles from Loyalty Co in order to comply with its obligations under the AAdvantage Agreements, Retained Agreements and American Airline Business Agreements. Loyalty Co shall issue Miles purchased by American in accordance with the Intercompany Agreement. The sale, transfer and redemption of Miles between Loyalty Co and American shall be governed solely by the Intercompany Agreement.

(l) In connection with the transactions contemplated by clauses (e) and/or (i) of this Section 5.17, any SPV Party may form a Permitted Loyalty Subsidiary; *provided* that such Permitted Loyalty Subsidiary satisfies the requirements set forth in the definition of "Permitted Loyalty Subsidiary" within thirty (30) days after the formation of such Subsidiary (or such longer period as the Administrative Agent may agree in its sole discretion) and Loyalty Co provides written notice to the Administrative Agent designating such Subsidiary as a "Permitted Loyalty Subsidiary" and an "SPV Party".

(m) Parent shall not enter into, be party to or otherwise obtain any rights under any AAdvantage Agreement.

Section 5.18 Reserve Account.

(a) Loyalty Co shall establish and maintain or cause to be maintained at the Collateral Custodian, a segregated non-interest bearing trust account in the name of Loyalty Co, for the purpose of holding a minimum balance of not less than the Reserve Account Required Balance (such account, the "**Reserve Account**"). The Reserve Account shall be subject at all times to an Account Control Agreement. So long as the Collateral Custodian has not been notified by the Administrative Agent or any Borrower that an Event of Default has occurred and is continuing, then the Collateral Custodian shall, at the written direction of either Borrower from time to time cause the funds held in the Reserve Account, from time to time, to be invested in one or more Cash Equivalents selected by such Borrower (which Cash Equivalents shall at all times be subject to the Lien created hereunder); *provided* that in no event shall the Collateral Custodian: (i) have any responsibility whatsoever as to the validity or quality of any Cash Equivalent (or for determining whether any investment made qualifies under the definition of "Cash Equivalent"), (ii) be liable for the selection of Cash Equivalents or for investment losses incurred thereon or in respect of losses incurred as a result of the liquidation of any Cash Equivalent before its stated maturity pursuant to this Section 5.18 or the failure of a Borrower to provide timely written investment direction or (iii) have any obligation to invest or reinvest any such amounts in the absence of such investment direction. Following the Collateral Custodian's receipt of written notice from the Administrative Agent or from a Borrower that an Event of Default has occurred and is continuing, the Collateral Administrator shall cease making or renewing such Investments and funds on deposit in the Reserve Account shall thereafter remain uninvested. The Collateral Custodian shall not have any obligation to invest or reinvest the funds held in the Reserve Account on any day to the extent that the Collateral Custodian has not received investment instruction on or prior to 11:00 a.m. (New York time) on such day. Notwithstanding anything in this Agreement to the contrary, in no event shall any Borrower direct any investment in any such Cash Equivalent that will mature later than the Business Day before the next occurring Payment Date. It is agreed and understood that the entity serving as the Collateral Administrator or the Collateral Custodian may earn fees associated with the investments outlined above in accordance with the terms of such investments. In no event shall the Collateral Administrator or the Collateral Custodian be deemed an investment manager or adviser in respect of any selection of investments hereunder. It is understood and agreed that the Collateral Administrator, the Collateral Custodian or their respective affiliates are permitted to receive additional compensation that could be deemed to be in the Collateral Administrator's or the Collateral Custodian's economic self-interest for (1) serving as investment adviser, administrator, shareholder servicing agent, custodian or sub custodian with respect to certain of the investments, (2) using affiliates to effect transactions in certain investments and (3) effecting transactions in investments. All income from such Cash Equivalents shall be retained in the Reserve Account, subject to release as permitted by this Agreement. All investments in such Cash Equivalents shall be at the risk of Loyalty Co. All income from Cash Equivalents in the Reserve Account shall be taxable to Loyalty Co (or its regarded parent entity), and the Collateral Custodian shall prepare and timely distribute to American or Loyalty Co, as applicable, Form 1099 or other appropriate U.S. federal and state income tax forms with respect to such income.

(b) As security for the prompt payment or performance in full when due, whether at stated maturity, by acceleration or otherwise, of all Obligations, Loyalty Co hereby grants to the Collateral Administrator for the benefit of the Secured Parties a security interest in and lien upon, all of the Loyalty Co's right, title and interest in and to the Reserve Account, (i) all funds held in the Reserve Account, and all certificates and instruments, if any, from time to time representing or evidencing any Account or such funds, (ii) all Investments from time to time of amounts in the Reserve Account and all certificates and instruments, if any, from time to time representing or evidencing such Investments, (iii) all notes, certificates of deposit and other instruments from time to time delivered to or otherwise possessed by the Collateral Administrator or any Secured Party or any assignee or agent on behalf of the Collateral Administrator or any Secured Party in substitution for or in addition to any of the then existing Collateral in the Reserve Account, and all interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any and all of the then existing Collateral in the Reserve Account.

(c) The Borrowers hereby acknowledge and agree that: (i) the Collateral Administrator shall be the only Person that has a right to withdraw from the Reserve Account and (ii) the funds on deposit in the Reserve Account shall at all times continue to be Collateral security for the benefit of the Secured Parties and shall not be subject to any Lien other than a Lien benefiting the Collateral Administrator on behalf of the Secured Parties.

(d) If, on any Determination Date, the amount on deposit in the Reserve Account exceeds the Reserve Account Required Balance for the related Payment Date, Loyalty Co shall be entitled to request the Collateral Administrator by notice in writing (which may be the Payment Date Statement) to transfer such excess amounts in the Reserve Account to the Collection Account on the related Allocation Date. In such circumstances, the Collateral Administrator shall promptly direct the Collateral Custodian to wire such excess amounts from the Reserve Account to the Collection Account.

(e) If, on any Determination Date, Available Funds for the related Payment Date will not be sufficient to pay in full the amounts due pursuant to clauses (i), (ii) and (iii) of Section 2.10(b) on the related Payment Date, Loyalty Co shall request by notice in writing (which may be the Payment Date Statement) to the Collateral Administrator that the Collateral Administrator, on or prior to the related Payment Date, transfer amounts in the Reserve Account to the Payment Account to the extent necessary so that Available Funds on the related Payment Date will be sufficient to pay such amounts on the related Payment Date. In such circumstances, the Collateral Administrator shall promptly direct the Collateral Custodian to wire such amounts from the Reserve Account to the Payment Account.

(f) Loyalty Co will at all times maintain a minimum balance of not less than the Reserve Account Required Balance in the Reserve Account (for the avoidance of doubt, except to the extent a lesser balance is maintained during the period from (and including) any Allocation Date to the time at which funds are distributed in accordance with Section 2.10(b) on the related Payment Date as a result of funds being remitted from the Reserve Account to the Payment Account in accordance with the Loan Documents).

(g) In the event that (A) a Responsible Officer of a Borrower obtains actual knowledge that the Collateral Custodian shall no longer have the deposit rating necessary for the Reserve Account to be an Eligible Deposit Account or (B) a Borrower receives notice from the Administrative Agent of such deposit rating change, Loyalty Co shall provide prompt written notice to the Collateral Administrator and the Administrative Agent and, within thirty (30) days (as may be extended by the Collateral Administrator (acting at the direction of the Administrative Agent)) of obtaining such knowledge or receiving such notice, move the Reserve Account to a new depositary institution pursuant to Section 8.05(d).

Section 5.19 Payment Account.

(a) Loyalty Co shall establish and maintain or cause to be maintained at the Collateral Custodian, a segregated non-interest bearing trust account in the name of Loyalty Co, for the purpose of holding amounts allocated to the Term Loans pursuant to the terms hereof (such account, the "**Payment Account**"). The Payment Account shall be subject at all times to an Account Control Agreement. Funds on deposit in the Payment Account shall be uninvested.

(b) As security for the prompt payment or performance in full when due, whether at stated maturity, by acceleration or otherwise, of all Obligations, Loyalty Co hereby grants to the Collateral Administrator for the benefit of the Secured Parties a security interest in and lien upon, all of the Loyalty Co's right, title and interest in and to (i) the Payment Account, (ii) all funds held in the Payment Account, and all certificates and instruments, if any, from time to time representing or evidencing any Account or such funds, (iii) all Investments from time to time of amounts in the Payment Account and all certificates and instruments, if any, from time to time representing or evidencing such Investments, (iv) all notes, certificates of deposit and other instruments from time to time delivered to or otherwise possessed by the Collateral Administrator or any Secured Party or any assignee or agent on behalf of the Collateral Administrator or any Secured Party in substitution for or in addition to any of the then existing Collateral in the Payment Account, and (v) all interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any and all of the then existing Collateral in the Payment Account.

(c) Each Loan Party hereby acknowledges and agrees that: (i) at all times, the Collateral Administrator shall be the only Person that has a right to withdraw funds from the Payment Account and (ii) the funds on deposit in the Payment Account shall at all times continue to be Collateral security for all of the Obligations and shall not be subject to any Lien other than a Lien benefiting the Collateral Administrator on behalf of the Secured Parties.

(d) In the event that (A) a Responsible Officer of a Borrower obtains actual knowledge that the Collateral Custodian shall no longer have the deposit rating necessary for the Payment Account to be an Eligible Deposit Account or (B) a Borrower receives notice from the Administrative Agent of such deposit rating change, Loyalty Co shall provide prompt written notice to the Collateral Administrator and the Administrative Agent and, within thirty (30) days (as may be extended by the Collateral Administrator (acting at the direction of the Administrative Agent)) of obtaining such knowledge or receiving such notice, move the Payment Account to a new depositary institution pursuant to Section 8.05(d).

Section 5.20 Collections; Releases from Collection Account.

(a) American and Loyalty Co shall instruct and use commercially reasonable efforts to cause sufficient counterparties to AAdvantage Agreements to direct payments of Transaction Revenue into the Collection Account such that in any Quarterly Reporting Period, at least 90% of AAdvantage Revenues are deposited directly into the Collection Account.

(b) To the extent any Loan Party or any of its controlled Affiliates receives any payments of Transaction Revenues to an account other than the Collection Account, such Loan Party or Affiliate shall cause such amounts to be deposited into the Collection Account within three (3) Business Days after receipt and identification thereof.

(c) American, Parent, and HoldCo 2 shall make, and Loyalty Co shall ensure that, all payments payable to Loyalty Co pursuant to the Intercompany Agreement and the IP Licenses are made directly into the Collection Account.

(d) No Loan Party shall withdraw or release funds from the Collection Account except in accordance with the terms of the Collateral Agency and Accounts Agreement. Notwithstanding anything to the contrary set forth herein (including, but not limited to, Sections 5.08, 6.01 or 6.05) or in any other Transaction Document, any amount released to Loyalty Co from the Payment Account in accordance with Section 2.10(b)(xi) of this Agreement or the Collection Account in accordance with Section 2.11 of the Collateral Agency and Accounts Agreement may be transferred by Loyalty Co to American in any manner without restriction.

Section 5.21 [Reserved].

Section 5.22 Mandatory Prepayments. To the extent not applied in accordance with Section 2.12, the Borrowers shall cause an amount equal to the Net Proceeds from all transactions that result in mandatory prepayments pursuant to the terms of Section 2.12 to be deposited promptly into the Collection Account, which amounts shall be applied in accordance with the terms of Section 2.12.

Section 5.23 Privacy and Data Security. Except as would not reasonably be expected to result in a Material Adverse Effect, each applicable Loan Party shall maintain in effect commercially reasonable privacy and data security policies. Without limiting the generality of the foregoing, except as would not reasonably be expected to result in a Material Adverse Effect, each applicable Loan Party shall comply in all material respects, and shall cause each of its Subsidiaries to be, and shall use commercially reasonable efforts to cause each of its Third Party Processors to be, in compliance in all material respects, with (i) all applicable internal privacy policies and privacy policies contained on any websites maintained by or on behalf of each such Loan Party or such Subsidiary and such policies are consistent with the actual practices of such entity, (ii) all applicable Data Protection Laws with respect to Personal Data, including Data Protection Laws anywhere in the United States, the State of California, the Cayman Islands, the United Kingdom and the European Union and (iii) its contractual commitments and obligations regarding Personal Data.

SECTION 6.

NEGATIVE COVENANTS

From the date hereof and for so long as the Term Loan Commitments remain in effect or principal of or interest on any Term Loan is owing (or any other amount that is due and unpaid on the first date that none of the foregoing is in effect, outstanding or owing, respectively, is owing) to any Lender or the Administrative Agent hereunder:

Section 6.01 Restricted Payments.

(a) Parent shall not, and shall not permit any of its Restricted Subsidiaries (other than the SPV Parties, who shall be governed exclusively by Section 6.01(c)) to, directly or indirectly:

(i) declare or pay any dividend or make any other payment or distribution on account of Parent's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving Parent or any of its Restricted Subsidiaries) or to the direct or indirect holders of Parent's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than, solely with respect to the Loan Parties that are not SPV Parties, (A) dividends, distributions or payments payable in Qualifying Equity Interests or in the case of preferred stock of Parent, an increase in the liquidation value thereof and (B) dividends, distributions or payments payable to Parent or a Restricted Subsidiary of Parent);

(ii) purchase, redeem or otherwise acquire or retire for value any Equity Interests of Parent or any SPV Party;

(iii) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value (collectively for purposes of this clause (iii), a "purchase") any Indebtedness of the Loan Parties that is contractually subordinated in right of payment to the Term Loans, excluding solely with respect to the Loan Parties that are not SPV Parties (x) any intercompany Indebtedness between or among Parent and any of its Restricted Subsidiaries and (y) any scheduled payment of interest and any purchase within two years of the Stated Maturity thereof; or

(iv) make any Restricted Investment (all such payments and other actions set forth in these clauses (i) through (iv) above being collectively referred to as "**Restricted Payments**"),

unless, solely with respect to Parent and the Restricted Subsidiaries that are not SPV Parties, at the time of and after giving effect to such Restricted Payment:

(1) (A) no Default or Event of Default is continuing as of such date and (B) Liquidity as at such time (after (1) excluding from the calculation thereof an amount equal to 75% of the aggregate committed principal amount under all revolving credit facilities (whether drawn or undrawn) of the Parent and its Restricted Subsidiaries as of such date and (2) giving pro forma effect to any Restricted Payment to be made on such date) is at least equal to $4,000,000,000, or

(2) the aggregate amount of all Restricted Payments made by Parent and its Restricted Subsidiaries since October 10, 2014 and together with such Restricted Investments outstanding at the time of giving effect to such Restricted Payment (excluding, in each case, Restricted Payments permitted by clauses (2) through (22) of Section 6.01(b)), is less than the greater of (i) $0 and (ii) the sum, without duplication, of:

(A) 50% of the Consolidated Net Income of Parent for the period (taken as one accounting period) from June 30, 2013 to the end of Parent's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit); plus 50% of the Consolidated Net Income (as such term is defined in the US Airways Indenture) of US Airways for the period (taken as one accounting period) from October 1, 2011 to December 9, 2013 (or, if such Consolidated Net Income (as such term is defined in the US Airways Indenture) for such period is a deficit, less 100% of such deficit); plus

(B) 100% of the aggregate net cash proceeds and the Fair Market Value of non-cash consideration received by Parent since October 10, 2014 as a contribution to its common equity capital or from the issue or sale of Qualifying Equity Interests (other than Qualifying Equity Interests sold to a Subsidiary of Parent and excluding Excluded Contributions and other than proceeds from any Permitted Warrant Transaction); plus

(C) (x) 100% of the aggregate net cash proceeds and the Fair Market Value of non-cash consideration received by Parent or a Restricted Subsidiary of Parent from the issue or sale of convertible or exchangeable Disqualified Stock of Parent or a Restricted Subsidiary of Parent or convertible or exchangeable debt securities of Parent or a Restricted Subsidiary of Parent (regardless of when issued or sold) or in connection with the conversion or exchange thereof, in each case that have been converted into or exchanged since October 10, 2014 for Qualifying Equity Interests (other than Qualifying Equity Interests and convertible or exchangeable Disqualified Stock or debt securities sold to a Subsidiary of Parent); plus (y) 100% of the aggregate net cash proceeds and the Fair Market Value (as such term is defined in the US Airways Indenture) of non-cash consideration received by US Airways or a Restricted Subsidiary (as such term is defined in the US Airways Indenture) of US Airways from the issue or sale of convertible or exchangeable Disqualified Stock (as such term is defined in the US Airways Indenture) of US Airways or a Restricted Subsidiary (as such term is defined in the US Airways Indenture) of US Airways or convertible or exchangeable debt securities of US Airways or a Restricted Subsidiary (as such term is defined in the US Airways Indenture) of US

Airways (regardless of when issued or sold) or in connection with the conversion or exchange thereof, in each case that have been converted into or exchanged since the US Airways Closing Date for Qualifying Equity Interests (as such term is defined in the US Airways Indenture) (other than Qualifying Equity Interests (as such term is defined in the US Airways Indenture) and convertible or exchangeable Disqualified Stock (as such term is defined in the US Airways Indenture) or debt securities sold to a Subsidiary of US Airways); plus

(D) to the extent that any Restricted Investment that was made after October 10, 2014 is (i) sold for cash or otherwise cancelled, liquidated or repaid for cash or (ii) made in an entity that subsequently becomes a Restricted Subsidiary of Parent, the initial amount of such Restricted Investment (or, if less, the amount of cash received upon repayment or sale); plus

(E) to the extent that any Unrestricted Subsidiary (other than any Unrestricted Subsidiary to the extent the Investment in such Unrestricted Subsidiary constituted a Permitted Investment) of Parent designated as such after October 10, 2014 is redesignated as a Restricted Subsidiary after October 10, 2014, the greater of (i) the Fair Market Value of Parent's Restricted Investment in such Subsidiary as of the date of such redesignation and (ii) such Fair Market Value as of the date on which such Subsidiary was originally designated as an Unrestricted Subsidiary after October 10, 2014; plus

(F) 100% of any dividends received in cash by Parent or a Restricted Subsidiary of Parent after October 10, 2014 from an Unrestricted Subsidiary (other than any Unrestricted Subsidiary to the extent the Investment in such Unrestricted Subsidiary constituted a Permitted Investment) of Parent, to the extent that such dividends were not otherwise included in the Consolidated Net Income of Parent for such period.

(b) Solely in the case of Parent and its Restricted Subsidiaries (other than SPV Parties), the provisions of Section 6.01(a) will not prohibit:

(1) the payment of any dividend or distribution or the consummation of any irrevocable redemption within 60 days after the date of declaration of the dividend or distribution or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend or distribution or redemption payment would have complied with the provisions of this Agreement;

(2) the making of any Restricted Payment in exchange for, or out of or with the net cash proceeds of the substantially concurrent sale (other than to a Subsidiary of Parent) of, Qualifying Equity Interests or from the substantially concurrent contribution of common equity capital to Parent; provided that the amount of any such net cash proceeds that are utilized for any such Restricted Payment will not be considered to be net proceeds of Qualifying Equity Interests for purposes of clause (a)(2)(ii)(B) of Section 6.01 and will not be considered to be Excluded Contributions;

(3) the payment of any dividend (or, in the case of any partnership or limited liability company, any similar distribution), distribution or payment by a Restricted Subsidiary of Parent to the holders of its Equity Interests on a pro rata basis;

(4) the repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of American, Parent or any Restricted Subsidiary (other than an SPV Party) that is contractually subordinated in right of payment to the Term Loans with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness;

(5) the repurchase, redemption, acquisition or retirement for value of any Equity Interests of Parent or any Restricted Subsidiary of Parent held by any current or former officer, director, consultant or employee (or their estates or beneficiaries of their estates) of Parent or any of its Restricted Subsidiaries pursuant to any management equity or compensation plan or equity subscription agreement, stock option agreement, shareholders' agreement or similar agreement; provided that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests may not exceed $60,000,000 in any 12-month period (except to the extent such repurchase, redemption, acquisition or retirement is in connection with the acquisition of a Permitted Business or merger, consolidation or amalgamation otherwise permitted by this Agreement and in such case the aggregate price paid by Parent and its Restricted Subsidiaries may not exceed $150,000,000 in connection with such acquisition of a Permitted Business or merger, consolidation or amalgamation); provided, further, that Parent or any of its Restricted Subsidiaries may carry over and make in subsequent 12-month periods, in addition to the amounts permitted for such 12-month period, up to $30,000,000 of unutilized capacity under this clause (5) attributable to the immediately preceding 12-month period;

(6) the repurchase of Equity Interests or other securities deemed to occur upon (A) the exercise of stock options, warrants or other securities convertible or exchangeable into Equity Interests or any other securities, to the extent such Equity Interests or other securities represent a portion of the exercise price of those stock options, warrants or other securities convertible or exchangeable into Equity Interests or any other securities or (B) the withholding of a portion of Equity Interests issued to employees and other participants under an equity compensation program of Parent or its Subsidiaries to cover withholding tax obligations of such persons in respect of such issuance;

(7) so long as no Default or Event of Default has occurred and is continuing, the declaration and payment of regularly scheduled or accrued dividends, distributions or payments to holders of any class or series of Disqualified Stock or subordinated debt of Parent or any preferred stock of any Restricted Subsidiary of Parent;

(8) payments of cash, dividends, distributions, advances, common stock or other Restricted Payments by Parent or any of its Restricted Subsidiaries to allow the payment of cash in lieu of the issuance of fractional shares;

(9) the declaration and payment of dividends to holders of any class or series of Disqualified Stock of Parent or any Disqualified Stock or preferred stock of any

Restricted Subsidiary of Parent to the extent such dividends are included in the definition of "Fixed Charges" for such Person;

(10) Restricted Payments made with Excluded Contributions;

(11) the distribution, as a dividend or otherwise, of shares of Capital Stock of, or Indebtedness owed to Parent or any of its Restricted Subsidiaries by, any Unrestricted Subsidiary;

(12) any Restricted Payment in connection with any full or partial "spin-off" of a Subsidiary (other than any SPV Party) or similar transactions; provided that no Default or Event of Default has occurred and is continuing; provided, further, that the assets distributed or dividended do not include, directly or indirectly, any property or asset that constitutes Collateral;

(13) the distribution or dividend of assets or Capital Stock of any Person in connection with any full or partial "spin-off" of a Subsidiary (other than any SPV Party) or similar transactions having an aggregate Fair Market Value not to exceed $600,000,000 since October 10, 2014; provided that the assets distributed or dividended do not include, directly or indirectly, any property or asset that constitutes Collateral;

(14) so long as no Default or Event of Default has occurred and is continuing, any (x) Restricted Payment (other than a Restricted Investment) made on or after October 10, 2014 and (y) Restricted Investments outstanding at any such time, in an aggregate amount not to exceed $900,000,000, such aggregate amount to be calculated from October 10, 2014;

(15) the payment of any amounts in respect of any restricted stock units or other instruments or rights whose value is based in whole or in part on the value of any Equity Interests issued to any directors, officers or employees of Parent or any Restricted Subsidiary of Parent;

(16) the making of cash payments in connection with any conversion of Convertible Indebtedness in an aggregate amount since October 10, 2014 not to exceed the sum of (a) the principal amount of such Convertible Indebtedness plus (b) any payments received by Parent or any of its Restricted Subsidiaries pursuant to the exercise, settlement or termination of any related Permitted Bond Hedge Transaction;

(17) (a) any payments in connection with a Permitted Bond Hedge Transaction and (b) the settlement of any related Permitted Warrant Transaction (i) by delivery of shares of Parent's common stock upon settlement thereof or (ii) by (A) set-off against the related Permitted Bond Hedge Transaction or (B) payment of an early termination amount thereof upon any early termination thereof in common stock or, in the case of a nationalization, insolvency, merger event (as a result of which holders of such common stock are entitled to receive cash or other consideration for their shares of such common

stock) or similar transaction with respect to Parent or such common stock, cash and/or other property;

(18) [Reserved];

(19) so long as no Default or Event of Default has occurred and is continuing, Restricted Payments (i) made to purchase or redeem Equity Interests of Parent or (ii) consisting of payments in respect of any Indebtedness (whether for purchase or prepayment thereof or otherwise);

(20) payment of dividends in respect of Parent's Capital Stock in each fiscal year in an amount up to 50% of Excess Cash Flow for the immediately preceding fiscal year, so long as, both immediately before and after giving effect to such payment, no Default or Event of Default has occurred and is continuing at the time of and immediately after giving effect to the payment of such dividends;

(21) Restricted Payments with assets or properties that (i) do not consist of Collateral or Capital Stock of Parent or any of its Restricted Subsidiaries and (ii) have an aggregate Fair Market Value as of the date each such Restricted Payment is made (without giving effect to subsequent changes in value), when taken together with all other (x) Restricted Payments (other than Investments) and (y) Restricted Investments that remain outstanding, in each case, made pursuant to this clause (21), do not exceed 5.0% of the Consolidated Tangible Assets of Parent and its Restricted Subsidiaries; and

(22) any repurchase of Accounts and/or related assets pursuant to a Receivables Repurchase Obligation.

In the case of any Restricted Payment that is not cash, the amount of such non-cash Restricted Payment will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by Parent or such Restricted Subsidiary of Parent, as the case may be, pursuant to the Restricted Payment. The Fair Market Value of any assets or securities that are required to be valued by this Section 6.01 will be determined by a Responsible Officer of American and, if greater than $10,000,000, set forth in an Officer's Certificate delivered to the Administrative Agent.

For purposes of determining compliance with this Section 6.01, if a proposed Restricted Payment (or portion thereof) meets the criteria of more than one of the categories of Restricted Payments described in clauses (1) through (22) of subparagraph (b) of this Section 6.01, or is entitled to be made pursuant to subparagraph (a) of this Section 6.01, Parent will be entitled to classify on the date of its payment or later reclassify such Restricted Payment (or portion thereof) in any manner that complies with this Section 6.01.

For the avoidance of doubt, the payment on or with respect to, or purchase, redemption, defeasance or other acquisition or retirement for value by Parent and the Restricted Subsidiaries that are not SPV Parties of any Indebtedness (including any Convertible Indebtedness) of Parent or any Restricted Subsidiary of Parent that is not contractually subordinated in right of payment to

the Obligations shall not constitute Restricted Payment and therefore will not be subject to any of the restrictions described in Section 6.01(a).

Notwithstanding anything in this Agreement or any other Loan Document to the contrary, if a Restricted Payment is made (or any other action is taken or omitted under this Agreement or any other Loan Document) at a time when a Default or Event of Default has occurred and is continuing and such Default or Event of Default is subsequently cured, any Default or Event of Default arising from the making of such Restricted Payment (or the taking or omission of such other action) during the existence of such Default or Event of Default shall simultaneously be deemed cured.

(c) Notwithstanding anything in this Agreement or any other Loan Document to the contrary, no SPV Party shall, directly or indirectly, make any Restricted Payments or any payments in respect of any intercompany Indebtedness; *provided* that the provisions of this Section 6.01(c) hereof will not prohibit:

(i) Restricted Payments (including the making of any intercompany loans, any payments in respect of intercompany debt or Junior Lien Debt or any payments with respect to Indebtedness in the nature of an "AHYDO catch up" payment with respect to any Indebtedness that constitutes an applicable high yield discount obligation) with amounts released to Loyalty Co under Section 2.10(b)(xi) of this Agreement or pursuant to Section 2.11 of the Collateral Agency and Accounts Agreement; and

(ii) the making of the American Intercompany Loan on the Closing Date from the proceeds of the Term Loans and the notes under the Indenture;

provided, further, that notwithstanding anything to the contrary in this Agreement or any other Loan Document, other than funds released to Loyalty Co pursuant to clause (vi) of the priority of payments in Section 7.01, no SPV Party shall be permitted to make any Restricted Payment at any time when an Event of Default has occurred and is continuing.

Section 6.02 Incurrence of Indebtedness and Issuance of Preferred Stock. The SPV Parties shall not, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to any Indebtedness other than the following (and Parent and its Restricted Subsidiaries shall not, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to any Indebtedness with respect to any Pre-paid Miles Purchase other than as set forth in clause (b) below):

(a) Junior Lien Debt; *provided* that (i) prior to the incurrence of such Junior Lien Debt, the Rating Agency Condition shall have been satisfied with respect to the incurrence of such Junior Lien Debt, (ii) no Event of Default or Early Amortization Event shall have occurred and be continuing or would result from the issuance of such Junior Lien Debt, (iii) to the extent that immediately after giving effect to the issuance of such Junior Lien Debt the aggregate outstanding amount of Junior Lien Debt would exceed $1,000,000,000, the ratio of (A) (I) the aggregate outstanding amount of Junior Lien Debt (including such Junior Lien Debt being then

issued) plus (II) the greater of (x) the then-outstanding principal amount of Priority Lien Debt and (y) the Priority Lien Cap divided by (B) the sum of (x) the aggregate amount of Transaction Revenue received during the period of four consecutive Quarterly Reporting Periods ending on the most recent Determination Date and (y) funds transferred to the Collection Account pursuant to Section 2.24 in connection with such Determination Date, shall not exceed 1.65 to 1.00 on a pro forma basis and (iv) such Junior Lien Debt shall not be incurred by or subject to a guarantee by any Subsidiary of Parent other than any SPV Party, unless such Subsidiary guarantees the Term Loans;

(b) Pre-paid Miles Purchases, so long as:

(i) the aggregate amount of Miles purchased under all Pre-paid Miles Purchases since the Closing Date does not reduce the present value of the cash payments to the Loan Parties under the related co-brand, partnering or similar agreements relating to the AAdvantage Program by more than $550,000,000 (computed on the date of each Pre-paid Miles Purchase using a discount rate equal to 5.75% per annum);

(ii) such sale is non-refundable by the SPV Parties and non-recourse to the SPV Parties;

(iii) such Miles are purchased by American from Loyalty Co pursuant to the Intercompany Agreement in order to satisfy its obligations in connection therewith;

(iv) the Indebtedness related thereto is unsecured or secured by assets of Parent or its Subsidiaries (other than the SPV Parties) that do not constitute Collateral (subject, in each case, to customary rights of setoff) and (v) no Early Amortization Period or Event of Default is continuing at the time of such sale or would immediately result therefrom;

(c) Indebtedness under this Agreement and Qualifying Note Debt and any Indebtedness issued in a Capital Markets Offering by the Borrowers; *provided* that (i) any such Indebtedness (other than with respect to clauses (A) and (B) below, (1) customary bridge loans which, subject only to customary conditions (which shall be limited to no payment or bankruptcy event of default) would either automatically be converted into or required to be exchanged for long-term refinancing in the form of Incremental Term Loans permitted under (and subject to the requirements of) Section 2.27, Replacement Term Loans permitted under (and subject to the requirements of) Section 10.08 or Priority Lien Debt permitted under (and subject to the requirements of) this Section 6.02(c) and (2) Indebtedness under this Agreement incurred on the Closing Date or Qualifying Note Debt so long as, in each case, such Indebtedness or Qualifying Note Debt is not amended to make the maturity date thereof earlier than the maturity date thereof as in effect on the Closing Date or to shorten the Weighted Average Life to Maturity thereof), (A) shall have a maturity date not earlier than the Latest Maturity Date, (B) shall have a Weighted Average Life to Maturity thereof no shorter than the remaining Weighted Average Life to Maturity of the then-outstanding Term Loans or notes outstanding pursuant to this clause (c), and (C) shall

not be subject to or benefit from any Guarantee by any Person other than a Loan Party, (ii) after giving effect to such Indebtedness, the outstanding principal amount of the Priority Lien Debt shall not exceed the Priority Lien Cap (plus, fees, expenses, premium and accrued interest in respect of any Indebtedness incurred pursuant to this Section 6.02(c) which refinances other Indebtedness of Loyalty Co permitted hereunder), (iii) prior to the issuance of any additional Indebtedness issued in a Capital Markets Offering after the initial issuance, the Rating Agency Condition shall have been satisfied, and (iv) in the case of the issuance of any additional Indebtedness issued in a Capital Markets Offering other than Qualifying Note Debt, (A) the terms and conditions governing such Indebtedness shall (x) be reasonably acceptable to the Administrative Agent or (y) be substantially similar to, or (taken as a whole) no more favorable (as reasonably determined by Loyalty Co) to the investors or holders providing such Indebtedness than those applicable to the then-outstanding Term Loans (except to the extent such terms (I) are conformed (or added) in the Loan Documents for the benefit of the Lenders holding then-outstanding Term Loans pursuant to an amendment hereto or thereto subject solely to the reasonable satisfaction of Loyalty Co and the Administrative Agent, (II) are applicable solely to periods after the latest final maturity date of the then-outstanding Term Loans at the time of such incurrence or (III) consist of pricing, fees, rate floors, premiums, optional prepayment or redemption terms) and (B) shall be issued pursuant to the Indenture or one or more other indentures, and the trustee thereunder shall become a Senior Secured Debt Representative and the holders of such Indebtedness shall be subject to and bound by the Collateral Agency and Accounts Agreement; *provided* that notwithstanding the foregoing, in no event shall such Indebtedness be subject to events of default resulting (either directly or through a cross-default or cross-acceleration provision) from the occurrence of any event described in the definition of "Parent Bankruptcy Event" (or the occurrence of any such event with respect to any Subsidiary of Parent other than any SPV Party) except on the same terms as the then-outstanding Term Loans, (v) no Event of Default or Early Amortization Event shall have occurred and be continuing or would result from the issuance of such Indebtedness and (vi) other than in the case of Qualifying Note Debt, the pro forma Peak Debt Service Coverage Ratio (calculated using the Maximum Quarterly Debt Service of the then-outstanding Priority Lien Debt and such Indebtedness) as of the immediately preceding Determination Date, immediately after giving effect to the issuance of such Indebtedness shall be more than (i) for any date of determination prior to the Determination Date occurring in January 2022, 1.10 to 1.00, (ii) for any date of determination during the period beginning on or after the Determination Date occurring in January 2022 but excluding the Determination Date occurring in January 2023, 1.50 to 1.00, (iii) for any date of determination during the period beginning on or after the Determination Date occurring in January 2023 but excluding the Determination Date occurring in July 2023, 1.75 to 1.00 and (iv) for any date of determination occurring on or after the Determination Date in July 2023, 2.25 to 1.00;

(d) Indebtedness arising from customary indemnification or other similar obligations under the Loan Documents and the other agreements entered into on the Closing Date in connection therewith (or replacements or amendments thereto which are permitted under this Agreement); and

(e) Indebtedness otherwise permitted to be secured under Section 6.06.

Section 6.03 [Reserved].

Section 6.04 Disposition of Collateral. No Loan Party shall sell or otherwise Dispose of any Collateral (or, in the case of any SPV Party, any of its property or assets (including the Collateral)), including by way of any Sale of a Grantor, except for (i) a Permitted Disposition, (ii) Permitted Pre-paid Miles Purchases in an aggregate amount not to exceed $550,000,000 since the Closing Date, and (iii) any other sale or Disposition (other than a Sale of a Grantor) of assets having a Fair Market Value in an aggregate amount not to exceed $25,000,000 in any fiscal year.

Section 6.05 Transactions with Affiliates.

(a) Parent will not, and will not permit any of its Restricted Subsidiaries to, make any payment to or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of Parent (each, an "**Affiliate Transaction**") involving aggregate payments or consideration in excess of $60,000,000, unless:

(i) the Affiliate Transaction is on terms that are not materially less favorable to Parent or the relevant Restricted Subsidiary (taking into account all effects Parent or such Restricted Subsidiary expects to result from such transaction whether tangible or intangible) than those that would have been obtained in a comparable transaction by Parent or such Restricted Subsidiary with an unrelated Person; and

(ii) Parent delivers to the Administrative Agent:

(1) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $150,000,000, an Officer's Certificate certifying that such Affiliate Transaction complies with clause (i) of this Section 6.05(a); and

(2) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $300,000,000, an opinion as to the fairness to Parent or such Restricted Subsidiary of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of national standing.

(b) The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of Section 6.05(a):

(i) any employment agreement, confidentiality agreement, non-competition agreement, incentive plan, employee stock option agreement, long-term incentive plan, profit sharing plan, employee benefit plan, officer or director indemnification agreement or any similar arrangement entered into by Parent or

any of its Restricted Subsidiaries in the Ordinary Course of Business and payments pursuant thereto;

(ii) transactions between or among any of Parent and/or its Restricted Subsidiaries (including without limitation in connection with (or in anticipation of) any full or partial "spin-off" or similar transactions);

(iii) transactions with a Person (other than an Unrestricted Subsidiary of Parent) that is an Affiliate of Parent solely because Parent owns, directly or through a Restricted Subsidiary, an Equity Interest in, or controls, such Person;

(iv) payment of fees, compensation, reimbursements of expenses (pursuant to indemnity arrangements or otherwise) and reasonable and customary indemnities provided to or on behalf of officers, directors, employees or consultants of Parent or any of its Restricted Subsidiaries;

(v) any issuance of Qualifying Equity Interests or any increase in the liquidation preference of preferred stock of Parent;

(vi) transactions with customers, clients, suppliers or purchasers or sellers of goods or services in the Ordinary Course of Business or transactions with joint ventures, alliances, alliance members or Unrestricted Subsidiaries entered into in the Ordinary Course of Business;

(vii) Permitted Investments and Restricted Payments that do not violate Section 6.01;

(viii) loans or advances to employees in the Ordinary Course of Business not to exceed $30,000,000 in the aggregate at any one time outstanding;

(ix) (i) transactions pursuant to agreements or arrangements in effect on the Closing Date or any amendment, modification or supplement thereto or replacement thereof and any payments made or performance under any agreement as in effect on the Closing Date or any amendment, replacement, extension or renewal thereof (so long as such agreement as so amended, replaced, extended or renewed is not materially less advantageous, taken as a whole, to the Lenders than the original agreement as in effect on the Closing Date) and (ii) with respect to US Airways and any of its Restricted Subsidiaries, transactions pursuant to agreements or arrangements in effect on the date of any amendment, modification or supplement thereto or replacement thereof and any payments made or performance under any agreement as in effect on the date of any amendment, replacement, extension or renewal thereof (so long as such agreement as so amended, replaced, extended or renewed is not materially less advantageous, taken as a whole, to the Lenders than the original agreement);

(x) transactions between or among any of Parent and/or its Subsidiaries or transactions between a Receivables Subsidiary and any Person in which the Receivables Subsidiary has an Investment;

(xi) any transaction effected as part of a Qualified Receivables Transaction;

(xii) any purchase by Parent's Affiliates of Indebtedness of Parent or any of its Restricted Subsidiaries, the majority of which Indebtedness is offered to Persons who are not Affiliates of Parent;

(xiii) transactions pursuant to, in connection with or contemplated by any Marketing and Service Agreement, the Intercompany Agreement or any IP Agreement or any Transaction Document;

(xiv) transactions between Parent or any of its Restricted Subsidiaries with any employee labor unions or other employee groups of Parent or such Restricted Subsidiary provided such transactions are not otherwise prohibited by this Agreement;

(xv) transactions with captive insurance companies of Parent or any of its Restricted Subsidiaries; and

(xvi) transactions between or among any of Parent and/or its Subsidiaries or transactions between a Non-Recourse Financing Subsidiary and any Person in which the Non-Recourse Financing Subsidiary has an Investment.

Section 6.06 Liens. No Loan Party will, and each Loan Party will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien of any kind on any property or asset that constitutes Collateral except Permitted Liens. No SPV Party will directly or indirectly create, incur, assume or suffer to exist any Lien of any kind on any of its property or assets (including the Collateral) except Permitted Liens.

Section 6.07 Business Activities.

(a) Parent will not, and will not permit any of its Restricted Subsidiaries to, engage in any business other than Permitted Businesses, except to such extent as would not be material to Parent and its Restricted Subsidiaries taken as a whole.

(b) The SPV Parties shall not engage in any business other than Permitted Businesses.

Section 6.08 Liquidity. Parent will not permit the aggregate amount of Liquidity at the close of any Business Day to be less than $2,000,000,000.

Section 6.09 [Reserved].

Section 6.10 Merger, Consolidation, or Sale of Assets.

(a) Neither Parent nor American (whichever is applicable, the "***Subject Company***") shall directly or indirectly: (i) consolidate or merge with or into another Person or (ii) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Subject Company and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

(1) either:

(A) the Subject Company is the surviving corporation; or

(B) the Person formed by or surviving any such consolidation or merger (if other than the Subject Company) or to which such sale, assignment, transfer, conveyance or other disposition has been made is an entity organized or existing under the laws of the United States, any state of the United States or the District of Columbia;

(2) the Person formed by or surviving any such consolidation or merger (if other than the Subject Company) or the Person to which such sale, assignment, transfer, conveyance or other disposition has been made assumes all the obligations of the Subject Company under the Loan Documents by operation of law (if the surviving Person is the Subject Company) or pursuant to agreements reasonably satisfactory to the Administrative Agent;

(3) immediately after such transaction, no Early Amortization Event or Event of Default exists; and

(4) the Subject Company shall have delivered to the Administrative Agent an Officer's Certificate stating that such consolidation, merger, sale, assignment, transfer, conveyance or other disposition complies with this Agreement.

In addition, a Subject Company will not, directly or indirectly, lease all or substantially all of the properties and assets of such Subject Company and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to any other Person.

(b) Section 6.10(a) will not apply to any sale, assignment, transfer, conveyance, lease or other disposition of assets between or among Parent and/or its Restricted Subsidiaries that are not SPV Parties.

Clauses (3) and (4) of Section 6.10(a) will not apply to any merger, consolidation or transfer of assets:

(1) between or among Parent and any of Parent's Restricted Subsidiaries that are not SPV Parties;

(2) between or among any of Parent's Restricted Subsidiaries that are not SPV Parties or by a Restricted Subsidiary that is not a Loan Party; or

(3) with or into an Affiliate solely for the purpose of reincorporating a Subject Company in another jurisdiction.

(c) Notwithstanding the foregoing, no SPV Party shall: (i) consolidate or merge with or into another Person, or permit any other Person to merge into or consolidate with it, or (ii) sell, assign, transfer, convey, lease or otherwise dispose of all or substantially all of its properties, in one or more related transactions, to another Person.

(d) Upon any consolidation or merger, or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the properties or assets of any Subject Company in a transaction that is subject to, and that complies with the provisions of, Section 6.10(a), the successor Person formed by such consolidation or into or with which such Subject Company is merged or to which such sale, assignment, transfer, lease, conveyance or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition, the provisions of this Agreement referring to such Subject Company shall refer instead to the successor Person and not to such Subject Company), and may exercise every right and power of such Subject Company under this Agreement with the same effect as if such successor Person had been named as such Subject Company herein; provided, however, that the predecessor Subject Company, if applicable, shall not be relieved from the obligation to pay the principal of, and interest, if any, on the Term Loan except in the case of a sale of all or substantially all of such Subject Company's assets in a transaction that is subject to, and that complies with the provisions of, Section 6.10(a).

Section 6.11 [Reserved].

Section 6.12 Direction of Payment. No Loan Party shall revoke, or permit to be revoked, any Direction of Payment.

Section 6.13 IP Agreements. The Loan Parties shall not terminate, amend, waive, supplement or otherwise modify any IP Agreement or any provision thereof or exercise any right or remedy under or pursuant to or under any IP Agreement, in each case, without the prior written consent of the Required Lenders if such termination, amendment, waiver, supplement or modification or exercise of remedies would reasonably be expected to result in a Material Adverse Effect; *provided* that (i) termination of any IP Agreement or any amendment to the termination provisions thereof, or (ii) any amendment to an IP Agreement that (A) materially and adversely affects rights to the AAdvantage Intellectual Property or rights to use AAdvantage Intellectual Property or in the case of the Contribution Agreements, rights to or rights to use other applicable Collateral, (B) shortens the scheduled term thereof, (C) in the case of any IP License, materially and adversely changes the amount or calculation of the termination payment, or the amount, calculation or rate of fees due and owing thereunder, (D) changes the contractual subordination of payments thereunder in a manner materially adverse to the Lenders, (E) reduces the frequency of payments thereunder to an SPV Party or permits payments due to an SPV Party thereunder to be

deposited to an account other than the Collection Account, (F) changes the amendment standards applicable to such IP Agreement (other than changes affecting rights of the Administrative Agent or the Master Collateral Agent to consent to amendments, which is covered by clause (G)) in a manner that would reasonably be expected to result in a Material Adverse Effect or (G) materially impairs the rights of the Administrative Agent or the Master Collateral Agent to enforce or consent to amendments to any provisions thereof in accordance therewith shall, in each case, be deemed to have a Material Adverse Effect.

American shall grant to Loyalty Co a license to the Composite Marks pursuant to and as set forth in the Intercompany Agreement.

Section 6.14 Specified Organization Documents. No Loan Party shall amend, modify or waive any SPV Provision of any Specified Organization Document. No Loan Party shall amend, modify or waive any other provision of any Specified Organization Document in a manner materially adverse to the Lenders.

SECTION 7.

EVENTS OF DEFAULT AND EARLY AMORTIZATION EVENTS

Section 7.14 Events of Default. In the case of the occurrence of any of the following events and the continuance thereof beyond the applicable grace period if any (each, an "**Event of Default**"):

(a) any representation or warranty made by any Loan Party in this Agreement or in any other Loan Document shall prove to have been false or incorrect in any material respect when made, and such representation or warranty, to the extent capable of being corrected, is not corrected within 30 days after the earlier of (A) a Responsible Officer of American or Loyalty Co obtaining knowledge of such default or (B) receipt by a Borrower of notice from the Administrative Agent of such default; or

(b) default shall be made in the payment of (i) any principal amount of the Term Loans when and as the same shall become due and payable; (ii) any interest on the Term Loans and such default shall continue unremedied for more than 5 Business Days; or (iii) any other amount payable hereunder when due and such default shall continue unremedied for more than 10 Business Days after the earlier of (A) a Responsible Officer of American or Loyalty Co obtaining knowledge of such default or (B) receipt by a Borrower of notice from the Administrative Agent of such default; it being understood that if any default shall be made by any Loan Party in the due observance or performance of the covenants set in Section 5 shall not constitute a default subject to this Section 7.01(b); or

(c) default shall be made by any Loan Party in the due observance of (i) the covenants in Section 5.18, 5.19, 5.20, 5.22 or 6.08 or (ii) the covenant in Section 6.14 and such default shall continue unremedied for more than, in the case of clause (i), 10 Business Days, and in the case of clause (ii), 20 Business Days, after the earlier of (A) a Responsible Officer of

American or Loyalty Co obtaining knowledge of such default or (B) receipt by American or Loyalty Co of notice from the Administrative Agent of such default; or

(d) default shall be made by any Loan Party or any Restricted Subsidiary in the due observance or performance of any other covenant, condition or agreement to be observed or performed by it pursuant to the terms of this Agreement or any of the other Loan Documents and such default shall continue unremedied or uncured for more than 30 days (or 135 days in the case of Section 5.17(c) and (d)) after the earlier of (i) a Responsible Officer of American or Loyalty Co obtaining knowledge of such default or (ii) receipt by American or Loyalty Co of notice from the Administrative Agent of such default; *provided* that, if such Person is proceeding with diligence and good faith to cure or remedy such default and such default is susceptible to cure or remedy, such 30 day (or 135 days in the case of Section 5.17(c) and (d)) period shall be extended as may be necessary to cure such failure, such extended period not to exceed 90 days (or 150 days in the case of Section 5.17(c) and (d)) in the aggregate (inclusive of the original 30 day period (or the original 135 day period in the case of Section 5.17(c) and (d)); or

(e) (i) any material provision of any Loan Document to which a Loan Party is a party ceases to be a valid and binding obligation of such Loan Party, or any action shall be taken to discontinue or to assert the invalidity or unenforceability of any Loan Document, (ii) the Lien on any material portion of the Collateral intended to be created by the Collateral Documents shall cease to be or shall not be a valid and perfected (to the extent required hereunder or under such Collateral Documents) Lien having the priorities contemplated thereby (subject to Permitted Liens and except as permitted by the terms of this Agreement or the Collateral Documents or as a result of the action, delay or inaction of the Administrative Agent) or (iii) the guaranty in Section 9.01 hereof shall fail to remain in full force or effect or any action shall be taken to discontinue or to assert the invalidity or unenforceability of such guaranty, or any Guarantor shall fail to comply with any of the terms or provisions of such guaranty, or any Guarantor shall deny that it has any further liability under such guaranty; *provided* that, in each case, unless any Loan Party shall have contested or challenged, other than good faith disputes regarding interpretation of contractual provisions, the validity, perfection or priority of, or attempted to invalidate, such liens or the validity or enforceability of a material provision of any Loan Document or material portion of any Collateral or guaranty document, such breach shall not be an Event of Default unless such breach continues unremedied or uncured for more than 30 Business Days after the earlier of (x) a Responsible Officer of American or Loyalty Co obtaining knowledge of such default or (y) receipt by a Borrower of written notice from the Administrative Agent of such default; or

(f) any SPV Party:

(i) commences a voluntary case or proceeding,

(ii) consents to the entry of an order for relief against it in an involuntary case,

(iii) consents to the appointment of a receiver, trustee, liquidator, provisional liquidator, custodian, conservator or other similar official of it or for all or substantially all of its property,

(iv) makes a general assignment for the benefit of its creditors,

(v) admits in writing its inability generally to, pay its debts as they become due, or

(vi) proposes or passes a resolution for its voluntary winding up or liquidation; or

(g) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(i) is for relief against any SPV Party;

(ii) appoints a receiver, trustee, liquidator, provisional liquidator, custodian, conservator or other similar official of any SPV Party or for all or substantially all of the property of any SPV Party;

(iii) commences proceedings for a compromise or arrangement with any SPV Party's creditors (or class or classes of creditors), or

(iv) orders the liquidation of any SPV Party;

and in each case the order or decree remains unstayed and in effect for 60 consecutive days; or

(h) failure by any Loan Party or any of Parent's Restricted Subsidiaries to pay one or more final judgments entered by a court or courts of competent jurisdiction aggregating in excess of $200,000,000 (determined net of amounts covered by insurance policies issued by creditworthy insurance companies or by third party indemnities or a combination thereof), which judgments are not paid, discharged, bonded, vacated, satisfied or stayed for a period of sixty (60) days; or

(i) (i) any of American, Parent, or a Subsidiary Guarantor shall default in the performance of any obligation relating to Material Indebtedness and any applicable grace periods shall have expired and any applicable notice requirements shall have been complied with, and as a result of such default the holder or holders of such Material Indebtedness or any trustee or agent on behalf of such holder or holders caused such Material Indebtedness to become due prior to its scheduled final maturity date or (ii) any of American, Parent or a Subsidiary Guarantor shall default in the payment of the outstanding principal amount due on the scheduled final maturity date of any Indebtedness outstanding under one or more agreements of such Loan Party, any applicable grace periods shall have expired and such failure to make payment when due shall be continuing for a period of more than five (5) consecutive Business Days following the applicable scheduled final maturity date thereunder, in an aggregate principal amount at any time unpaid exceeding $200,000,000; *provided* that such payment default or acceleration resulting from a Parent Bankruptcy Event shall not constitute a default under this Section 7.01(i); or

(j) (i) any SPV Party shall default in the performance of any obligation relating to Material Indebtedness and any applicable grace periods shall have expired and any applicable notice requirements shall have been complied with, and as a result of such default the holder or holders of such Material Indebtedness or any trustee or agent on behalf of such holder or holders shall have caused, or shall be entitled or permit or have the right to cause, such Material Indebtedness to become due prior to its scheduled final maturity date or (ii) any SPV Party shall default in the payment of the outstanding principal amount due on the scheduled final maturity date of any Indebtedness outstanding under one or more agreements of such SPV Party, any applicable grace periods shall have expired following the applicable scheduled final maturity date thereunder, in an aggregate principal amount at any time unpaid exceeding $200,000,000; *provided, further*, that if any such default shall be waived or cured (as evidenced in writing from the applicable holder, agent or trustee) then, to the extent of such waiver or cure, the Event of Default hereunder by reason of such default shall be deemed likewise to have been thereupon waived or cured; or

(k) a termination of a Plan of American or an ERISA Affiliate pursuant to Section 4042 of ERISA that would reasonably be expected to result in a Material Adverse Effect; or

(l) (i) an exit from, or a termination or cancellation of, the AAdvantage Program or (ii) any termination, expiration or cancellation of (1) the Intercompany Agreement, (2) the American Intercompany Loan, or (3) a Material AAdvantage Agreement for which, solely in the case of clause (3), (other than the Intercompany Agreement) a Permitted Replacement AAdvantage Agreement is not entered into as of the effective date of such termination, expiration or cancellation; or

(m) any Loan Party makes a Material Modification to a Material AAdvantage Agreement or the American Intercompany Loan without the prior written consent of the Master Collateral Agent (acting at the direction of the Required Debtholders); or

(n) any termination or cancellation of any IP License; or

(o) after the occurrence of a Parent Bankruptcy Event, any of the American Case Milestones shall cease to be met or complied with, as applicable; or

(p) a SPV Party Change of Control; or

(q) (i) failure of any SPV Party to maintain at least the Required Number of Independent Directors for more than five (5) consecutive Business Days (or 30 days in the case of such Independent Director's death, disability or resignation, provided that in the case of Loyalty Co, one Independent Director remains at Loyalty Co during such period), (ii) the removal of any Independent Director of any SPV Party without "cause" (as such term is defined in the Specified Organization Documents of such SPV Party) or without giving prior written notice to the Administrative Agent, each as required in the Specified Organization Documents of the related entity, or (iii) an Independent Director of any SPV Party that is not an Approved Independent Director shall be appointed without the consent of the Administrative Agent;

then, and in every such event and at any time thereafter during the continuance of such event, the Administrative Agent shall, at the request of the Required Lenders, by written notice to the Borrowers (with a copy to the Master Collateral Agent, the Collateral Administrator and the Collateral Custodian), take one or more of the following actions, at the same or different times:

A. terminate forthwith the Term Loan Commitments;

B. declare the Term Loans or any portion thereof then-outstanding to be forthwith due and payable, whereupon the principal of the Term Loans and other Obligations and all other liabilities of the Loan Parties accrued hereunder and under any other Loan Document, shall become forthwith due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Loan Parties, anything contained herein or in any other Loan Document to the contrary notwithstanding;

C. [Reserved];

D. set-off amounts in any accounts (other than accounts pledged to secure other Indebtedness of any Loan Party, Escrow Accounts, Payroll Accounts or other accounts held in trust for an identified beneficiary) maintained with the Administrative Agent, the Collateral Administrator, the Collateral Custodian, the Master Collateral Agent or the Depositary (or any of their respective affiliates) and apply such amounts to the obligations of the Loan Parties hereunder and in the other Loan Documents; and

E. subject to the terms of the Loan Documents, exercise any and all remedies under the Loan Documents and under applicable law available to the Administrative Agent, the Collateral Administrator, the Master Collateral Agent and the Lenders.

In case of any event described in clause (f), (g) or (o) of this Section 7.01, the actions and events described in clauses (A) and (B) above shall be required or taken automatically, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Loan Parties. Subject to the terms of the Collateral Agency and Accounts Agreement, after the occurrence and during the continuance of any Event of Default, any Available Funds and other amounts received, including any amounts realized upon enforcement of any Collateral Documents or any payments, recoveries or distributions received in any proceeding under any Bankruptcy Laws including adequate protection and Chapter 11 plan distributions, to the extent received by the Collateral Administrator from the Master Collateral Agent as the Term Loans' Pro Rata Share thereof shall be applied by the Collateral Administrator as follows:

(i) *first*, (x) ratably, to (i) (so long as Wilmington Trust, National Association should be serving as the Master Collateral Agent and the Depositary, together with any amounts transferred to the Payment Account with respect to such Payment Date to pay such amounts) the Depositary and the Master Collateral Agent, the amount of Fees, costs, expenses, reimbursements and indemnification amounts due and payable to such Agents pursuant to the terms of the Loan Documents and (ii) the Collateral Administrator and the Collateral Custodian, the amount of Fees, costs, expenses, reimbursements and indemnification amounts due and payable to such Persons pursuant to the term of the Loan

Documents, and *then* (y) to the Administrative Agent, the amount of Fees, costs, expenses, reimbursements and indemnification amounts due and payable to the Administrative Agent pursuant to the terms of the Loan Documents and *then* (z) ratably, the Term Loans' Pro Rata Share of fees, expenses and other amounts due and owing to any Independent Director of any SPV Party (to the extent not otherwise paid);

(ii) *second*, to the Administrative Agent, on behalf of the Lenders, any due and unpaid interest on the Term Loans;

(iii) *third*, to the Administrative Agent, on behalf of the Lenders in an amount equal to the amount necessary to pay the outstanding principal balance of the Term Loans in full;

(iv) *fourth*, to pay to the Administrative Agent on behalf of the Lenders, any additional Obligations then due and payable, including any Premium;

(v) *fifth*, until all Priority Lien Debt is paid in full, to the Master Collateral Agent to be maintained in the Collection Account or distributed in accordance with the Collateral Agency and Accounts Agreement; and

(vi) *sixth*, all remaining amounts shall be released to or at the direction of Loyalty Co.

Section 7.02 Early Amortization Event. In the case of the happening of any Early Amortization Event, the Administrative Agent may, and at the direction of the Required Lenders shall, by notice to the Borrowers, provide written notice to the Borrowers that an Early Amortization Event has occurred.

SECTION 8.

THE AGENTS

Section 8.01 Administration by Agents.

(a) Each of the Lenders hereby irrevocably appoints the Administrative Agent as its agent and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof, together with such actions and powers as are reasonably incidental thereto. Each of the Lenders hereby irrevocably appoints the Master Collateral Agent to act on its behalf as the Master Collateral Agent hereunder and under the Collateral Documents and authorizes the Master Collateral Agent to take such actions on its behalf and to exercise such powers as are delegated to the Master Collateral Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. Each of the Lenders hereby irrevocably appoints the Collateral Administrator to act on its behalf as the Collateral Administrator hereunder and authorizes the Collateral Administrator to take such actions on its behalf and to exercise such powers as are delegated to the Collateral Administrator by the terms hereof, together with such actions and

powers as are reasonably incidental thereto. The Collateral Administrator shall be the Senior Secured Debt Representative (as defined in the Collateral Agency and Accounts Agreement) on behalf of the Lenders and the other Secured Parties. For any Act of Required Debtholders under the Collateral Agency and Accounts Agreement, the Collateral Administrator shall take instruction from the Administrative Agent (on behalf of the Required Lenders) hereunder (which such instruction shall include a certification by the Administrative Agent as to the aggregate principal amount of the Term Loans represented by such instruction).

(b) Each of the Lenders hereby authorizes the Administrative Agent, the Collateral Administrator and the Master Collateral Agent, as applicable, and in their sole discretion:

(i) to execute (or direct the execution of) any documents or instruments or take any other actions reasonably requested by the Loan Parties to release a Lien granted to the Master Collateral Agent, for the benefit of the Secured Parties, on any asset that is part of the Collateral of the Loan Parties (A) upon the payment in full of all Obligations (except for contingent obligations in respect of which a claim has not yet been made), (B) that is sold or to be sold or transferred as part of or in connection with any sale or other transfer permitted by the terms of this Agreement or under any other Loan Document to a Person that is not a Loan Party or in connection with the designation of any Restricted Subsidiary as an Unrestricted Subsidiary, (C) if the property subject to such Lien is owned by a Loan Party, upon the release of such Loan Party from its Guarantee otherwise in accordance with the Loan Documents, (D) as to the extent provided in the Collateral Documents, (E) that constitutes Excluded Property, or (F) if approved, authorized or ratified in writing in accordance with Section 10.08;

(ii) to determine that the cost to either Borrower or any other Grantor, as the case may be, is disproportionate to the benefit to be realized by the Secured Parties by perfecting a Lien in a given asset or group of assets included in the Collateral and that such Borrower or such other Grantor, as the case may be, should not be required to perfect such Lien in favor of the Master Collateral Agent, for the benefit of the Secured Parties;

(iii) to enter into the other Loan Documents on terms acceptable to the Administrative Agent, the Collateral Administrator and the Master Collateral Agent and to perform its respective obligations thereunder;

(iv) to execute any documents or instruments or take any other actions reasonably requested by the Loan Parties to release any Guarantor from the guarantees provided herein pursuant to Section 9.05;

(v) to enter into (or direct the entrance into) any Intercreditor Agreement or intercreditor and/or subordination agreements in accordance herewith, including Section 6.06, on terms reasonably acceptable to the Administrative Agent, and in each case to perform its obligations thereunder and to

take such action and to exercise the powers, rights and remedies granted to it thereunder and with respect thereto; and

(vi) to enter into (or direct the entrance into) any other agreements reasonably satisfactory to the Administrative Agent granting Liens to the Master Collateral Agent, for the benefit of the Secured Parties, on any assets of Loyalty Co or any other Grantor to secure the Obligations.

(c) The Administrative Agent shall not be responsible or have any liability for, or have any duty to ascertain, inquire into, monitor or enforce, compliance with the provisions of this Agreement relating to Disqualified Institutions. Without limiting the generality of the foregoing, the Administrative Agent shall not (i) be obligated to ascertain, monitor or inquire as to whether any Lender or prospective Lender is a Disqualified Institution or (ii) have any liability with respect to or arising out of any assignment of Term Loans, or disclosure of confidential information to any Disqualified Institutions.

(d) Concurrently herewith, the Administrative Agent directs the Master Collateral Agent and the Master Collateral Agent is authorized to enter into the Collateral Documents and any other related agreements in the form delivered to the Master Collateral Agent. For the avoidance of doubt, all of the Master Collateral Agent's rights, protections and immunities provided herein shall apply to the Master Collateral Agent for any actions taken or omitted to be taken under the Collateral Documents and any other related agreements in such capacity.

Section 8.02 Rights of Administrative Agent and the Other Agents. Any institution serving as an Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not an Agent, and such bank and its respective Affiliates may accept deposits from, lend money to and generally engage in any kind of business with any Loan Party or any Subsidiary or other Affiliate of Parent as if it were not an Agent hereunder. The rights, privileges, protections, indemnities, immunities and benefits given to the Collateral Administrator are extended to, and shall be enforceable by, (i) the Collateral Administrator in each Loan Document and each other document related hereto to which it is a party and (ii) the entity acting as the Collateral Administrator in each of its capacities hereunder and under the other Loan Documents and any related document whether or not specifically set forth therein.

Section 8.03 Liability of Agents.

(a) No Agent shall have any duties or obligations except those expressly set forth herein and in any other applicable Loan Document. Without limiting the generality of the foregoing, (i) no Agent shall be subject to any fiduciary or other implied duties, regardless of whether an Early Amortization Event or an Event of Default has occurred and is continuing, (ii) no Agent shall have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby that the Administrative Agent is required to exercise in writing as directed by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.08), (iii) except as expressly set forth herein, no Agent shall have any duty to disclose,

and shall not be liable for the failure to disclose, any information relating to any Borrower, Parent or any of Parent's Subsidiaries that is communicated to or obtained by the institution serving as an Agent or any of its Affiliates in any capacity and (iv) no Agent will be required to take any action that, in its opinion or the opinion of its counsel, may expose such Agent to liability or that is contrary to any Loan Document or applicable law, including for the avoidance of doubt, any action that may be in violation of the automatic stay under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect. No Agent shall be liable for any action taken or not taken by it with the consent of, or at the request of (i) the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.08) or (ii) in the case of the Collateral Administrator and the Master Collateral Agent, the Administrative Agent, or (B) in the absence of its own gross negligence or willful misconduct. Neither the Administrative Agent, the Collateral Administrator nor the Master Collateral Agent shall be deemed to have knowledge of any Early Amortization Event, Event of Default or Default unless and until written notice thereof is given to the Administrative Agent, the Collateral Administrator or the Master Collateral Agent, respectively, by, in the case of the Administrative Agent or the Collateral Administrator, any Borrower, Parent or a Lender or, in the case of the Master Collateral Agent, the Administrative Agent, and neither Administrative Agent, the Collateral Administrator nor the Master Collateral Agent shall be responsible for, or have any duty to ascertain or inquire into, (A) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (B) the contents of any certificate, report or other document delivered hereunder or in connection herewith or in connection with any other Loan Document, (C) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or in any other Loan Document or related document, (D) the validity, enforceability, effectiveness, value, sufficiency or genuineness of this Agreement or any other agreement, instrument or document or any Collateral or security interest, or (E) the satisfaction of any condition set forth in Section 4 or elsewhere herein or in any other Loan Document, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

(b) Each Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. Each Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. Each Agent may consult with legal counsel (who may be counsel for Parent or the Borrowers), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

(c) Each Agent may perform any and all of its duties and exercise its rights and powers by or through any one or more sub-agents appointed by it. Each Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers through its Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of any Agent and any such sub-agent, and shall apply to their respective

activities as such Agent. Neither the Master Collateral Agent nor the Collateral Administrator shall be responsible for the acts or omissions of any such sub-agent appointed with due care.

(d) The following additional rights and protections shall be applicable to the Master Collateral Agent and the Collateral Administrator in connection with this Agreement, the other Loan Documents and any related document:

(i) Neither the Master Collateral Agent nor the Collateral Administrator shall have any liability for any action taken, or errors in judgment made, in good faith by it or any of its officers, employees or agents, unless it shall have been negligent in ascertaining the pertinent facts.

(ii) Nothing in this Agreement or any other Loan Document shall require the Master Collateral Agent or the Collateral Administrator to expend or risk its own funds or otherwise incur any liability in the performance of any of its duties or in the exercise of any of its rights or powers hereunder.

(iii) Neither the Master Collateral Agent nor the Collateral Administrator shall be under any obligation to exercise any of the rights or powers vested in it by this Agreement or any other Loan Document at the request or direction of the Administrative Agent or the Lenders, unless such Person shall have offered to the Master Collateral Agent or the Collateral Administrator, as applicable, security or indemnity (satisfactory to the Master Collateral Agent or the Collateral Administrator, as applicable, in its sole and absolute discretion) against the costs, expenses and liabilities which may be incurred by it in compliance with such request or direction.

(iv) Notwithstanding anything to the contrary herein or in any other Transaction Document, neither the Collateral Administrator nor the Master Collateral Agent shall be responsible for, nor chargeable with, knowledge of the terms and conditions of any other agreement, instrument, or document other than this Agreement and any other Loan Document to which it is a party, whether or not an original or a copy of such agreement has been provided to the Collateral Administrator or the Master Collateral Agent, as applicable, and shall not be subject to, or bound by, the terms and provisions of any documents to which it is not a party.

(v) In the event that any Collateral shall be attached, garnished or levied upon by any court order, or the delivery thereof shall be stayed or enjoined by an order of a court, or any order, judgment or decree shall be made or entered by any court order affecting the Collateral, each of the Master Collateral Agent and the Collateral Administrator is hereby expressly authorized, each in its sole discretion, to respond as it deems appropriate or to comply with all writs, orders or decrees so entered or issued, or which it is advised by legal counsel of its own choosing is binding upon it, whether with or without jurisdiction. In the event that the Master Collateral Agent or the Collateral Administrator obeys or complies with any such writ, order or decree it shall not be liable to any of the Loan Parties or to any other

Person, firm or corporation, should, by reason of such compliance notwithstanding, such writ, order or decree be subsequently reversed, modified, annulled, set aside or vacated.

(vi) The Master Collateral Agent and the Collateral Administrator shall be entitled to request and receive written instructions from the Administrative Agent and shall have no responsibility or liability to the Lenders for any losses or damages of any nature that may arise from any action taken or not taken by the Master Collateral Agent or the Collateral Administrator in accordance with the written direction of the Administrative Agent.

(vii) The Master Collateral Agent and the Collateral Administrator may request, rely on and act in accordance with Officer's Certificates and/or opinions of counsel, and shall incur no liability and shall be fully protected in acting or refraining from acting in accordance with such Officer's Certificates and opinions of counsel.

(viii) If any conflict, disagreement or dispute arises between, among, or involving any of the parties hereto concerning the meaning or validity of any provision hereunder or concerning any other matter relating to this Agreement or any other Loan Document, or the Master Collateral Agent or the Collateral Administrator is in doubt as to the action to be taken hereunder, the Master Collateral Agent or the Collateral Administrator may, at its option, after sending written notice of the same to the Administrative Agent, refuse to act until such time as it (a) receives a final non-appealable order of a court of competent jurisdiction directing delivery of the Collateral or otherwise regarding such matter or (b) receives a written instruction, executed by each of the parties involved in such disagreement or dispute, in a form reasonably acceptable to the Master Collateral Agent or the Collateral Administrator, as applicable, directing delivery of the Collateral or otherwise regarding such matter. The Master Collateral Agent and the Collateral Administrator will be entitled to act on any such written instruction or final, non-appealable order of a court of competent jurisdiction without further question, inquiry or consent. The Master Collateral Agent and the Collateral Administrator may file an interpleader action in a state or federal court, and upon the filing thereof, the Master Collateral Agent or the Collateral Administrator will be relieved of all liability as to the Collateral and will be entitled to recover reasonable and documented out-of-pocket attorneys' fees, expenses and other costs incurred in commencing and maintaining any such interpleader action.

(ix) Neither the Collateral Administrator nor the Master Collateral Agent shall be responsible or liable for any failure or delay in the performance of its obligations under this Agreement arising out of or caused, directly or indirectly, by circumstances beyond its control, including without limitation, any act or provision of any present or future law or regulation or governmental authority; acts of God; earthquakes; fires; floods; wars; terrorism; civil or military disturbances; sabotage; epidemics, pandemics or similar health crises; riots; interruptions, loss or

malfunctions of utilities, computer (hardware or software) or communications service; accidents; labor disputes; acts of civil or military authority or governmental actions; or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility.

(x) Neither the Master Collateral Agent nor Collateral Administrator shall have any obligation to give, execute, deliver, file, record, authorize or obtain any financing statements, notices, instruments, documents, agreements, consents or other papers as shall be necessary to (i) create, preserve, perfect or validate the security interest granted to the Master Collateral Agent or the Collateral Administrator pursuant to this Agreement or any other Loan Document or any related document or (ii) enable the Master Collateral Agent or the Collateral Administrator to exercise and enforce its rights under this Agreement or any other Loan Document or any related document with respect to such pledge and security interest.

(xi) For purposes of clarity, but without limiting any rights, protections, immunities or indemnities afforded to the Master Collateral Agent or the Collateral Administrator hereunder (including without limitation in this Section 8) and under the other Loan Documents, phrases such as "satisfactory to the Master Collateral Agent or the Collateral Administrator," "approved by the Master Collateral Agent or the Collateral Administrator," "acceptable to the Master Collateral Agent or the Collateral Administrator," "as determined by the Master Collateral Agent or the Collateral Administrator," "in the Master Collateral Agent's or the Collateral Administrator's discretion," "selected by the Master Collateral Agent or the Collateral Administrator," "elected by the Master Collateral Agent or the Collateral Administrator," "requested by the Master Collateral Agent or the Collateral Administrator," and phrases of similar import that authorize or permit the Master Collateral Agent or the Collateral Administrator to approve, disapprove, determine, act or decline to act in its discretion shall be subject to the Master Collateral Agent or the Collateral Administrator, as applicable, receiving written direction from the Administrative Agent to take such action or to exercise such rights.

(e) Anything herein to the contrary notwithstanding, none of the Sole Structuring Agent, the Joint Lead Arrangers and Bookrunners or the Joint Bookrunners listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent or a Lender.

Section 8.04 Reimbursement and Indemnification. Each Lender agrees (a) to reimburse on demand the Administrative Agent (and the Collateral Administrator, the Collateral Custodian, the Master Collateral Agent and the Depositary) for such Lender's Aggregate Exposure Percentage of any expenses and fees incurred for the benefit of the Lenders or the Agents under this Agreement and any of the Loan Documents, including, without limitation, counsel fees and compensation of agents and employees paid for services rendered on behalf of the Lenders or the Agents, and any other expense incurred in connection with the operations or enforcement thereof,

not reimbursed by the Loan Parties and (b) to indemnify and hold harmless the Administrative Agent, the Collateral Administrator, the Collateral Custodian and the Master Collateral Agent and any of their Related Parties, on demand, in the amount equal to such Lender's Aggregate Exposure Percentage, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against it or any of them in any way relating to or arising out of this Agreement or any of the Loan Documents or any action taken or omitted by it or any of them under this Agreement or any of the Loan Documents to the extent not reimbursed by the Loan Parties (except such as shall result from its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and non-appealable judgement).

Section 8.05 Successor Agents.

(a) The Administrative Agent may at any time give notice of its resignation to the Lenders and the Borrowers (with a copy to the Collateral Administrator and the Master Collateral Agent). Upon receipt of any such notice of resignation, the Required Lenders shall have the right, with the consent (provided no Event of Default has occurred and is continuing) of the Borrowers (such consent not to be unreasonably withheld or delayed), to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty (30) days after the retiring Administrative Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders with the consent of the Borrowers (such consent not to be unreasonably withheld or delayed)) (the "**Resignation Effective Date**"), then the retiring Administrative Agent may (but shall not be obligated to), in consultation with the Borrowers, on behalf of the Lenders, appoint a successor Administrative Agent meeting the qualifications set forth above. For the avoidance of doubt, whether or not a successor Administrative Agent has been appointed, the retiring Administrative Agent's resignation shall nonetheless become effective in accordance with such notice of resignation on the Resignation Effective Date. With effect from the Resignation Effective Date, (a) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents and (b) except for any indemnity payments owed to the retiring Administrative Agent, all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender directly, until such time, if any, as the Required Lenders appoint a successor Administrative Agent as provided for above. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring Administrative Agent (other than any rights to indemnity payments owed to the retiring Administrative Agent), and the retiring Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents. The fees payable by the Borrowers to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrowers and such successor. After the retiring Administrative Agent's resignation hereunder and under the other Loan Documents, the provisions of this Article 8 and Section 10.04 shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and

their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Administrative Agent was acting as the Administrative Agent.

(b) The Collateral Administrator may at any time resign at any time upon at least 30 days' prior written notice to the Borrowers and the Administrative Agent; *provided* that, no resignation of the Collateral Administrator will be permitted unless a successor Collateral Administrator has been appointed. Promptly after receipt of notice of the Collateral Administrator's resignation, the Administrative Agent shall promptly appoint a successor Collateral Administrator (which successor Collateral Administrator shall be reasonably acceptable to the Required Lenders and, so long as no Event of Default under Section 7.01(b), (f), (g) or (o) has occurred and is continuing, the Borrowers) by written instrument, copies of which instrument shall be delivered to the Borrowers, the Master Collateral Agent, the resigning Collateral Administrator and to the successor Collateral Administrator. In the event no successor Collateral Administrator shall have been appointed within 30 days after the giving of notice of such resignation, the Collateral Administrator may petition any court of competent jurisdiction to appoint a successor Collateral Administrator. The Administrative Agent upon at least 30 days' prior written notice to the Collateral Administrator and the Borrowers, may with or without cause remove and discharge the Collateral Administrator or any successor Collateral Administrator thereafter appointed from the performance of its duties under this Agreement. Promptly after giving notice of removal of the Collateral Administrator, the Administrative Agent shall appoint, or petition a court of competent jurisdiction to appoint, a successor Collateral Administrator (which successor Collateral Administrator shall be reasonably acceptable to the Required Lenders and, so long as no Event of Default under Section 7.01(b), (f), (g) or (o) has occurred and is continuing, the Borrowers). Any such appointment shall be accomplished by written instrument and a copy shall be delivered to the Collateral Administrator and the successor Collateral Administrator, the Borrowers and the Master Collateral Agent.

(c) The Master Collateral Agent may resign, and in any such event shall be replaced, in accordance with the terms of the Collateral Agency and Accounts Agreement.

(d) In the event that the Collateral Custodian shall no longer have the deposit rating necessary for the Payment Account and Reserve Account to be Eligible Deposit Accounts, Loyalty Co shall be permitted to and shall promptly, and in any event within 30 days (as such deadline may be extended by the Collateral Administrator (acting at the direction of the Administrative Agent)) of (A) a Responsible Officer of American or Loyalty Co obtaining actual knowledge of such ratings change or (B) receipt by a Borrower of notice from the Administrative Agent of such ratings change, move the Payment Account and the Reserve Account, as applicable, to a depository institution (i) selected by Loyalty Co that that has the deposit rating necessary for the Payment Account and Reserve Account to be Eligible Deposit Accounts or (ii) that is otherwise approved by the Administrative Agent (such approval not to be unreasonably withheld, conditioned, or delayed), and will cause such depositary institution to execute an Account Control Agreement as soon as reasonably practicable thereafter.

Section 8.06 Independent Lenders. Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent, the Master Collateral Agent, the Collateral Administrator or any other Lender and based on such documents and information as it has deemed

appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent, the Collateral Administrator, the Master Collateral Agent or any Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any related agreement or any document furnished hereunder or thereunder.

Section 8.07 Advances and Payments.

(a) On the date of each Term Loan, the Administrative Agent shall be authorized (but not obligated) to advance, for the account of each of the Lenders, the amount of the Term Loan to be made by it in accordance with its Term Loan Commitment hereunder. In such event, if a Lender has not in fact made its share of the applicable Term Loan available to the Administrative Agent, then the applicable Lender and the Borrowers severally agree to pay to the Administrative Agent forthwith upon written demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrowers to, but excluding, the date of payment to the Administrative Agent, at (i) in the case of such Lender, the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of the Borrowers, the Interest Rate otherwise applicable to such Term Loan. If such Lender pays such amount to the Administrative Agent, then (x) such amount shall constitute such Lender's Term Loan included in such Term Loan and the Borrowers shall not be obligated to repay such amount pursuant to the preceding sentence if not previously repaid and (y) if such amount was previously repaid by the Borrowers, the Administrative Agent shall promptly make a corresponding amount available to the Borrowers.

(b) Any amounts received by the Administrative Agent in connection with this Agreement (other than amounts to which the Administrative Agent is entitled pursuant to Sections 2.19, 8.04 and 10.04), the application of which is not otherwise provided for in this Agreement, shall be applied in accordance with Section 2.10(b). All amounts to be paid to a Lender by the Administrative Agent shall be credited to that Lender, after collection by the Administrative Agent, in immediately available funds either by wire transfer or deposit in that Lender's correspondent account with the Administrative Agent, as such Lender and the Administrative Agent shall from time to time agree.

Section 8.08 Sharing of Setoffs. Each Lender agrees that, except to the extent this Agreement expressly provides for payments to be allocated to a particular Lender, if it shall, through the exercise either by it or any of its banking Affiliates of a right of banker's lien, setoff or counterclaim against a Borrower or a Guarantor, including, but not limited to, a secured claim under Section 506 of the Bankruptcy Code or other security or interest arising from, or in lieu of, such secured claim and received by such Lender (or any of its banking Affiliates) under any applicable bankruptcy, insolvency or other similar law, or otherwise, obtain payment in respect of its Term Loans as a result of which the unpaid portion of its Term Loans is proportionately less than the unpaid portion of the Term Loans of any other Lender (a) it shall promptly purchase at par (and shall be deemed to have thereupon purchased) from such other Lender a participation in the Term Loans of such other Lender, so that the aggregate unpaid principal amount of each

Lender's Term Loans and its participation in Term Loans of the other Lenders shall be in the same proportion to the aggregate unpaid principal amount of all Term Loans then-outstanding as the principal amount of its Term Loans prior to the obtaining of such payment was to the principal amount of all Term Loans outstanding prior to the obtaining of such payment and (b) such other adjustments shall be made from time to time as shall be equitable to ensure that the Lenders share such payment pro-rata, *provided* that if any such non-pro-rata payment is thereafter recovered or otherwise set aside, such purchase of participations shall be rescinded (without interest). Each Loan Party expressly consents to the foregoing arrangements and agrees, to the fullest extent permitted by law, that any Lender holding (or deemed to be holding) a participation in a Term Loan acquired pursuant to this Section or any of its banking Affiliates may exercise any and all rights of banker's lien, setoff or counterclaim with respect to any and all moneys owing by a Loan Party to such Lender as fully as if such Lender was the original obligee thereon, in the amount of such participation. The provisions of this Section 8.08 shall not be construed to apply to (a) any payment made by a Loan Party pursuant to and in accordance with the express terms of this Agreement (including the application of funds arising from the existence of a Defaulting Lender), (b) any payment obtained by any Lender as consideration for the assignment or sale of a participation in any of its Term Loans or other Obligations owed to it or (c) any payment made by a Loan Party pursuant to the Fee Letter.

Section 8.09 Withholding Taxes. To the extent required by any applicable law, the Administrative Agent may withhold from any payment to any Lender an amount equivalent to any withholding tax applicable to such payment. If the Internal Revenue Service or any other Governmental Authority asserts a claim that the Administrative Agent did not properly withhold tax from amounts paid to or for the account of any Lender for any reason, or the Administrative Agent has paid over to the Internal Revenue Service applicable withholding tax relating to a payment to a Lender but no deduction has been made from such payment, without duplication of any indemnification obligations set forth in Section 8.04, such Lender shall indemnify the Administrative Agent fully for all amounts paid, directly or indirectly, by the Administrative Agent as tax or otherwise, including any penalties or interest and together with any expenses incurred.

Section 8.10 Right to Realize on Collateral and Enforce Guarantee. Anything contained in any of the Loan Documents to the contrary notwithstanding, the Borrowers, the Agents, and each Secured Party hereby agree that (i) no Secured Party shall have any right individually to realize upon any of the Collateral or to enforce the Guarantee, it being understood and agreed that all powers, rights, and remedies hereunder may be exercised solely by the Administrative Agent, on behalf of the Secured Parties and all powers, rights, and remedies under the Senior Secured Debt Documents may be exercised solely by the Master Collateral Agent, in each case to the extent permitted by applicable law and in accordance with the terms hereof, the other Loan Documents and the other Senior Secured Debt Documents, and (ii) in the event of a foreclosure by the Master Collateral Agent on any of the Collateral pursuant to a public or private sale or other disposition, the Master Collateral Agent or any Lender may be the purchaser or licensor of any or all of such Collateral at any such sale or other disposition and the Master Collateral Agent, as agent for and representative of the Secured Parties (but not any Lender or Lenders in its or their respective individual capacities unless Required Lenders shall otherwise agree in writing) shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any

portion of the Collateral sold at any such public sale, to use and apply any of the Obligations as a credit on account of the purchase price for any collateral payable by the Master Collateral Agent at such sale or other disposition.

Section 8.11 Intercreditor Agreements Govern. The Administrative Agent and each other Secured Party (a) hereby agrees that it will be bound by and will take no actions contrary to the provisions of any intercreditor agreement entered into pursuant to the terms hereof, (b) hereby authorizes and instructs the Collateral Administrator to enter into each intercreditor agreement (including each Intercreditor Agreement) entered into pursuant to the terms hereof and to subject the Liens securing the Obligations to the provisions thereof and (c) hereby authorizes and instructs the Collateral Administrator to enter into any intercreditor agreement that includes, or to amend any then existing intercreditor agreement to provide for, the terms described in the definition of "Junior Lien Debt". In the event of any conflict or inconsistency between the provisions of each intercreditor agreement (including any Intercreditor Agreement) and this Agreement, the provisions of such intercreditor agreement shall control in all respects. With respect to any reference in this Agreement to another intercreditor agreement, subordination agreement or arrangement reasonably acceptable to the Administrative Agent and the Borrowers' (or other similar description), Administrative Agent and the Collateral Administrator hereby agree to, and each Secured Party and each Lender hereby directs the Administrative Agent to, negotiate with the Borrowers in good faith and promptly (and in any event not later than ten (10) Business Days following written request by the Borrowers) enter into such other intercreditor or subordination agreement that is reasonably acceptable to the Administrative Agent (such acceptance not to be unreasonably withheld, conditioned, delayed or denied) upon request by the Borrowers.

Each Lender hereby agrees (i) that all Obligations will be and are secured equally and ratably by all Priority Liens (as defined in the Collateral Agency and Accounts Agreement) at any time granted by any Grantor to the Master Collateral Agent to secure any obligations in respect of any other Series of Senior Secured Debt (as defined in the Collateral Agency and Accounts Agreement), whether or not upon property otherwise constituting Collateral, and that all such Priority Liens will be enforceable by the Master Collateral Agent for the benefit of all holders of Senior Secured Debt Obligations (as defined in the Collateral Agency and Accounts Agreement) equally and ratably; and (ii) that each Lender is bound by the provisions of the Collateral Agency and Accounts Agreement, including the provisions relating to the ranking of Priority Liens and the order of application of proceeds from enforcement of Priority Liens; and each Lender consents to the terms of the Collateral Agency and Accounts Agreement and the Master Collateral Agent's performance of, and directing the Master Collateral Agent to perform its obligations under, the Collateral Agency and Accounts Agreement and the other Senior Secured Debt Documents.

Section 8.12 Master Collateral Agent as Beneficiary. Without limitation of the terms of the Collateral Agency and Accounts Agreement, the parties hereto agree that the Master Collateral Agent is a third party beneficiary of Sections 8.02, 8.03 and 8.04, and any other terms hereof which operate to the benefit of the Master Collateral Agent, with full rights to enforce the same and no such term may be amended, modified or waived in any respect that would be materially adverse to the Master Collateral Agent without its written consent.

SECTION 9.

GUARANTY

Section 9.01 Guaranty.

(a) Each of the Guarantors unconditionally and irrevocably guarantees on a senior basis the due and punctual payment by the Borrowers of the Obligations (including interest accruing on and after the filing of any petition in bankruptcy or of reorganization of the obligor whether or not post filing interest is allowed in such proceeding) (collectively, the "**Guaranteed Obligations**"). Each of the Guarantors further agrees that, to the extent permitted by applicable law, the Obligations may be extended or renewed, in whole or in part, without notice to or further assent from it, and it will remain bound upon this guaranty notwithstanding any extension or renewal of any of the Obligations. The Obligations of the Guarantors shall be joint and several. Each of the Guarantors further agrees that its guaranty hereunder is a primary obligation of such Guarantor and not merely a contract of surety.

(b) To the extent permitted by applicable law, each of the Guarantors waives presentation to, demand for payment from and protest to the Borrowers or any other Guarantor, and also waives notice of protest for nonpayment. The obligations of the Guarantors hereunder shall not, to the extent permitted by applicable law, be affected by (i) the failure of the Administrative Agent, the Collateral Administrator, the Collateral Custodian, the Master Collateral Agent or a Lender to assert any claim or demand or to enforce any right or remedy against any Loan Party under the provisions of this Agreement or any other Loan Document or otherwise; (ii) any extension or renewal of any provision hereof or thereof; (iii) any rescission, waiver, compromise, acceleration, amendment or modification of any of the terms or provisions of any of the Loan Documents; (iv) the release, exchange, waiver or foreclosure of any security held by the Master Collateral Agent or the Collateral Administrator for the Obligations or any of them; (v) the failure of the Administrative Agent or a Lender to exercise any right or remedy against any other Guarantor; or (vi) the release or substitution of any Collateral or any other Guarantor.

(c) To the extent permitted by applicable law, each of the Guarantors further agrees that this guaranty constitutes a guaranty of payment when due and not just of collection, and waives any right to require that any resort be had by the Administrative Agent, the Collateral Administrator, the Master Collateral Agent, the Collateral Custodian, the Depositary or a Lender to any security held for payment of the Obligations or to any balance of any deposit, account or credit on the books of the Administrative Agent, the Collateral Administrator, the Collateral Custodian, the Master Collateral Agent or a Lender in favor of any Borrower or any other Guarantor, or to any other Person.

(d) To the extent permitted by applicable law, each of the Guarantors hereby waives any defense that it might have based on a failure to remain informed of the financial condition of the Borrowers and of any other Guarantor and any circumstances affecting the ability of the Borrowers to perform under this Agreement.

(e) To the extent permitted by applicable law, each Guarantor's guaranty shall not be affected by the genuineness, validity, regularity or enforceability of the Obligations or any other instrument evidencing any Obligations, or by the existence, validity, enforceability, perfection, or extent of any collateral therefor or by any other circumstance relating to the Obligations which might otherwise constitute a defense to this guaranty (other than payment in full in cash of the Obligations in accordance with the terms of this Agreement (other than those that constitute unasserted contingent indemnification obligations)). None of the Administrative Agent, the Collateral Administrator, the Master Collateral Agent, the Collateral Custodian or any of the Lenders makes any representation or warranty in respect to any such circumstances or shall have any duty or responsibility whatsoever to any Guarantor in respect of the management and maintenance of the Obligations.

(f) Upon the occurrence of the Obligations becoming due and payable (by acceleration or otherwise), the Lenders shall be entitled to immediate payment of such Obligations by the Guarantors upon written demand by the Administrative Agent.

(g) The Guarantors hereby irrevocably agree that the obligations of each Guarantor hereunder are limited to the maximum amount that would not render the Guarantor's obligations subject to avoidance under applicable fraudulent conveyance provisions of the Bankruptcy Code.

Section 9.02 No Impairment of Guaranty. To the extent permitted by applicable law, the obligations of the Loan Parties hereunder shall not be subject to any reduction, limitation or impairment for any reason, including, without limitation, any claim of waiver, release, surrender, alteration or compromise, other than pursuant to a written agreement in compliance with Section 10.08 and shall not be subject to any defense or set-off, counterclaim, netting, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of the Obligations. To the extent permitted by applicable law, without limiting the generality of the foregoing, the obligations of any Loan Party hereunder shall not be discharged or impaired or otherwise affected by the failure of the Administrative Agent, the Collateral Administrator, the Master Collateral Agent, the Collateral Custodian or a Lender to assert any claim or demand or to enforce any remedy under this Agreement or any other agreement, by any waiver or modification of any provision hereof or thereof, by any default, failure or delay, willful or otherwise, in the performance of the Obligations, or by any other act or thing or omission or delay to do any other act or thing which may or might in any manner or to any extent vary the risk of such Loan Party or would otherwise operate as a discharge of such Loan Party as a matter of law.

Section 9.03 Continuation and Reinstatement, Etc. Each Guarantor further agrees that its guaranty hereunder shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any Obligation is rescinded or must otherwise be restored by the Administrative Agent, any Lender or any other Secured Party upon the bankruptcy or reorganization of a Borrower or a Guarantor, or otherwise.

Section 9.04 Subrogation; Fraudulent Conveyance.

(a) Upon payment by any Guarantor of any sums to the Administrative Agent, the Collateral Administrator, the Master Collateral Agent, the Collateral Custodian, the Depositary or a Lender hereunder, all rights of such Guarantor against the Borrowers arising as a result thereof by way of right of subrogation or otherwise, shall in all respects be subordinate and junior in right of payment to the prior payment in full of all the Obligations (including interest accruing on and after the filing of any petition in bankruptcy or of reorganization of an obligor whether or not post filing interest is allowed in such proceeding). If any amount shall be paid to such Guarantor for the account of the Borrowers relating to the Obligations prior to payment in full of the Obligations, such amount shall be held in trust for the benefit of the Administrative Agent, the Collateral Administrator, the Master Collateral Agent, the Collateral Custodian and the Lenders and shall forthwith be paid to the Administrative Agent, the Collateral Administrator, the Master Collateral Agent, the Collateral Custodian, the Depositary and the Lenders to be credited and applied to the Obligations, whether matured or unmatured. Each Loan Party hereby agrees that (1) (a) all Indebtedness and other payment obligations owed to American, Parent or any Subsidiary Guarantor by Loyalty Co or any other SPV Party shall be subordinate and junior in right of payment to (and not subject to setoff, netting or recoupment prior to) the prior payment in full in cash of all the Obligations (including interest accruing on and after the filing of any petition in bankruptcy or of reorganization of an obligor whether or not post filing interest is allowed in such proceeding); and (b) all Indebtedness and other payment obligations owed to American, Parent or any Subsidiary Guarantor by any other of American, Parent or Subsidiary Guarantor shall be subordinate and junior in right of payment to (and not subject to setoff, netting or recoupment prior to) the prior payment in full in cash of all the Obligations (including interest accruing on and after the filing of any petition in bankruptcy or of reorganization of an obligor whether or not post filing interest is allowed in such proceeding); *provided* that, in the case of each of clauses (a) and (b) above, so long as no Event of Default shall have occurred and be continuing, any payments in respect of such Indebtedness and other payment obligations shall not be prohibited (to the extent not otherwise prohibited under any Loan Document); and (2) all Indebtedness and other payment obligations owed by American or any Guarantor to Loyalty Co or any other SPV Party shall not be subordinated or junior in right of payment to, and shall rank pari passu with, any other senior unsubordinated indebtedness or payment obligations of American or such Guarantor, as applicable. Notwithstanding anything in this paragraph to the contrary, in no event will setoff, recoupment or netting apply with respect to amounts due from any Loan Party to Loyalty Co (or any other SPV Party) pursuant to the Intercompany Agreement, the American Intercompany Note or any IP Agreement or with respect to funds such Loan Party has received pursuant to any AAdvantage Agreement, any Retained Agreement or any American Airline Business Agreement.

(b) Each Guarantor, and by its acceptance of this Agreement, the Master Collateral Agent and each other Secured Party, hereby confirms that it is the intention of all such Persons that this Agreement and the Obligations of each Guarantor hereunder not constitute a fraudulent transfer or conveyance for purposes of the Bankruptcy Code, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar foreign, federal or state law to the extent applicable to the guaranties hereunder and the Obligations of each Guarantor hereunder. To effectuate the foregoing intention, the Master Collateral Agent, the other Secured Parties and the Guarantors hereby irrevocably agree that the Obligations of each Guarantor under the guaranties hereunder at any time shall be limited to the maximum amount as will result in the

Obligations of such Guarantor under this guaranty not constituting a fraudulent transfer or conveyance.

Section 9.05 Discharge of Guaranty.

(a) In the event of any sale or other disposition of all or substantially all of the assets of any Guarantor (other than Parent and any SPV Party), by way of merger, consolidation or otherwise, or a sale or other disposition of all Capital Stock of any Guarantor (other than Parent and any SPV Party), in each case to a Person that is not (either before or after giving effect to such transactions) Parent or a Restricted Subsidiary of Parent or the merger or consolidation of a Guarantor (other than any SPV Party) with or into American or another Guarantor, in each case, in a transaction permitted under this Agreement, then such Guarantor (in the event of a sale or other disposition, by way of merger, consolidation or otherwise, of all of the Capital Stock of such Guarantor) or the Person acquiring the property (in the event of a sale or other disposition of all or substantially all of the assets of such Guarantor) will be automatically released and relieved of any obligations under its Guarantee of the Guaranteed Obligations.

(b) Upon designation of any Guarantor as an Unrestricted Subsidiary in accordance with the terms of this Agreement, such Guarantor will be automatically released and relieved of any obligations under its Guarantee of the Guaranteed Obligations. In addition, upon the request of American, the guarantee of any Guarantor that is or becomes an Immaterial Subsidiary, a Receivables Subsidiary or an Excluded Subsidiary shall be promptly released; provided that (i) no Event of Default shall have occurred and be continuing or shall result therefrom and (ii) American shall have delivered an Officer's Certificate certifying that such Subsidiary is an Immaterial Subsidiary, a Receivables Subsidiary or an Excluded Subsidiary, as applicable; provided, further that a Subsidiary that is considered not to be an Immaterial Subsidiary solely pursuant to clause (2) of the proviso of the definition thereof shall, solely for purposes of this clause (b), be considered an Immaterial Subsidiary so long as any applicable guarantee, pledge or other obligation of such Subsidiary with respect to any Junior Lien Debt shall be irrevocably released and discharged substantially simultaneously with the release of such guarantee hereunder.

(c) The Administrative Agent shall promptly execute and deliver, at the Borrowers' expense to the extent required by Section 10.04, such documents as any Loan Party may reasonably request to evidence the release of the guaranty of such Guarantor provided herein.

(d) Each Guarantor will be automatically released and relieved of any obligations under its Guarantee of the Guaranteed Obligations upon the first date on which all of the Term Loans and Obligations then due and owing shall have been satisfied by payment in full in cash (other than contingent indemnification obligations) and the Term Loan Commitments shall be terminated.

Section 9.06 Luxembourg Limitations.

(a) Notwithstanding any provision to the contrary in this Agreement, the liability of any Luxembourg Guarantor under this Section 9 for the obligations of any Loan Party

which is not a direct or indirect subsidiary of that Luxembourg Guarantor, may not exceed, in aggregate, the Maximum Amount.

(b) For the purposes of paragraph (a) above, the "**Maximum Amount**", in relation to a Luxembourg Guarantor, means an amount equal to the aggregate (without double counting) of:

(i) the aggregate amount of any intercompany or shareholder funding (in any form whatsoever) made available to that Luxembourg Guarantor or any of its direct or indirect subsidiaries by any other Loan Party which has been directly or indirectly funded by a borrowing under this Agreement; and

(ii) an amount equal to the greater of:

(1) ninety-five per cent (95%) of the sum of (i) such Luxembourg Guarantor's own funds (*capitaux propres*) (as referred to in Annex I to the Grand-Ducal Regulation dated December 18, 2015 setting out the form and content of the presentation of the balance sheet and profit and loss account, enforcing the Luxembourg act of December 19, 2002 on the trade and companies register and the accounting and annual accounts of undertakings, as amended) (the "**Own Funds**") and (ii) such Luxembourg Guarantor's debt which is subordinated in right of payment (whether generally or specifically) to any claim of any Loan Party under any of the Loan Documents (the "**Subordinated Debt**"), in each case as determined on the basis of the then latest available annual accounts of the Luxembourg Guarantor duly established in accordance with applicable accounting rules, as at the date of this Agreement; and

(2) ninety-five per cent (95%) of the sum of (i) the Own Funds and (ii) the Subordinated Debt, in each case as determined on the basis of the then latest available annual accounts of the Luxembourg Guarantor duly established in accordance with applicable accounting rules), as at the date on which a claim under such Luxembourg Guarantor's guarantee under this Section 9 is made.

(c) The limitations set forth in this Section 9.06 shall not apply to any Collateral Document, or any recoveries derived from the enforcement of a Secured Party's rights under or in respect of any Collateral.

SECTION 10.

MISCELLANEOUS

Section 10.01 Notices.

(a) Subject to paragraph (b) below, all notices and other communications provided for herein or under any other Loan Document shall be in writing (including by facsimile or electronic mail), and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by electronic mail or telecopy, as follows:

(i) if to any Loan Party, to it at:

c/o American Airlines, Inc.
1 Skyview Drive, MD 8B361
Fort Worth, Texas, 76155
Attn: Treasurer
Fax No.: ###
Email: ###,

with copies (which shall not constitute notice) to:

Latham & Watkins LLP
140 Scott Drive
Menlo Park, CA 94025
Attn: Tony Richmond
Email: ###;

(ii) if to the Administrative Agent, (A) with respect to any notice provided under Section 2, to it at: 400 Jefferson Park, Whippany, NJ 07981, Attn.: Arelis Cepeda, email: ###, Telephone No.: ### and (B) with respect to any other notice, to it at: 745 Seventh Avenue, New York, NY 10001, Attn: Charlie Goetz, email: ###, Telephone No.: ###;

(iii) if to the Collateral Administrator or the Collateral Custodian, to it at Wilmington Trust National Association, 1100 North Market Street, Wilmington, DE 19890, Attention of: Adam Vogelsong, Telephone No.: ###, email: ###; and

(iv) if to any Lender, to it at its address (or telecopy number) set forth in, (A) in the case of each initial Lender, in its administrative questionnaire in a form as the Administrative Agent may require and (B) in the case of any other Lender, its Assignment and Acceptance.

(b) Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Administrative Agent; *provided* that the foregoing shall not apply to notices pursuant to Section 2 unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent or the Borrowers may, in their reasonable discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; *provided* that approval of such procedures may be limited to particular notices or communications; *provided further* that no such approval shall be required for any notice delivered to the Administrative Agent by electronic mail pursuant to Section 2.13(a).

(c) Any party hereto may change its address, telecopy number or e-mail address for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

Section 10.02 Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that (i) no Loan Party may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by a Loan Party without such consent shall be null and void), *provided* that the foregoing shall not restrict any transaction permitted by Section 6.10, and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section 10.02. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants (to the extent provided in paragraph (d) of this Section 10.02) and, to the extent expressly contemplated hereby, the Related Parties of the Administrative Agent, the Master Collateral Agent, the Collateral Administrator, the Collateral Custodian, the Depositary and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement; *provided further* that the Collateral Custodian, Master Collateral Agent and the Depositary shall be express third party beneficiaries of this Agreement.

(b) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender, in the ordinary course of business and in accordance with applicable law, may assign to one or more assignees (other than to any Defaulting Lender, Disqualified Institution or natural person) all or a portion of its rights and obligations under this Agreement (including all or a portion of the Term Loans at the time owing to it), pursuant to an Assignment and Acceptance with the prior written consent (such consent not to be unreasonably withheld or delayed) of:

(A) the Administrative Agent; *provided* that no consent of the Administrative Agent shall be required for an assignment (I) if the assignee is a Lender, an Affiliate of a Lender or an Approved Fund of a Lender, in each case so long as such assignee is an Eligible Assignee, (II) of Term Loans to the Borrowers pursuant to Section 10.02(g) and (III) of Term Loans made pursuant to Section 2.18(b) or 2.26(a); and

(B) the Borrowers; *provided* that no consent of the Borrowers shall be required for an assignment (I) other than with respect to an assignment to any Defaulting Lender, Disqualified Institution or natural person, if an Event of Default under Section 7.01(b), 7.01(f), 7.01(g) or 7.01(o) has occurred and is continuing, (II) if the assignee is a Lender, an Affiliate of a Lender or an Approved Fund of a Lender or (III) of Term Loans by any of the Joint Lead Arrangers and Bookrunners or any of its Affiliates as part of the

primary syndication of the Term Loans (as determined by the Joint Lead Arrangers and Bookrunners) as previously consented to in writing (including by email) by the Borrowers, in each case so long as such assignee is an Eligible Assignee; *provided*, *further* that the Borrowers' consent to any assignment of Term Loans will be deemed given with respect to a proposed assignment if no response is received within ten (10) Business Days after having received a written request from such Lender pursuant to this Section 10.02(b)(i)(B);

(ii) Assignments shall be subject to the following additional conditions:

(A) any assignment of any portion of the Term Loan Commitment and Term Loans shall be made to an Eligible Assignee;

(B) except in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund of a Lender or an assignment of the entire remaining amount of the assigning Lender's Term Loan Commitments or Term Loans, the amount of such Term Loan Commitments or Term Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than $5,000,000, and after giving effect to such assignment, the portion of the Term Loan or Term Loan Commitment held by the assigning Lender of the same tranche as the assigned portion of the Term Loan or Term Loan Commitment shall not be less than $5,000,000, in each case, unless the Borrowers and the Administrative Agent otherwise consent; *provided*, that no consent of a Borrower shall be required with respect to such assignment if an Event of Default has occurred and is continuing; *provided further*, that any such assignment shall be in increments of $500,000 in excess of the minimum amount described above;

(C) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement;

(D) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee of $3,500 (unless waived by the Administrative Agent in any given case) for the account of the Administrative Agent (except in the case of assignments made by or to Barclays Bank PLC, Goldman Sachs Lending Partners LLC or any of their respective affiliates);

(E) the assignee, if it was not a Lender immediately prior to such assignment, shall deliver to the Administrative Agent an administrative questionnaire in a form as the Administrative Agent may require; and

(F) notwithstanding anything to the contrary herein, any assignment of any Term Loans to the Borrowers shall be subject to the requirements of Section 10.02(g).

For the purposes of this Section 10.02(b), the term "**Approved Fund**" shall mean, with respect to any Lender, any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of business and that is administered or managed by (a) such Lender, (b) an Affiliate of such Lender or (c) an entity or an Affiliate of an entity that administers or manages such Lender. Notwithstanding the foregoing, no Lender shall be permitted to make assignments under this Agreement to any Defaulting Lender, Disqualified Institution or natural person and any such assignment shall be void ab initio, except to the extent the Borrowers and the Administrative Agent have consented to such assignment in writing (in which case such Lender will not be considered a Defaulting Lender, Disqualified Institution or natural person solely for that particular assignment).

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(iv) of this Section 10.02, from and after the effective date specified in each Assignment and Acceptance, the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.14, 2.16 and 10.04). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 10.02 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (d) of this Section 10.02.

(iv) The Administrative Agent shall maintain at its offices a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and principal amount (and stated interest) of the Term Loans owing to, each Lender pursuant to the terms hereof from time to time (the "**Register**"). The entries in the Register shall be conclusive absent manifest error, and the Loan Parties, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by any Borrower and any Lender (only with respect to such Lender's Term Loans), at any reasonable time and from time to time upon reasonable prior notice.

(v) Notwithstanding anything to the contrary contained herein no assignment may be made hereunder to any Defaulting Lender, Disqualified Institution or natural person or any of their respective subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (v). Any assignment by a Lender to any of the foregoing Persons described in this clause (v) shall be deemed null and void *ab initio* and the Register shall be modified to reflect a reversal of such assignment, and the Borrowers shall be entitled to pursue any remedy available to it (whether at law or in equity, including specific performance to unwind such assignment) against the Lender and such Person.

i. In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment will be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Borrowers and the Administrative Agent, the applicable pro rata share of Term Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Borrowers, Administrative Agent and each other Lender hereunder (and interest accrued thereon), and (y) acquire (and fund as appropriate) its full pro rata share of all Term Loans in accordance with its Aggregate Exposure Percentage. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder becomes effective under applicable law without compliance with the provisions of this paragraph, then the assignee of such interest will be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

(c) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, the assignee's completed administrative questionnaire in a form as the Administrative Agent may require (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in clause (b) of this Section 10.02 and any written consent to such assignment required by clause (b) of this Section 10.02, the Administrative Agent shall accept such Assignment and Acceptance and record the information contained therein in the Register; *provided* that if either the assigning Lender or the assignee shall have failed to make any payment required to be made by it pursuant to Section 2.04, 8.04 or 10.04(d), the Administrative Agent shall have no obligation to accept such Assignment and Acceptance and record the information therein in the Register unless and until such payment shall have been made in full, together with all accrued interest thereon. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this clause (c).

(d) (i) Any Lender may, without the consent of the Borrowers or the Administrative Agent, sell participations (other than to any Defaulting Lender, Disqualified Institution or natural person) to one or more banks or other entities (a "**Participant**") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Term Loan Commitment and the Term Loans owing to it); *provided* that (A) such Lender's obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (C) such Lender shall remain the holder of any such Term Loan for all purposes under this Agreement and the other Loan Documents and (D) the Borrowers, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; *provided* that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 10.08(a) that affects such Participant. Subject to Section 10.02(d)(ii), the Borrowers agree that each Participant shall be entitled to the benefits of (and the obligations under) Sections 2.14 and 2.16 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 10.02(b). To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 8.08 as though it were a Lender, *provided* such Participant agrees to be subject to the requirements of Section 8.08 as though it were a Lender. Each Lender that sells a participation, acting solely for this purpose as a non-fiduciary agent of the Borrowers, shall maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Term Loans or other obligations under this Agreement (the "**Participant Register**"); *provided* that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any Participant or any information relating to a Participant's interest in any Term Loan Commitments, Term Loans or its other obligations under this Agreement or any Loan Document) except to the extent that such disclosure is necessary to establish that such Term Loan Commitment, Term Loan or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender, the Loan Parties and the Administrative Agent shall treat each Person whose name is recorded in the Participant Register pursuant to the terms hereof as the owner of such participation for all purposes of this Agreement, notwithstanding notice to the contrary. Notwithstanding the foregoing, no Lender shall be permitted to sell participations under this Agreement to any Defaulting Lender, Disqualified Institution or natural person and any such participation shall be void ab initio, except to the extent that the Borrower has consented to such participation in writing (in which case such Lender will not be considered a Defaulting Lender, Disqualified Institution or natural person solely for that particular participation). Any attempted participation which does not comply with Section 10.02 shall be null and void. A Participant shall not be entitled to receive any greater payment under Section 2.14 or 2.16 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant and shall be subject to the terms of Section 2.18(a). The Lender selling the participation to such Participant shall be subject to the terms of Section 2.18(b) if such Participant requests compensation or additional amounts pursuant to Section 2.14 or 2.16.

A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.16 unless such Participant agrees, for the benefit of the Borrowers, to comply with Section 2.16(f) as though it were a Lender.

(e) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including without limitation any pledge or assignment to secure obligations to a Federal Reserve Bank or any central bank having jurisdiction over such Lender, and this Section 10.02 shall not apply to any such pledge or assignment of a security interest; *provided* that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(f) Any Lender may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 10.02, disclose to the assignee or participant or proposed assignee or participant, any information relating to the Loan Parties furnished to such Lender by or on behalf of any Loan Party; *provided* that prior to any such disclosure, each such assignee or participant or proposed assignee or participant provides to the Administrative Agent its agreement in writing to be bound for the benefit of the Borrowers by either the provisions of Section 10.03 or other provisions at least as restrictive as Section 10.03.

(g) Notwithstanding anything to the contrary contained in this Agreement, any Lender may assign all or a portion of its Term Loans in accordance with Section 10.02(b) pursuant to a Dutch Auction or open market purchase by any Borrower; *provided* that:

(i) the assigning Lender and such Borrower purchasing such Lender's Term Loans, as applicable, shall execute and deliver to the Administrative Agent an Assignment and Acceptance;

(ii) any Term Loans assigned to such Borrower shall be automatically and permanently cancelled upon the effectiveness of such assignment and will thereafter no longer be outstanding for any purpose hereunder;

(iii) no Event of Default has occurred or is continuing; and

(iv) the assignment to such Borrower and cancellation of Term Loans shall not constitute a mandatory or voluntary payment for purposes of Section 2.12 or 2.13 and shall not be subject to Section 8.08, but the aggregate outstanding principal amount of the Term Loans shall be deemed reduced by the full par value of the aggregate principal amount of the Term Loans purchased pursuant to this Section 10.02(g), and each principal repayment installment with respect to the Term Loans of such Class shall be reduced pro rata by the aggregate principal amount of Term Loans of such Class purchased hereunder.

Each Lender making an assignment to a Borrower acknowledges and agrees that in connection with such assignment, (1) such Borrower then may have, and later may come into possession of, information regarding the Term Loans or the Loan Parties that is not known to such

Lender and that may be material to a decision by such Lender to assign the Term Loans ("**Excluded Information**"), (2) such Lender has independently and, without reliance on the Borrowers, the Administrative Agent or any of their respective Affiliates, made its own analysis and determination to enter into such assignment notwithstanding such Lender's lack of knowledge of the Excluded Information and (3) none of the Borrowers, the Administrative Agent, or any of their respective Affiliates shall have any liability to such Lender, and such Lender hereby waives and releases, to the extent permitted by law, any claims such Lender may have against the Borrowers, the Administrative Agent, and their respective Affiliates, under applicable laws or otherwise, with respect to the nondisclosure of the Excluded Information. Each Lender entering into such an assignment further acknowledges that the Excluded Information may not be available to the Administrative Agent or the other Lenders.

(h) No assignment or participation made or purported to be made to any assignee or Participant shall be effective without the prior written consent of a Borrower if it would require such Borrower to make any filing with any Governmental Authority or qualify any Term Loan under the laws of any jurisdiction, and such Borrower shall be entitled to request and receive such information and assurances as it may reasonably request from any Lender or any assignee or Participant to determine whether any such filing or qualification is required or whether any assignment or participation is otherwise in accordance with applicable law.

(i) In connection with any replacement of a Lender pursuant to Section 2.18, 2.26(a), 10.08(d) or other provision hereof (collectively, a "**Replaceable Lender**"), if any such Replaceable Lender does not execute and deliver to the Administrative Agent a duly executed Assignment and Acceptance reflecting such replacement within one (1) Business Day of the date on which the assignee Lender executes and delivers such Assignment and Acceptance to such Replaceable Lender, then such Replaceable Lender shall be deemed to have executed and delivered such Assignment and Acceptance without any action on the part of the Replaceable Lender.

Section 10.03 Confidentiality. Each Lender and each Agent agrees to keep any information delivered or made available by (or on behalf of) any Loan Party to it confidential, in accordance with its customary procedures, from anyone other than Persons employed or retained by such Lender, Agent or their respective Affiliates who are or are expected to become engaged in evaluating, approving, structuring, insuring or administering the Term Loans, and who are advised by such Lender or Agent of the confidential nature of such information; *provided* that nothing herein shall prevent any Lender or Agent from disclosing such information (a) to any of its Affiliates and its and their respective agents, directors and advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such information and instructed to keep such information confidential) or to any other Lender (*provided* that such Lender shall be responsible for such recipient's compliance with this Section 10.03), (b) upon the order of any court or administrative agency, (c) upon the request or demand of any regulatory agency or authority (including any self-regulatory authority), (d) which has been publicly disclosed other than as a result of a disclosure by any Agent or any Lender which is not permitted by this Agreement or other confidentiality obligations owed to Parent or any of its Subsidiaries, (e) in connection with any litigation to which any Agent, any Lender, or their

respective Affiliates may be a party to the extent reasonably required under applicable rules of discovery, (f) to the extent reasonably required in connection with the exercise of any remedy hereunder or under any other Senior Secured Debt Document, (g) to such Lender's or Agent's legal counsel, independent auditors, accountants and other professional advisors, (h) on a confidential basis to (I) any Rating Agency in connection with rating Parent and its Subsidiaries or any Facility, (II) any direct or indirect provider of credit protection to such Lender or its Affiliates (or its brokers) (other than a Disqualified Institution or any other Person to whom the Borrowers have refused to consent to an assignment) (*provided* that such Lender shall be responsible for such recipient's compliance with this Section 10.03) and (III) market data collectors, similar services providers to the lending industry, and service providers to the Agents and the Lenders after the Closing Date and in connection with the administration and management of the Facility (*provided* that such information is limited to the existence of this Agreement and information about the Facility that is customarily shared for facilities of this type), (i) with the prior consent of the Borrowers, (j) to any actual or proposed participant or assignee of all or part of its rights hereunder (other than a Disqualified Institution or any other Person to whom the Borrowers have refused to consent to an assignment) or to any direct or indirect contractual counterparty (or the legal counsel, independent auditors, accountants and other professional advisors thereto) to any swap or derivative transaction relating to the Borrowers and their obligations, in each case, subject to the proviso in Section 10.02(f) (with any reference to any assignee or participant set forth in such proviso being deemed to include a reference to such contractual counterparty for purposes of this Section 10.03(j)), (k) to the extent that such information is received by such Lender or Agent from a third party that is not, to such Lender's or Agent's knowledge, subject to confidentiality obligations to a Borrower or any of its Affiliates, (l) to the extent that such information is independently developed by such Lender or Agent and (m) to the extent required, or otherwise contemplated, by this Agreement or any other Senior Secured Debt Document. If any Lender or Agent is in any manner requested or required to disclose any of the information delivered or made available to it by any Loan Party under clauses (b) or (e) of this Section 10.03, such Lender or Agent will, to the extent permitted by law, provide the Loan Parties with prompt notice, to the extent reasonable, so that the Loan Parties may seek, at their sole expense, a protective order or other appropriate remedy or may waive compliance with this Section 10.03.

Section 10.04 Expenses; Indemnity; Damage Waiver.

(a) (i) The Borrowers shall, jointly and severally, pay or reimburse:

(1) all reasonable fees and reasonable and documented out-of-pocket expenses of the Administrative Agent, the Master Collateral Agent, the Collateral Administrator, the Collateral Custodian, the Depositary, the Sole Structuring Agent and the Joint Lead Arrangers and Bookrunners (in the case of legal counsel and other advisors, limited to the reasonable fees, disbursements and other charges of (i) Milbank LLP, special counsel to the Administrative Agent, (ii) Seward & Kissel LLP, special counsel to the Master Collateral Agent, the Collateral Administrator, the Collateral Custodian and the Depositary, (iii) local counsel in each material

jurisdiction and (iv) other advisors that are approved by the Borrowers so long as no Event of Default has occurred or is continuing) associated with the syndication of the Facility and the preparation, execution, delivery and administration of the Loan Documents and the performance of its duties hereunder and thereunder and (in the case of the Administrative Agent) any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), including the reasonable fees and out-of-pocket, documented expenses of one outside counsel for the Administrative Agent with respect thereto and one outside counsel for the Master Collateral Agent, the Collateral Administrator, the Depositary and the Collateral Custodian collectively, and with respect to advising the Administrative Agent as to its rights and remedies under this Agreement (and, in the case of an actual or perceived conflict of interest or potential conflict of interest no more than the number of additional law firms as counsel for the various parties as is necessary to avoid any such actual or potential conflict of interest);

(2) in connection with any enforcement of the Loan Documents, all reasonable and documented fees and out-of-pocket expenses of the Administrative Agent, the Master Collateral Agent, the Collateral Administrator, the Collateral Custodian the Depositary and the Lenders (limited to the reasonable fees, disbursements and other charges of (x) in the case of legal counsel, one outside counsel for the Administrative Agent, and one outside counsel for the Lenders, collectively, and one outside counsel for the Master Collateral Agent, the Collateral Custodian and the Collateral Administrator, collectively, and if necessary regulatory and local counsel in each material jurisdiction and, in the case of an actual or perceived conflict of interest or potential conflict of interest no more than the number of additional law firms as counsel for the various parties as is necessary to avoid any such actual or potential conflict of interest and (y) other advisors);

(3) all reasonable, documented, out-of-pocket costs, expenses, taxes, assessments and other charges (including the reasonable fees, disbursements and other charges of counsel for the Administrative Agent, the Master Collateral Agent, the Collateral Custodian and the Collateral Administrator) incurred by the Administrative Agent, the Master Collateral Agent, Collateral Custodian and the Collateral Administrator in connection with any filing, registration, recording or perfection of any security interest contemplated by any Loan Document or incurred in connection with any release or addition of Collateral after the Closing Date; and

(4) all costs and expenses related to acquiring the ratings of the Term Loans from the Rating Agencies, including any monitoring fees of the Rating Agencies in respect of the rating of the Term Loans.

(ii) All payments or reimbursements pursuant to the foregoing clause (a)(i) shall be paid within thirty (30) days of written demand together with back-up documentation supporting such reimbursement request.

(b) The Borrowers shall, jointly and severally, indemnify each Agent, the Sole Structuring Agent, each Joint Lead Arranger and Bookrunner and each Lender and each Related Party of any of the foregoing Persons (each such Person being called an "**Indemnitee**") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (limited in the case of legal fees and expenses, to one (1) outside counsel (and, if necessary, one regulatory counsel and one firm of local counsel in each appropriate jurisdiction) to all Indemnitees, taken as a whole (and, in the case of an actual or perceived conflict of interest, an additional counsel to all such similarly situated affected Indemnitees)) arising out of, in connection with, or as a result of any actual or prospective claim, litigation, investigation or proceeding (including any investigating, preparing for or defending any such claims, actions, suits, investigations or proceedings, whether or not in connection with pending or threatened litigation in which such Indemnitee is a party), whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto and whether or not any such claim, litigation, investigation or proceeding is brought by any Borrower, its equity holders, its Affiliates, its creditors or any other Person, relating to (i) the execution or delivery of this Agreement or any agreement or instrument contemplated hereby, the performance by the parties hereto of their respective obligations hereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Term Loan or the use of the proceeds therefrom, or (iii) any actual or alleged presence or Release of Hazardous Materials on or from any property owned or operated by Parent or any of its Subsidiaries, or any Environmental Liability related in any way to, or asserted against, Parent or any of its Subsidiaries; provided that the foregoing indemnity will not, as to any Indemnitee (or any of its Related Parties), be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the bad faith, gross negligence or willful misconduct of, or material breach of any Loan Document by, such Indemnitee (or of any of its Related Parties), and in such case such Indemnitee (and its Related Parties) shall repay the applicable Borrower the amount of any expenses previously reimbursed by such Borrower in connection with any such loss, claims, damages, expenses or liability to such Indemnitee and, to the extent not repaid by any of them, such Indemnitee's Related Parties not a party to this Agreement or (y) result from any proceeding between or among Indemnitees that does not involve an action or omission by any Borrower or its Affiliates (other than claims against any Indemnitee in its capacity or in fulfilling its role as an Agent, trustee, Sole Structuring Agent, Joint Lead Arranger and Bookrunner or any other similar role under the Facility (excluding its role as a Lender)). This Section 10.04(b) shall not apply with respect to Taxes other than Taxes that represent losses or damages arising from any non-Tax claim. Neither the Borrowers nor any Indemnitee shall be liable for any indirect, special, punitive or consequential damages hereunder; provided that nothing contained in this sentence shall limit any Borrower's indemnity or

reimbursement obligations under this Section 10.04 to the extent such indirect, special, punitive or consequential damages are included in any third party claim in connection with which such Indemnitee is entitled to indemnification hereunder.

(c) In case any action or proceeding shall be brought or asserted against an Indemnitee in respect of which indemnity may be sought against the Borrowers under the provisions of any Loan Document, such Indemnitee shall promptly notify the Borrowers in writing and the Borrowers shall, if the Borrowers desire to do so, assume the defense thereof, including the employment of counsel reasonably satisfactory to such Indemnitee but only if (i) no Event of Default shall have occurred and be continuing, (ii) such action or proceeding does not involve any risk of criminal liability or material risk of material civil money penalties being imposed on such Indemnitee and (iii) the Indemnitees do not notify the Borrowers in writing that they elect to employ separate counsel at the expense of the Borrowers in accordance with the below. The Borrowers shall not enter into any settlement of any action or proceeding unless such settlement (x) includes an unconditional release of such Indemnitees from all liability or claims that are the subject matter of such action or proceeding and (y) does not include any statement as to fault or culpability. The failure to so notify the Borrowers shall not affect any obligations the Borrowers may have to such Indemnitee under the Loan Documents or otherwise other than to the extent that the Borrowers are materially adversely affected by such failure. The Indemnitees shall have the right to employ separate counsel in such action or proceeding and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of the Indemnitees unless: (i) the Borrowers have agreed to pay such fees and expenses, (ii) the Borrowers have failed to assume the defense of such action or proceeding and employ counsel reasonably satisfactory to the Indemnitees or (iii) the Indemnitees shall have been advised in writing by counsel that under prevailing ethical standards there may be a conflict between the positions of any Borrower and the Indemnitees in conducting the defense of such action or proceeding or that there may be legal defenses available to the Indemnitees different from or in addition to those available to the Borrowers, in which case, if the Indemnitees notify the Borrowers in writing that they elect to employ separate counsel at the expense of the Borrowers, the Borrowers shall not have the right to assume the defense of such action or proceeding on behalf of the Indemnitees; provided, however, that the Borrowers shall not, in connection with any one such action or proceeding or separate but substantially similar or related actions or proceedings in the same jurisdiction arising out of the same general allegations or circumstances, be responsible hereunder for the reasonable fees and expenses of more than one such firm of separate counsel for the Master Collateral Agent, the Collateral Administrator and the Collateral Custodian, on the one hand, and the Administrative Agent and the Lenders, on the other hand, in addition to any regulatory counsel and any local counsel. The Borrowers shall not be liable for any settlement of any such action or proceeding effected without the written consent of the Borrowers (which shall not be unreasonably withheld or delayed).

(d) To the extent that the Borrowers fail to pay any amount required to be paid by it to the Administrative Agent, the Master Collateral Agent, the Collateral Administrator or the Collateral Custodian under paragraph (a), (b) or (c) of this Section 10.04, each Lender severally agrees to pay to the Administrative Agent, the Master Collateral Agent, the Collateral Administrator or the Collateral Custodian such portion of the unpaid amount equal to such

Lender's Aggregate Exposure Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought); *provided* that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent, the Master Collateral Agent, the Collateral Administrator or the Collateral Custodian in its capacity as such.

(e) To the extent permitted by applicable law, each party hereto shall not assert, and hereby waives, any claim against any other party hereto, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions or any Term Loan or the use of the proceeds thereof; *provided* that nothing in this clause (e) shall relieve any party of any obligation it may have to indemnify an Indemnitee against special, indirect, consequential or punitive damages asserted against such Indemnitee by a third party.

Section 10.05 Governing Law; Jurisdiction; Consent to Service of Process.

(a) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(b) Each party hereto hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York sitting in New York County, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State court or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall, to the extent permitted by law, be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(c) Each party hereto hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court referred to in Section 10.05(b). Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 10.01. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

Section 10.06 No Waiver. No failure on the part of any Agent or any of the Lenders to exercise, and no delay in exercising, any right, power or remedy hereunder or any of the other Loan Documents shall operate as a waiver thereof, nor shall any single or partial exercise of any

such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. All remedies hereunder are cumulative and are not exclusive of any other remedies provided by law.

Section 10.07 Extension of Maturity. Should any payment of principal of or interest or any other amount due hereunder become due and payable on a day other than a Business Day, the maturity thereof shall be extended to the next succeeding Business Day and, in the case of principal, interest shall be payable thereon at the rate herein specified during such extension.

Section 10.08 Amendments, Etc.

(a) Except as set forth in Sections 2.09 and Section 2.27 or as otherwise set forth in this Agreement, no modification, amendment or waiver of any provision of this Agreement or any Collateral Document (other than any Account Control Agreement, the Security Agreement and the American Security Agreement, each of which may be amended in accordance with its terms), and no consent to any departure by any Loan Party therefrom, shall in any event be effective unless the same shall be in writing and signed by the Borrowers and the Required Lenders (or signed by the Administrative Agent or the Collateral Administrator with the consent of the Required Lenders), and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given; *provided*, *however*, that no such modification or amendment shall without the prior consent of:

(i) each Lender directly and adversely affected thereby (A) increase the Term Loan Commitment of such Lender or extend the termination date of the Term Loan Commitment of such Lender (it being understood that a waiver of any Default, Event of Default or mandatory repayment required under this Agreement shall not constitute an increase in or extension of the termination date of the Term Loan Commitment of a Lender), (B) reduce the principal amount or premium, if any, of any Term Loan, or the rate of interest payable thereon (*provided* that only the consent of the Required Lenders shall be necessary for a waiver of Default Interest referred to in Section 2.08) or (C) extend any scheduled date for the payment of principal, interest or Fees hereunder or to reduce such percentage of any Fees payable hereunder or extend the scheduled final maturity of the Borrowers' obligations hereunder;

(ii) all of the Lenders (A) amend or modify any provision of this Agreement which provides for the unanimous consent or approval of the Lenders to reduce such percentage or (B) release all or substantially all of the Liens granted to the Master Collateral Agent or the Collateral Administrator hereunder or under any other Collateral Document (except to the extent contemplated hereby or by the terms of a Collateral Document), or release all or substantially all of the Guarantors (except to the extent contemplated by Section 9.05);

(iii) the Lenders holding at least 66.67% of the total Term Loan Commitments and/or applicable Term Loans (A) for the release of liens on Collateral (other than as permitted hereunder or under any Loan Document), (B) to

release any guarantees of this Facility (other than as permitted hereunder or under any Loan Document), (C) to amend, waive or otherwise modify Section 6.14, or (D) for any shortening or subordinating of term or reduction in liquidated damages under any IP License;

(iv) in connection with an amendment expressly permitted hereunder that addresses solely a repricing transaction in which any Class of Term Loan Commitments and/or Term Loans is refinanced with a replacement Class of Term Loan Commitments and/or Term Loans bearing (or is modified in such a manner such that the resulting Term Loan Commitments and/or Term Loans bear) a lower effective yield, any Lender holding Term Loan Commitments and/or Term Loans subject to such permitted repricing transaction that will continue as a Lender in respect of the repriced Class of Term Loan Commitments and/or Term Loans or modified Class of Term Loan Commitments and/or Term Loans;

(v) the applicable Required Class Lenders in connection with an amendment to Section 2.10, Section 2.17 or the last paragraph of Section 7.01 that directly and materially adversely affect the rights of Lenders holding Term Loan Commitments or Term Loans of one Class differently from the rights of Lenders holding Term Loan Commitments or Term Loans of any other Class;

(vi) all Lenders under any Class, change the application of prepayments as among or between Classes under Section 2.12 which is being allocated a lesser repayment or prepayment as a result thereof (it being understood that if additional Classes of Term Loans or additional Term Loans under this Agreement consented to by the Required Lenders or additional Term Loans permitted hereby are made, such new Term Loans may be included on a pro rata basis in the various prepayments required pursuant to Section 2.12); and

(vii) all Lenders, reduce the percentage specified in the definition of "Required Lenders" or "Required Class Lenders" or otherwise amend this Section 10.08 in a manner that has the effect of changing the number or percentage of Lenders that must approve any modification, amendment, waiver or consent;

provided, *further*, that any Collateral Document may be amended, supplemented or otherwise modified with the consent of the applicable Grantor and the Master Collateral Agent or Collateral Administrator, as applicable, (i) to add assets (or categories of assets) to the Collateral covered by such Collateral Document or (ii) to remove any asset or type or category of asset (including after-acquired assets of that type or category) from the Collateral covered by such Collateral Document to the extent being or having been sold or transferred to the extent the release thereof is permitted by the Loan Documents.

Any such waiver and any such amendment, supplement or modification shall apply equally to each of the affected Lenders and shall be binding upon the Borrowers, the other Loan Parties, such Lenders, the Administrative Agent, the Master Collateral Agent, the Collateral Administrator and all future holders of the affected Term Loans. In the case of any waiver, the

Borrowers, the other Loan Parties, the Lenders, the Administrative Agent, the Master Collateral Agent and the Collateral Administrator shall be restored to their former positions and rights hereunder and under the other Loan Documents, and any Default or Event of Default waived shall be deemed to be cured and not continuing, it being understood that no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon. In connection with the foregoing provisions, the Administrative Agent may, but shall have no obligations to, with the concurrence of any Lender, execute amendments, modifications, waivers or consents on behalf of such Lender.

In addition, notwithstanding the foregoing, this Agreement (and, as appropriate, the other Loan Documents) may be amended with the written consent of the Administrative Agent (not to be unreasonably withheld or delayed), the Borrowers and the Lenders providing the relevant Replacement Term Loans as may be necessary or appropriate in the reasonable opinion of the Administrative Agent and the Borrowers (x) to permit the refinancing, replacement or modification of all outstanding Term Loans of any Class ("**Refinanced Term Loans**") with a replacement term loan tranche ("**Replacement Term Loans**") hereunder and (y) to include appropriately the Lenders holding such credit facilities in any determination of Required Lenders; *provided* that (a) the aggregate principal amount of such Replacement Term Loans shall not exceed the aggregate principal amount of such Refinanced Term Loans (plus an amount equal to all accrued but unpaid interest, fees, premiums, and expenses incurred in connection therewith (including original issue discount, upfront fees and similar items)) unless otherwise permitted hereunder (including utilization of any other available baskets or incurrence based amounts), (b) the Weighted Average Life to Maturity of such Replacement Term Loans shall not be shorter than the remaining Weighted Average Life to Maturity of such Refinanced Term Loans (except to the extent of nominal amortization for periods where amortization has been eliminated as a result of prepayment of the applicable Term Loans) or any other then existing Priority Lien Debt at the time of such refinancing, except in the case of customary bridge loans which, subject only to customary conditions (which shall be limited to no payment or bankruptcy event of default), would either automatically be converted into or required to be exchanged for long-term refinancing in the form of additional Replacement Term Loans permitted under (and subject to the requirements of) this Section 10.08 or Priority Lien Debt permitted under (and subject to the requirements of) Section 6.02(c), (c) the maturity date for such Replacement Term Loans shall be on or after the Latest Maturity Date, except in the case of customary bridge loans which, subject only to customary conditions (which shall be limited to no payment or bankruptcy event of default), would either automatically be converted into or required to be exchanged for long-term refinancing in the form of additional Replacement Term Loans permitted under (and subject to the requirements of) this Section 10.08 or Priority Lien Debt permitted under (and subject to the requirements of) Section 6.02(c), (d) prior to the incurrence of such Replacement Term Loans, the Rating Agency Condition shall have been satisfied, (e) after giving effect to the incurrence of such Replacement Term Loans no Event of Default or Early Amortization Event shall have occurred and be continuing and (f) the covenants, events of default and guarantees shall (i) be reasonably acceptable to the Administrative Agent or (ii) be substantially similar to, or (taken as a whole) not be materially more restrictive on the SPV Parties (as reasonably determined by Loyalty Co) when taken as a whole, than the terms of the Refinanced Term Loans (except for (1) covenants, events of default and guarantees applicable only to periods after the Latest Maturity Date (as of the date

of the refinancing) of such Class of Refinanced Term Loans and (2) pricing, fees, rate floors, premiums, optional prepayment or redemption terms) unless the Lenders under the other Classes of Term Loans existing on the refinancing date (other than the Refinanced Term Loans), receive the benefit of such more restrictive terms; *provided* that in no event shall such Replacement Term Loans be subject to events of default resulting (either directly or through a cross-default or cross-acceleration provision) from the occurrence of any event described in the definition of "Parent Bankruptcy Event" (or the occurrence of any such event with respect to any Subsidiary of Parent other than any SPV Party) except on the same terms as the then-outstanding Term Loans.

The Lenders hereby irrevocably agree that the Liens granted to the Master Collateral Agent by the Loan Parties on any Collateral shall be automatically released (i) upon the sale or other disposition of such Collateral (including as part of or in connection with any other sale or other disposition permitted hereunder) to any Person other than another Loan Party, to the extent such sale or other disposition is made in compliance with the terms of this Agreement and the Collateral Documents (and the Master Collateral Agent shall rely conclusively on a certificate and/or opinion of counsel to that effect provided to it by any Loan Party, including upon its reasonable request without further inquiry), (ii) to the extent such Collateral is comprised of property leased to a Loan Party, upon termination or expiration of such lease, (iii) if the release of such Lien is approved, authorized or ratified in writing by Lenders holding at least 66.67% of the total Term Loan Commitments and/or applicable Term Loans, (iv) to the extent the property constituting such Collateral is owned by any Guarantor, upon the release of such Guarantor from its obligations under the applicable Guarantee (in accordance with the second following sentence), (v) as required to effect any sale or other disposition of Collateral in connection with any exercise of remedies of the Master Collateral Agent pursuant to the Collateral Documents and (vi) if such assets become Excluded Property. Any such release shall not in any manner discharge, affect, or impair the Obligations or any Liens (other than those being released) upon (or obligations (other than those being released) of the Loan Parties in respect of) all interests retained by the Loan Parties, including the proceeds of any sale, all of which shall continue to constitute part of the Collateral except to the extent otherwise released in accordance with the provisions of the Loan Documents. Additionally, the Lenders hereby irrevocably agree that any Restricted Subsidiary that is a Guarantor may, or shall automatically, as applicable, be released from the Guarantees as contemplated by Section 9.05. The Lenders hereby authorize the Administrative Agent and the Master Collateral Agent, as applicable, to, and the Administrative Agent and the Master Collateral Agent agree to, promptly execute and deliver any instruments, documents, and agreements necessary or desirable or reasonably requested by the Borrowers to evidence and confirm the release of any Guarantor or Collateral pursuant to the foregoing provisions of this paragraph, all without the further consent or joinder of any Lender.

Notwithstanding anything herein to the contrary, the Loan Documents may be amended to (i) add syndication or documentation agents and make customary changes and references related thereto, and (ii) if applicable, add or modify "parallel debt" language in any jurisdiction in favor of the Master Collateral Agents or add Master Collateral Agents, in each case under (i) and (ii), with the consent of only the Borrowers, the Administrative Agent and in the case of clause (ii), the applicable Master Collateral Agent.

Notwithstanding anything in this Agreement (including, without limitation, this Section 10.08) or any other Loan Document to the contrary, (i) this Agreement and the other Loan Documents may be amended to effect an incremental facility, refinancing facility or extension facility in accordance with Sections 2.27, this Section 10.08 or Section 2.28, respectively, and the Administrative Agent and the Borrowers may effect such amendments to this Agreement and the other Loan Documents without the consent of any other party as may be necessary or appropriate, in the reasonable opinion of the Administrative Agent and the Borrowers, to effect the terms of any such incremental facility, refinancing facility or extension facility, including in the case of any such incremental facility to create such facility as a fungible Class of Term Loans (including by increasing (but, for the avoidance of doubt, not be decreasing), the amount of amortization due and payable with regard to any Class of Term Loans); (ii) no Lender consent is required to effect any amendment or supplement to any Intercreditor Agreement or other intercreditor agreement or arrangement permitted under this Agreement that is for the purpose of adding the holders of any Indebtedness as expressly contemplated by the terms of such Intercreditor Agreement or such other intercreditor agreement or arrangement permitted under this Agreement, as applicable (it being understood that any such amendment or supplement may make such other changes to the applicable intercreditor agreement as, in the good faith determination of the Administrative Agent with the consent of the Borrowers, are required to effectuate the foregoing); *provided*, *further*, that no such agreement shall amend, modify or otherwise directly and adversely affect the rights or duties of the Administrative Agent, the Master Collateral Agent, the Collateral Custodian or the Collateral Administrator hereunder or under any other Loan Document (which shall include any such amendment or modification to Section 2.10(b)) or under any other Loan Document without its prior written consent; (iii) any provision of this Agreement or any other Loan Document (including, for the avoidance of doubt, any exhibit, schedule or other attachment to any Loan Document) may be amended by an agreement in writing entered into by the Borrowers and the Administrative Agent to (x) cure any ambiguity, omission, mistake, defect or inconsistency (as reasonably determined by the Administrative Agent and the Borrowers), (y) effect administrative changes of a technical or immaterial nature and (z) correct or cure any incorrect cross references or similar inaccuracies and such amendment shall be deemed approved by the Lenders if the Lenders shall have received at least five (5) Business Days' prior written notice of such change and the Administrative Agent shall not have received, within five (5) Business Days of the date of such notice to the Lenders, a written notice from the Required Lenders stating that the Required Lenders object to such amendment; and (iv) guarantees, collateral documents and related documents executed by the Loan Parties in connection with this Agreement may be in a form reasonably determined by the Administrative Agent and may be, together with any other Loan Document, entered into, amended, supplemented or waived, without the consent of any other Person, by the applicable Loan Party or Loan Parties and the Administrative Agent or the Master Collateral Agent in its or their respective sole discretion, to (A) effect the granting, perfection, protection, expansion or enhancement of any security interest in any Collateral or additional property to become Collateral for the benefit of the Secured Parties, (B) as required by local law or advice of counsel to give effect to, or protect any security interest for the benefit of the Secured Parties, in any property or so that the security interests therein comply with applicable requirements of law, or (C) to cure ambiguities, omissions, mistakes or defects (as reasonably determined by the Administrative Agent and the Borrowers) or to cause such guarantee, collateral or security document or other document to be consistent with this Agreement and the other Loan Documents.

Notwithstanding anything in this Agreement or any Collateral Document to the contrary, (i) the Administrative Agent may, in its sole discretion, direct the Collateral Administrator, in its role as Collateral Controlling Party, to direct the Master Collateral Agent to give direction and approvals contemplated by the definition of "Approved Independent Director List" or "Excluded Subsidiary" and to grant extensions of time for the satisfaction of any of the requirements under Sections 4.03, 5.13, 5.15, 5.18(g) and 5.19(d) and/or any Collateral Documents or Contribution Agreements in respect of any particular Collateral or any particular Subsidiary and (ii) the Collateral Administrator, as "Collateral Controlling Party" under the Collateral Agency and Accounts Agreement and each Senior Secured Debt Document, hereby agrees to provide instructions to the Master Collateral Agent when directed in writing to do so by the Administrative Agent or the Required Lenders. The Collateral Administrator shall not be required to exercise any discretionary rights or remedies hereunder or give any consent hereunder unless, subject to the other terms and provisions of this Agreement, it shall have been expressly directed to do so in writing as set forth in the immediately preceding sentence.

(b) Promptly after execution of any amendment or modification to this Agreement, any Collateral Document or any other Loan Document to which the Master Collateral Agent, the Collateral Custodian or the Collateral Administrator is a party, the Borrowers shall provide a copy of such executed amendment or modification to the Master Collateral Agent, the Collateral Custodian and the Collateral Administrator, as applicable.

(c) No notice to or demand on any Loan Party shall entitle any Loan Party to any other or further notice or demand in the same, similar or other circumstances. Each assignee under Section 10.02(b) shall be bound by any amendment, modification, waiver, or consent authorized as provided herein, and any consent by a Lender shall bind any Person subsequently acquiring an interest on the Term Loans held by such Lender. No amendment to this Agreement shall be effective against any Loan Party unless signed by the Borrowers.

(d) Notwithstanding anything to the contrary contained in Section 10.08(a) or elsewhere, (i) in the event that the Borrowers request that (A) this Agreement be modified or amended in a manner which would require the unanimous consent of all of the Lenders or all Lenders of a Class or the consent of all Lenders (or all Lenders of a Class) directly and adversely affected thereby and, in each case, such modification or amendment is agreed to by the Required Lenders (or at least 50% of the directly and adversely affected Lenders) or Required Class Lenders (or at least 50% of the directly and adversely affected Lenders of such Class) or (B) the maturity of any Class of Term Loans be extended pursuant to Section 2.28, then the Borrowers may (1) replace any applicable non-consenting Lender (each a "**Non-Consenting Lender**") or any non-extending Lender (each a "**Non-Extending Lender**"), as applicable, in accordance with an assignment pursuant to Section 10.02 (and such Non-Consenting Lender or Non-Extending Lender shall reasonably cooperate in effecting such assignment) or (2) repay such Lender on a non pro rata basis; *provided* that (x) such amendment or modification can be effected as a result of the assignment contemplated by such Section (together with all other such assignments required by the Borrowers to be made pursuant to this clause (i)) and (y) such Non-Consenting Lender or Non-Extending Lender shall have received payment of an amount equal to the outstanding principal

amount of its Term Loans, accrued interest thereon, accrued Fees and all other amounts due and payable to it under this Agreement from the applicable assignee or the Borrowers and (ii) no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder, except that the Term Loan Commitment of such Lender may not be increased or extended without the consent of such Lender (it being understood that the Term Loan Commitment and the outstanding Term Loans or other extensions of credit held or deemed held by any Defaulting Lender shall be excluded for a vote of the Lenders hereunder requiring any consent of the Lenders).

Section 10.09 Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

Section 10.10 Headings. Section headings used herein are for convenience only and are not to affect the construction of or be taken into consideration in interpreting this Agreement.

Section 10.11 Survival. All covenants, agreements, representations and warranties made by the Loan Parties herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Term Loans, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Early Amortization Event or Event of Default or incorrect representation or warranty at the time any credit is extended hereunder. The provisions of Sections 2.14, 2.15, 2.16 and 10.04 and Section 8 shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Term Loans, the expiration or termination of the Term Loan Commitments, the termination of this Agreement or any provision hereof, or the resignation or removal of any Agent.

Section 10.12 Execution in Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement constitutes the entire contract among the parties relating to the subject matter hereof and supersedes any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or electronic .pdf copy shall be effective as delivery of a manually executed counterpart of this Agreement. Notwithstanding anything contained herein to the contrary, the Collateral Administrator is not under any obligation to accept an electronic .pdf copy unless expressly agreed to by the Collateral Administrator

pursuant to procedures approved by it. The Collateral Administrator shall not have a duty to inquire into or investigate the authenticity or authorization of any such electronic signature and both shall be entitled to conclusively rely on any such electronic signature without any liability with respect thereto. The words "execution," "signed," "signature," and words of like import in this Agreement or any other Loan Agreement shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

Section 10.13 USA Patriot Act. Each Lender that is subject to the requirements of the Patriot Act hereby notifies each Loan Party that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies each Loan Party, which information includes the name and address of each Loan Party and other information that will allow such Lender to identify each Loan Party in accordance with the Patriot Act. In order to comply with laws, rules, regulations and executive orders in effect from time to time applicable to banking institutions, including those relating to the funding of terrorist activities and money laundering (for purposes of this Section 10.13, "**Applicable Law**"), each of the Collateral Administrator and the Master Collateral Agent is required to obtain, verify and record certain information relating to individuals and entities which maintain a business relationship with the Master Collateral Agent or the Collateral Administrator. Accordingly, subject to the terms of any binding confidentiality restrictions or limitations imposed by Applicable Law, each of the parties agrees to provide to the Collateral Administrator and the Master Collateral Agent promptly following its reasonable request from time to time such customary and reasonably available identifying information and documentation as may be available for such party in order to enable the Collateral Administrator and the Master Collateral Agent to comply with Applicable Law.

Section 10.14 New Value. It is the intention of the parties hereto that any provision of Collateral by a Grantor as a condition to, or in connection with, the making of any Term Loan hereunder, shall be made as a contemporaneous exchange for new value given by the Lenders to the Borrowers.

Section 10.15 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO ANY OF THE LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 10.15.

Section 10.16 No Fiduciary Duty. Each Agent, each Lender and their Affiliates (collectively, solely for purposes of this paragraph, the "**Lenders**"), may have economic interests that conflict with those of the Borrowers, their stockholders and/or their affiliates. Each Borrower agrees that nothing in the Loan Documents or otherwise related to the Transactions will be deemed to create an advisory, fiduciary or agency relationship or fiduciary or other implied duty between any Lender, on the one hand, and the Borrowers, their stockholders or their affiliates, on the other hand. The parties hereto (other than the Collateral Administrator) acknowledge and agree that (i) the transactions contemplated by the Loan Documents (including the exercise of rights and remedies hereunder and thereunder) are arm's-length commercial transactions between the Lenders, on the one hand, and the Loan Parties, on the other hand, and (ii) in connection therewith and with the process leading thereto, (x) no Lender has assumed an advisory or fiduciary responsibility in favor of any Borrower, its stockholders or its affiliates with respect to the transactions contemplated hereby (or the exercise of rights or remedies with respect thereto) or the process leading thereto (irrespective of whether any Lender has advised, is currently advising or will advise any Borrower, its stockholders or its affiliates on other matters) or any other obligation to any Borrower except the obligations expressly set forth in the Loan Documents and (y) each Lender is acting solely as principal and not as the agent or fiduciary of any Borrower, its management, stockholders, affiliates, creditors or any other Person. Each Borrower acknowledges and agrees that such Borrower has consulted its own legal and financial advisors to the extent it deemed appropriate and that it is responsible for making its own independent judgment with respect to such transactions and the process leading thereto. Each Borrower agrees that it will not claim that any Lender or the Collateral Administrator has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to such Borrower, in connection with such transaction or the process leading thereto.

Section 10.17 CFC or a FSHCO Provisions. Notwithstanding any term of any Loan Document, no loan or other obligation of any Borrower, under any Loan Document, may be, directly or indirectly (including by application of any payments made by or amounts received or recovered from any CFC or FSHCO):

(i) guaranteed by a CFC or a FSHCO;

(ii) secured by any assets of a CFC or FSHCO (including any CFC or FSHCO equity interests held directly or indirectly by a CFC or FSHCO); or

(iii) secured by a pledge or other security interest in excess of 65% of the voting equity interests of any CFC or FSHCO.

Section 10.18 [Reserved].

Section 10.19 Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of the applicable Resolution Authority.

Section 10.20 Certain ERISA Matters.

(a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, each party to this Agreement, each Joint Lead Arranger and Bookrunner and their respective Affiliates, that at least one of the following is and will be true:

(i) such Lender is not using "plan assets" (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to such Lender's entrance into, participation in, administration of and performance of the Term Loans or this Agreement;

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender's entrance into, participation in, administration of and performance of the Term Loans and this Agreement; or

(iii) (A) such Lender is an investment fund managed by a "**Qualified Professional Asset Manager**" (within the meaning of Part VI of PTE 84-14), (B)

such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Term Loans and this Agreement, (C) the entrance into, participation in, administration of and performance of the Term Loans and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84- 14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Term Loans and this Agreement.

(b) In addition, unless sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender, such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of each party to this Agreement, each Joint Lead Arranger and Bookrunner and their respective Affiliates, that, that the Administrative Agent is not a fiduciary with respect to the assets of such Lender involved in such Lender's entrance into, participation in, administration of and performance of the Term Loans and this Agreement (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Loan Document or any documents related hereto or thereto).

Section 10.21 Acknowledgement Regarding Any Supported QFCs. To the extent that the Loan Documents provide support, through a guarantee or otherwise, for Swap Contracts or any other agreement or instrument that is a QFC (such support, "**QFC Credit Support**" and each such QFC a "**Supported QFC**"), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "**U.S. Special Resolution Regimes**") in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

In the event a Covered Entity that is party to a Supported QFC (each, a "**Covered Party**") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC

and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

Section 10.22 Limited Recourse; Non-Petition. Notwithstanding any other provision of this Agreement or any other document to which it may be a party, the obligations of each SPV Party from time to time and at any time hereunder are limited recourse obligations of such SPV Party and are payable solely from the assets thereof available at such time and amounts derived therefrom and following realization of the assets of such SPV Party, and application of the Proceeds (as defined in the UCC) (including proceeds of assets upon which a Lien was purported to be granted) thereof in accordance with this Agreement, all obligations of and any remaining claims against such SPV Party hereunder or in connection herewith after such realization shall be extinguished and shall not thereafter revive. No recourse shall be had against any officer, director, employee, shareholder, administrator or incorporator of the SPV Parties or their respective successors or assigns for any amounts payable hereunder. Notwithstanding any other provision of this Agreement, no Person may, prior to the date which is one year (or if longer, any applicable preference period) and one day after the Discharge of Senior Secured Debt Obligations, institute against, or join any other Person in instituting against, the SPV Parties any Insolvency or Liquidation Proceeding, or other proceedings under Cayman Islands, Luxembourg, U.S. federal or state bankruptcy or similar laws. Nothing in this Section 10.22 shall preclude, or be deemed to estop, the parties hereto (i) from taking any action prior to the expiration of the aforementioned period in (A) any case or Insolvency or Liquidation Proceeding voluntarily filed or commenced by any SPV Party or (B) any involuntary Insolvency or Liquidation Proceeding filed or commenced by any other Person, or (ii) from commencing against any SPV Party or any of its property any legal action which is not an Insolvency or Liquidation Proceeding. It is understood that the foregoing provisions of this Section shall not (x) prevent recourse to the assets of the SPV Parties (including the Collateral and sums due or to become due under any security, instrument or agreement which is part of the Collateral) or (y) constitute a waiver, release or discharge of any Indebtedness or obligation secured hereby until all assets of SPV Parties (including the Collateral and sums due or to become due under any security, instrument or agreement which is part of the Collateral) have been realized. It is further understood that the foregoing provisions of this Section shall not limit the right of any Person to name any SPV Party as a party defendant in any proceeding or in the exercise of any other remedy hereunder, so long as no judgment in the nature of a deficiency judgment or seeking personal liability shall be asked for or (if obtained) enforced against any such Persons.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and the year first written above.

BORROWERS:

Executed as a deed on behalf of:

AADVANTAGE LOYALTY IP LTD., a Cayman Islands exempted company with limited liability

By: /s/ Meghan B. Montana
Name: Meghan B. Montana
Title: Director

AMERICAN AIRLINES, INC., a Delaware corporation

By: /s/ Meghan B. Montana
Name: Meghan B. Montana
Title: Vice President and Treasurer

GUARANTORS:

AMERICAN AIRLINES GROUP INC., a Delaware corporation

By: /s/ Meghan B. Montana
Name: Meghan B. Montana
Title: Vice President and Treasurer

Executed as a deed on behalf of:

AADVANTAGE HOLDINGS 1, LTD., a Cayman Islands exempted company with limited liability

By: /s/ Meghan B. Montana
Name: Meghan B. Montana
Title: Director

Executed as a deed on behalf of:

AADVANTAGE HOLDINGS 2, LTD., a Cayman Islands exempted company with limited liability

By: /s/ Meghan B. Montana
Name: Meghan B. Montana
Title: Director

BARCLAYS BANK PLC,
as Administrative Agent

By: /s/ Sean Duggan
Name: Sean Duggan
Title: Vice President

BARCLAYS BANK PLC, as a Lender

By: /s/ Sean Duggan
Name: Sean Duggan
Title: Vice President

WILMINGTON TRUST, NATIONAL ASSOCIATION, as Collateral Administrator

By: /s/ Adam R. Vogelsong
Name: Adam R. Vogelsong
Title: Vice President

Barclays Bank PLC,
as a Lender

By:_____
Name:
Title:

Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed.

SUPPLEMENTAL AGREEMENT NO. 16

to

Purchase Agreement No. 03735

between

THE BOEING COMPANY

and

AMERICAN AIRLINES, INC.

Relating to Boeing Model 737 MAX Aircraft

This SUPPLEMENTAL AGREEMENT No. 16 (***SA-16***), entered into as of January 14, 2021 (***Effective Date***), by and between THE BOEING COMPANY, a Delaware corporation with offices in Seattle, Washington (***Boeing***) and AMERICAN AIRLINES, INC. a Delaware corporation with offices in Fort Worth, Texas, together with its successors and permitted assigns (***Customer***);

WHEREAS, Boeing and Customer entered into Purchase Agreement No. 03735 dated February 1, 2013 relating to Boeing Model 737 MAX Aircraft, as amended and supplemented (***Purchase Agreement***) and capitalized terms used herein without definitions shall have the meanings specified therefore in such Purchase Agreement;

WHEREAS, Customer has [****] to Boeing the [****] by [****], and the [****] for the [****] delivery in Table 1R8 ([****]);

WHEREAS, Customer has [****] to Boeing the [****] in a [****] to Boeing [****] for [****];

NOW, THEREFORE, the parties agree that the Purchase Agreement is amended as set forth below and otherwise agree as follows:

1. [****].

Customer and Boeing agree to [****] of [****] from [****] to [****] pursuant to the terms and conditions in Letter Agreement No. AAL-PA-03735-LA-2002743, entitled "[****]" ([****]).

2. Table of Contents.

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

The "Table Of Contents" to the Purchase Agreement referencing SA-15 in the footer is deleted in its entirety and is replaced with the new "Table Of Contents" (attached hereto) referencing SA-16 in the footer to reflect changes made to the Purchase Agreement by this SA-16. Such new Table of Contents is hereby incorporated into the Purchase Agreement in replacement of its predecessor.

3. Tables.

3.1 Table 1R8. Table 1R8, entitled "Base Weight 737-8 Aircraft Delivery, Description, Price, and Advance Payments" referencing SA-15 in the footer is deleted in its entirety and replaced with Table 1R9, entitled "737-8 Aircraft Delivery, Description, Price, and Advance Payments" (attached hereto) referencing SA-16 in the footer (***Table 1R9***). Table 1R9 is hereby incorporated into the Purchase Agreement in replacement of Table 1R8. [****].

3.2 Table 1-3R2. Table 1-3R2, entitled "[****] Aircraft Delivery, Description, Price, and Advance Payments" referencing SA-15 in the footer is deleted in its entirety and replaced with Table 1-3R3, entitled "[****] Aircraft Delivery, Description, Price, and Advance Payments" (attached hereto) referencing SA-16 in the footer (***Table 1-3R3***). Table 1-3R3 is hereby incorporated into the Purchase Agreement in replacement of Table 1-3R2. [****].

4. Miscellaneous.

4.1 The Purchase Agreement is amended as set forth above by the revised Table of Contents, Table 1R9, and Table 1-3R3. All other terms and conditions of the Purchase Agreement remain unchanged and are in full force and effect.

4.2 References in the Purchase Agreement and any supplemental agreements and associated letter agreements "Table 1" or "Table 1R2" or "Table 1R3", or "Table1R4 and Table 1-2" or "Table 1(R4) and Table 1-2", "Table 1R5 and Table 1-2", "Table 1R6, Table 1-2, and Table 1-3", "Table 1R7, Table 1-2, and Table 1-3R1","Table 1R8, Table 1-2, and Table 1-3R2" are deemed to refer to "Table 1R9, Table 1-2, and Table 1-3R3". References in the Purchase Agreement and any supplemental agreements and associated letter agreements to "Table 1R4" or "Table 1R5" (where no corresponding reference to Table 1-2 is made) are deemed to refer to "Table 1R9" and Table 1-3R3, including without limitation, and for the avoidance of doubt, the following: references to Table 1R4 in Section 3 of Supplemental Agreement No. 9 dated April 6, 2018. References in the Purchase Agreement and any supplemental agreements and associated letter agreements to "Table 1R6", "Table 1R7", or "Table 1R8" (where no corresponding reference to either Table 1-2 or Table 1-3 is made) are deemed to refer to only "Table 1R9".

Additionally, for the avoidance of doubt, references in the Purchase Agreement and any supplemental agreements and associated letter agreements to "Table 1-2" (where

no corresponding reference to Table 1R4 or Table 1R5 is made) remain references to “Table 1-2”.

Also, references to Table 1R5 in Letter Agreement AAL-PA-LA-1106650R4 entitled “[****] and the references to Table 1R5 in the Slide Letter Agreement remain references to Table 1R5.

4.3 Upon the execution of this SA-16, Boeing will, pursuant to Section 6.1 of the [****] Agreement, [****] to Customer the [****] for the [****] in the [****] of [****] ([****]) as shown in the table below.

[****]	
[****]	[****]
[****]	[****]
[****]	[****]

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AGREED AND ACCEPTED this

January 14, 2021
Date

THE BOEING COMPANY	**AMERICAN AIRLINES, INC.**
/s/ The Boeing Company	/s/ American Airlines, Inc.
Signature	Signature
The Boeing Company	American Airlines, Inc.
Printed name	Printed name
Attorney-in-Fact	VP, Treasurer
Title	Title

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LA-1106673R1*	[****]	4
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LA-1605402	[****]	6
LA-1700919	[****]	7
LA-1801206	[****]	9
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LA-2002743	[****]	11
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* - This is an intended gap as there are no Letter Agreements LA-1106674 through LA-1106676 incorporated by the Purchase Agreement.

Table 1R9 To
Purchase Agreement No. PA-03735
787-9 Aicraft Delivery, Description, Price and Advance Payments

Airframe Model/MTOW:	737-8	[****] pounds	**Detail Specification:**		[****]
Engine Model/Thrust:	CFMLEAP-1B25	[****] pounds	**Airframe Price Base Year/Escalation Formula:**		[****] [****]
Airframe Price:		$[****]	**Engine Price Base Year/Escalation Formula:**		
Optional Features:		$[****]			
Sub-Total of Airframe and Features:		$[****]	**Airframe Escalation Data:**		
Engine Price (Per Aircraft):		$[****]	Base Year Index (ECI):		[****]
Aircraft Basic Price (Excluding BFE/SPE):		$[****]	Base Year Index (CPI):		[****]
Buyer Furnished Equipment (BFE) Estimate:		$[****]			
Seller Purchased Equipment (SPE) Estimate:		$[****]			
LIFT Seats Provided by Boeing (Estimate):		$[****]			
Deposit per Aircraft:		$[****]			

Delivery Date	**Number of Aircraft**	**Escalation Factor (Airframe)**	**Manufacturer Serial Number**	**Nominal Delivery Month**	**Escalation Estimate Adv Payment Base Price Per A/P**	**Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):**			
						At Signing [****]	[****] [****]	[****] [****]	Total [****]
[****]-2017	1	[****]	44459	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2017	1	[****]	44463	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2017	1	[****]	44465	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2017	1	[****]	44446	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2018	1	[****]	44447	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2018	1	[****]	44451	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2018	1	[****]	44448	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2018	1	[****]	44449	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2018	1	[****]	44455	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2018	1	[****]	44450	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2018	1	[****]	44452	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2018	1	[****]	44453	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2018	1	[****]	44454	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2018	1	[****]	44456	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2018	1	[****]	44457	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2018	1	[****]	44458	N/A	$[****]	$[****]	$[****]	$[****]	$[****]

Table 1R9 To
Purchase Agreement No. PA-03735
[****] Aicraft Delivery, Description, Price and Advance Payments

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Manufacturer Serial Number	Nominal Delivery Month	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):			
						At Signing [****]	[****] [****]	[****] [****]	Total [****]
[****]-2018	1	[****]	44460	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2018	1	[****]	44461	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2018	1	[****]	44462	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2018	1	[****]	44464	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	**44466**	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	**44467**	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	**44468**	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	**44469**	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	**44471**	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	**44470**	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	**44472**	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	**44473**	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	**44474**	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	**44476**	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	**44475**	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	**44477**	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	**44479**	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	**44478**	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	**44481**	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	**44480**	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	**44482**	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	**44483**	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	**44484**	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2020	1	[****]	**44485**	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2020	1	[****]		N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2020	1	[****]		N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2020	1	[****]		N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2020	1	[****]		N/A	$[****]	$[****]	$[****]	$[****]	$[****]

[****] Aicraft Delivery, Description, Price and Advance Payments

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Manufacturer Serial Number	Nominal Delivery Month	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):			
						At Signing [****]	[****] [****]	[****] [****]	Total [****]
[****]-2020	1	[****]		N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2021	1	[****]		N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2021	1	[****]		No	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2021	1	[****]		Yes	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2021	1	[****]		Yes	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2021	1	[****]		Yes	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2021	1	[****]		Yes	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2021	1	[****]		Yes	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2021	1	[****]		Yes	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2021	1	[****]		Yes	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2021	1	[****]		No	$[****]	$[****]	$[****]	$[****]	$[****]

Total 55

[****] = [CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICY DISCLOSED

Table 1-3R3 To
Purchase Agreement No. PA-03735
[****] Aicraft Delivery, Description, Price and Advance Payments

Airframe Model/MTOW:	737-8	[****] pounds	**Detail Specification:**	[****] 2
Engine Model/Thrust:	CFMLEAP-1B25	[****] pounds	**Airframe Price Base Year/Escalation Formula:**	[****] [****]
Airframe Price:		$[****]	**Engine Price Base Year/Escalation Formula:**	
Optional Features:		$[****]		
Sub-Total of Airframe and Features:		$[****]	**Airframe Escalation Data:**	
Engine Price (Per Aircraft):		$[****]	**Base Year Index (ECI):**	[****]
Aircraft Basic Price (Excluding BFE/SPE):		$[****]	**Base Year Index (CPI):**	[****]
Buyer Furnished Equipment (BFE) Estimate:		$[****]		
Seller Purchased Equipment (SPE) Estimate:		$[****]		
LIFT Seats Provided by Boeing (Estimate):		$[****]		
Deposit per Aircraft:		$[****]		

Delivery Date	**Number of Aircraft**	**Escalation Factor (Airframe)**	**Manufacturer Serial Number**	**Nominal Delivery Month**	**Escalation Estimate Adv Payment Base Price Per A/P**	**Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):**			
						At Signing [****]	[****] [****]	[****] [****]	Total [****]
[****]-2023	1	[****]		N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2023	1	[****]		N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2023	1	[****]		N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2023	1	[****]		N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2023	1	[****]		N/A	$[****]	$[****]	$[****]	$[****]	$[****]

Total 5

Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed.

SUPPLEMENTAL AGREEMENT NO. 17

to

Purchase Agreement No. 03735

between

THE BOEING COMPANY

and

AMERICAN AIRLINES, INC.

Relating to Boeing Model 737 MAX Aircraft

This SUPPLEMENTAL AGREEMENT No. 17 (***SA-17***), entered into as of February 11, 2021 (***Effective Date***), by and between THE BOEING COMPANY, a Delaware corporation with offices in Seattle, Washington (***Boeing***) and AMERICAN AIRLINES, INC. a Delaware corporation with offices in Fort Worth, Texas, together with its successors and permitted assigns (***Customer***);

WHEREAS, Boeing and Customer entered into Purchase Agreement No. 03735 dated February 1, 2013 relating to Boeing Model 737 MAX Aircraft, as amended and supplemented (***Purchase Agreement***) and capitalized terms used herein without definitions shall have the meanings specified therefore in such Purchase Agreement;

WHEREAS, Customer has [****] to Boeing the [****] by [****], and the [****] for the [****] deliveries in Table 1R9 ([****]);

WHEREAS, Customer has [****] to Boeing the [****] in a [****] to Boeing [****] for [****];

NOW, THEREFORE, the parties agree that the Purchase Agreement is amended as set forth below and otherwise agree as follows:

1. [****].

Customer and Boeing agree to [****] of [****] from [****] to [****] and [****] pursuant to the terms and conditions in Letter Agreement No. AAL-PA-03735-LA-2002743, entitled "[****]" ([****]).

2. Table of Contents.

The "Table Of Contents" to the Purchase Agreement referencing SA-16 in the footer is deleted in its entirety and is replaced with the new "Table Of

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Contents" (attached hereto) referencing SA-17 in the footer to reflect changes made to the Purchase Agreement by this SA-17. Such new Table of Contents is hereby incorporated into the Purchase Agreement in replacement of its predecessor.

3. Tables.

3.1 Table 1R9. Table 1R9, entitled "Base Weight 737-8 Aircraft Delivery, Description, Price, and Advance Payments" referencing SA-16 in the footer is deleted in its entirety and replaced with Table 1R10, entitled "737-8 Aircraft Delivery, Description, Price, and Advance Payments" (attached hereto) referencing SA-17 in the footer (***Table 1R10***). Table 1R10 is hereby incorporated into the Purchase Agreement in replacement of Table 1R9. [****].

3.2 Table 1-3R3. Table 1-3R3 entitled "[****] Aircraft Delivery, Description, Price, and Advance Payments" referencing SA-16 in the footer is deleted in its entirety and replaced with Table 1-3R4, entitled "[****] Aircraft Delivery, Description, Price, and Advance Payments" (attached hereto) referencing SA-17 in the footer (***Table 1-3R4***). Table 1-3R4 is hereby incorporated into the Purchase Agreement in replacement of Table 1-3R3. [****].

4. Miscellaneous.

4.1 The Purchase Agreement is amended as set forth above by the revised Table of Contents, Table 1R10, and Table 1-3R4. All other terms and conditions of the Purchase Agreement remain unchanged and are in full force and effect.

4.2 References in the Purchase Agreement and any supplemental agreements and associated letter agreements to "Table 1" or "Table 1R2" or "Table 1R3", or "Table1R4 and Table 1-2" or "Table 1(R4) and Table 1-2", "Table 1R5 and Table 1-2", "Table 1R6, Table 1-2, and Table 1-3", "Table 1R7, Table 1-2, and Table 1-3R1","Table 1R8, Table 1-2, and Table 1-3R2", "Table 1R9, Table 1-2, and Table 1-3R3" are deemed to refer to "Table 1R10, Table 1-2, and Table 1-3R4".

References in the Purchase Agreement and any supplemental agreements and associated letter agreements to "Table 1R4" or "Table 1R5" (where no corresponding reference to Table 1-2 is made) are deemed to refer to "Table 1R10 and Table 1-3R4", (including without limitation, and for the avoidance of doubt, the references to Table 1R4 in Section 3 of Supplemental Agreement No. 9 dated April 6, 2018). However, references to Table 1R5 in Letter Agreement AAL-PA-LA-1106650R4 entitled "[****]" is deemed to only refer to Table 1R10 and the references to Table 1R5 in the Slide Letter Agreement remain references to Table 1R5.

References in the Purchase Agreement and any supplemental agreements and associated letter agreements to "Table 1R6", "Table 1R7", "Table 1R8", or "Table 1R9" (where no corresponding reference to either Table 1-2 or Table 1-3 is made) are deemed to refer to only "Table 1R10"

Additionally, for the avoidance of doubt, references in the Purchase Agreement and any supplemental agreements and associated letter agreements to “Table 1-2” (where no corresponding reference to Table 1R4 or Table 1R5 is made) remain references to “Table 1-2”.

4.3 Upon the execution of this SA-17, Boeing will, pursuant to Section 6.1 of the [****] Agreement, [****] to Customer the [****] for the [****] in the [****] of [****] ($[****]) as shown in the table below.

[****]	
[****]	[****]
[****]	[****]
[****]	[****]

[****]	
[****]	[****]
[****]	[****]
[****]	[****]

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AGREED AND ACCEPTED this

February 11, 2021

Date

THE BOEING COMPANY	**AMERICAN AIRLINES, INC.**
/s/ The Boeing Company	/s/ American Airlines, Inc.
Signature	Signature
The Boeing Company	American Airlines, Inc.
Printed name	Printed name
Attorney-in-Fact	VP Treasurer
Title	Title

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TABLE

1R10	**Aircraft Information Table**	**17**
1-2	Revised Delivery Aircraft Information Table	9
1-3R4	**[****] Aircraft Delivery, Description, Price, and Advance Payments**	**17**

EXHIBITS

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C.	Definitions	

SUPPLEMENTAL EXHIBITS

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BFE1.	BFE Variables	
CS1R1.	Customer Support Variables	4
EE1.	[****]	
SLP1.	[****]	

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LA-1106657R1	[****]	2
LA-1106663 R1	[****]	2
LA-1106664 R1	[****]	2
LA-1106658	[****]	
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LA-1106660	Spare Parts Initial Provisioning	

LETTER AGREEMENTS, continued		SA NUMBER
LA-1106661R2	[****]	2
LA-1106667	[****]	
LA-1106668R1	[****]	8
LA-1106669	[****]	
LA-1106670	Confidentiality	
LA-1106671R1	Miscellaneous Commitments	1
LA-1106672	Extended Warranty Option	
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LA-1106677	Optional Features Comfort Letter	
LA-1600073	[****]	4
LA-1600852	[****]	5
LA-1603773	[****]	5
LA-1605402	[****]	6
LA-1700919	[****]	7
LA-1801206	[****]	9
LA-2002704	[****]	11
LA-2002743	[****]	11
LA-2003342	[****]	11
LA-2003486	[****]	14

* - This is an intended gap as there are no Letter Agreements LA-1106674 through LA-1106676 incorporated by the Purchase Agreement.

Table 1R10 To
Purchase Agreement No. PA-03735
737-8 Aircraft Delivery, Description, Price and Advance Payments

Airframe Model/MTOW:	737-8	[****] pounds	**Detail Specification:**	[****] 2
Engine Model/Thrust:	CFMLEAP-1B25	[****] pounds	**Airframe Price Base Year/Escalation Formula:**	[****] [****]
Airframe Price:		$[****]	**Engine Price Base Year/Escalation Formula:**	
Optional Features:		$[****]		
Sub-Total of Airframe and Features:		$[****]	**Airframe Escalation Data:**	
Engine Price (Per Aircraft):		$[****]	**Base Year Index (ECI):**	[****]
Aircraft Basic Price (Excluding BFE/SPE):		$[****]	**Base Year Index (CPI):**	[****]
Buyer Furnished Equipment (BFE) Estimate:		$[****]		
Seller Purchased Equipment (SPE) Estimate:		$[****]		
LIFT Seats Provided by Boeing (Estimate):		$[****]		
Deposit per Aircraft:		$[****]		

Delivery Date	**Number of Aircraft**	**Escalation Factor (Airframe)**	**Manufacturer Serial Number**	**Nominal Delivery Month**	**Escalation Estimate Adv Payment Base Price Per A/P**	**Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):**			
						At Signing [****]	[****] [****]	[****] [****]	Total [****]
[****]-2017	1	[****]	44459	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2017	1	[****]	44463	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2017	1	[****]	44465	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2017	1	[****]	44446	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2018	1	[****]	44447	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2018	1	[****]	44451	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2018	1	[****]	44448	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2018	1	[****]	44449	N/A	$[****]	$[****]	$[****]	$[****]	$[****]

Table 1R10 To
Purchase Agreement No. PA-03735
737-8 Aircraft Delivery, Description, Price and Advance Payments

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Manufacturer Serial Number	Nominal Delivery Month	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):			
						At Signing [****]	[****] [****]	[****] [****]	Total [*****]
[****]-2018	1	[****]	44455	N/A	$[****]	$[****]	$[*****]	$[*****]	$[*****]
[****]-2018	1	[****]	44450	N/A	$[****]	$[****]	$[*****]	$[*****]	$[*****]
[****]-2018	1	[****]	44452	N/A	$[****]	$[****]	$[*****]	$[*****]	$[*****]
[****]-2018	1	[****]	44453	N/A	$[****]	$[****]	$[*****]	$[*****]	$[*****]
[****]-2018	1	[****]	44454	N/A	$[****]	$[****]	$[*****]	$[*****]	$[*****]
[****]-2018	1	[****]	44456	N/A	$[****]	$[****]	$[*****]	$[*****]	$[*****]
[****]-2018	1	[****]	44457	N/A	$[****]	$[****]	$[*****]	$[*****]	$[*****]
[****]-2018	1	[****]	44458	N/A	$[****]	$[****]	$[*****]	$[*****]	$[*****]
[****]-2018	1	[****]	44460	N/A	$[****]	$[****]	$[*****]	$[*****]	$[*****]
[****]-2018	1	[****]	44461	N/A	$[****]	$[****]	$[*****]	$[*****]	$[*****]
[****]-2018	1	[****]	44462	N/A	$[****]	$[****]	$[*****]	$[*****]	$[*****]
[****]-2018	1	[****]	44464	N/A	$[****]	$[****]	$[*****]	$[*****]	$[*****]
[****]-2019	1	[****]	**44466**	N/A	$[****]	$[****]	$[*****]	$[*****]	$[*****]
[****]-2019	1	[****]	**44467**	N/A	$[****]	$[****]	$[*****]	$[*****]	$[*****]
[****]-2019	1	[****]	**44468**	N/A	$[****]	$[****]	$[*****]	$[*****]	$[*****]
[****]-2019	1	[****]	**44469**	N/A	$[****]	$[****]	$[*****]	$[*****]	$[*****]
[****]-2019	1	[****]	**44471**	N/A	$[****]	$[****]	$[*****]	$[*****]	$[*****]
[****]-2019	1	[****]	**44470**	N/A	$[****]	$[****]	$[*****]	$[*****]	$[*****]
[****]-2019	1	[****]	**44472**	N/A	$[****]	$[****]	$[*****]	$[*****]	$[*****]
[****]-2019	1	[****]	**44473**	N/A	$[****]	$[****]	$[*****]	$[*****]	$[*****]

Table 1R10 To
Purchase Agreement No. PA-03735
737-8 Aircraft Delivery, Description, Price and Advance Payments

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Manufacturer Serial Number	Nominal Delivery Month	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):			
						At Signing [****]	[****] [****]	[****] [****]	Total [****]
[****]-2019	1	[****]	**44474**	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	**44476**	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	**44475**	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	**44477**	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	**44479**	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	**44478**	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	**44481**	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	**44480**	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	**44482**	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	**44483**	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	**44484**	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	**44485**	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2020	1	[****]		N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2020	1	[****]		N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2020	1	[****]		N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2021	1	[****]		N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2021	1	[****]		N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2021	1	[****]		N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2021	1	[****]		N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2021	1	[****]		N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2021	1	[****]		N/A	$[****]	$[****]	$[****]	$[****]	$[****]

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Table 1R10 To
Purchase Agreement No. PA-03735
737-8 Aircraft Delivery, Description, Price and Advance Payments

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Manufacturer Serial Number	Nominal Delivery Month	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):			
						At Signing [****]	[****] [****]	[****] [****]	Total [*****]
[****]-2021	1	[****]		N/A	$[****]	$[****]	$[*****]	$[*****]	$[*****]
[****]-2021	1	[****]		N/A	$[****]	$[****]	$[*****]	$[*****]	$[*****]
[****]-2021	1	[****]		N/A	$[****]	$[****]	$[*****]	$[*****]	$[*****]
[****]-2021	1	[****]		N/A	$[****]	$[****]	$[*****]	$[*****]	$[*****]

Total 53

Table 1-3R4 To
Purchase Agreement No. PA-03735
[****] Aircraft Delivery, Description, Price and Advance Payments

Airframe Model/MTOW:	737-8	[****] pounds	**Detail Specification:**	[****] 2
Engine Model/Thrust:	CFMLEAP-1B25	[****] pounds	**Airframe Price Base Year/Escalation Formula:**	[****] [****]
Airframe Price:		$[****]	**Engine Price Base Year/Escalation Formula:**	
Optional Features:		$[****]		
Sub-Total of Airframe and Features:		$[****]	**Airframe Escalation Data:**	
Engine Price (Per Aircraft):		$[****]	**Base Year Index (ECI):**	[****]
Aircraft Basic Price (Excluding BFE/SPE):		$[****]	**Base Year Index (CPI):**	[****]
Buyer Furnished Equipment (BFE) Estimate:		$[****]		
Seller Purchased Equipment (SPE) Estimate:		$[****]		
LIFT Seats Provided by Boeing (Estimate):		$[****]		
Deposit per Aircraft:		$[****]		

Delivery Date	**Number of Aircraft**	**Escalation Factor (Airframe)**	**Manufacturer Serial Number**	**Nominal Delivery Month**	**Escalation Estimate Adv Payment Base Price Per A/P**	**Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):**			
						At Signing [****]	**[****] [****]**	**[****] [****]**	**Total [****]**
[****]-2023	1	[****]		N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2023	1	[****]		N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2023	1	[****]		N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2023	1	[****]		N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2023	1	[****]		N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2023	**1**	[****]		**N/A**	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2023	**1**	[****]		**N/A**	$[****]	$[****]	$[****]	$[****]	$[****]

Total 7

Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed.

SUPPLEMENTAL AGREEMENT NO. 18

to

Purchase Agreement No. 03735

between

THE BOEING COMPANY

and

AMERICAN AIRLINES, INC.

Relating to Boeing Model 737 MAX Aircraft

This SUPPLEMENTAL AGREEMENT No. 18 (***SA-18***), entered into as of March 12, 2021 (***Effective Date***), by and between THE BOEING COMPANY, a Delaware corporation with offices in Seattle, Washington (***Boeing***) and AMERICAN AIRLINES, INC. a Delaware corporation with offices in Fort Worth, Texas, together with its successors and permitted assigns (***Customer***);

WHEREAS, Boeing and Customer entered into Purchase Agreement No. 03735 dated February 1, 2013 relating to Boeing Model 737 MAX Aircraft, as amended and supplemented (***Purchase Agreement***) and capitalized terms used herein without definitions shall have the meanings specified therefore in such Purchase Agreement;

WHEREAS, Customer has [****] to Boeing the [****] by [****], and the [****] for the [****] delivery in Table 1R10 ([****]);

WHEREAS, Customer has [****] to Boeing the [****] in a [****] to Boeing [****] for [****];

NOW, THEREFORE, the parties agree that the Purchase Agreement is amended as set forth below and otherwise agree as follows:

1. [****].

Customer and Boeing agree to [****] of [****] from [****] to [****] pursuant to the terms and conditions in Letter Agreement No. AAL-PA-03735-LA-2002743, entitled "[****]" ([****]).

2. Table of Contents.

The "Table Of Contents" to the Purchase Agreement referencing SA-17 in the footer is deleted in its entirety and is replaced with the new "Table Of Contents" (attached hereto) referencing SA-18 in the footer to reflect changes made to the Purchase Agreement by this SA-18. Such new Table of Contents is hereby incorporated into the Purchase Agreement in replacement of its predecessor.

3. Tables.

3.1 Table 1R10. Table 1R10, entitled "Base Weight 737-8 Aircraft Delivery, Description, Price, and Advance Payments" referencing SA-17 in the footer is deleted in its entirety and replaced with Table 1R11, entitled "737-8 Aircraft Delivery, Description, Price, and Advance Payments" (attached hereto) referencing SA-18 in the footer (***Table 1R11***). Table 1R11 is hereby incorporated into the Purchase Agreement in replacement of Table 1R10. [****].

3.2 Table 1-3R4. Table 1-3R4 entitled "[****] Aircraft Delivery, Description, Price, and Advance Payments" referencing SA-17 in the footer is deleted in its entirety and replaced with Table 1-3R5, entitled "[****] Aircraft Delivery, Description, Price, and Advance Payments" (attached hereto) referencing SA-18 in the footer (***Table 1-3R5***). Table 1-3R5 is hereby incorporated into the Purchase Agreement in replacement of Table 1-3R4. [****].

4. Miscellaneous.

4.1 The Purchase Agreement is amended as set forth above by the revised Table of Contents, Table 1R11, and Table 1-3R5. All other terms and conditions of the Purchase Agreement remain unchanged and are in full force and effect.

4.2 References in the Purchase Agreement and any supplemental agreements and associated letter agreements to "Table 1" or "Table 1R2" or "Table 1R3", or "Table1R4 and Table 1-2" or "Table 1(R4) and Table 1-2", "Table 1R5 and Table 1-2", "Table 1R6, Table 1-2, and Table 1-3", "Table 1R7, Table 1-2, and Table 1-3R1","Table 1R8, Table 1-2, and Table 1-3R2", "Table 1R9, Table 1-2, and Table 1-3R3", "Table 1R10, Table 1-2, and Table 1-3R4" are deemed to refer to "Table 1R11, Table 1-2, and Table 1-3R5".

References in the Purchase Agreement and any supplemental agreements and associated letter agreements to "Table 1R4" or "Table 1R5" (where no corresponding reference to Table 1-2 is made) are deemed to refer to "Table 1R11 and Table 1-3R5", (including without limitation, and for the avoidance of doubt, the references to Table 1R4 in Section 3 of Supplemental Agreement No. 9 dated April 6, 2018). However, references to Table 1R5 in Letter Agreement AAL-PA-LA-1106650R4 entitled "[****]" is deemed to only refer to Table 1R11 and the references to Table 1R5 in the Slide Letter Agreement remain references to Table 1R5.

References in the Purchase Agreement and any supplemental agreements and associated letter agreements to “Table 1R6”, “Table 1R7”, “Table 1R8”, “Table 1R9”, or “Table 1R10” (where no corresponding reference to either Table 1-2 or Table 1-3 is made) are deemed to refer to only “Table 1R11”.

Additionally, for the avoidance of doubt, references in the Purchase Agreement and any supplemental agreements and associated letter agreements to “Table 1-2” (where no corresponding reference to Table 1R4 or Table 1R5 is made) remain references to “Table 1-2”.

4.3 Upon the execution of this SA-18, Boeing will, pursuant to Section 6.1 of the [****] Agreement, [****] to Customer the [****] for the [****] in the [****] of [****] ([****]) as shown in the table below.

[****]	
[****]	[****]
[****]	[****]
[****]	[****]

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AGREED AND ACCEPTED this

March 12, 2021
Date

THE BOEING COMPANY	**AMERICAN AIRLINES, INC.**
/s/ The Boeing Company	/s/ American Airlines, Inc.
Signature	Signature
The Boeing Company	American Airlines, Inc.
Printed name	Printed name
Attorney-in-Fact	VP, Treasurer
Title	Title

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TABLE

1R11	**Aircraft Information Table**	**18**
1-2	Revised Delivery Aircraft Information Table	9
1-3R5	**[****] Aircraft Delivery, Description, Price, and Advance Payments**	**18**

EXHIBITS

AR1	Aircraft Configuration	
A2	Revised Delivery Aircraft Configuration	6
B.	Aircraft Delivery Requirements and Responsibilities	9
C.	Definitions	

SUPPLEMENTAL EXHIBITS

AE1.	[****]	
BFE1.	BFE Variables	
CS1R1.	Customer Support Variables	4
EE1.	[****]	
SLP1.	[****]	

LETTER AGREEMENTS

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LA-1106650R4	[****]	11
LA-1106651R2	[****]	11
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~~LA-1106655~~	~~Open Matters—737 MAX~~ Withdrawn	6
LA-1106656R1	[****]	1
LA-1106657R1	[****]	2
LA-1106663R1	[****]	2
LA-1106664R1	[****]	2
LA-1106658	[****]	
LA-1106659R2	[****]	10
LA-1106660	Spare Parts Initial Provisioning	

LETTER AGREEMENTS, continued		**SA NUMBER**
LA-1106661R2	[****]	2
LA-1106667	[****]	
LA-1106668R1	[****]	8
LA-1106669	[****]	
LA-1106670	Confidentiality	
LA-1106671R1	Miscellaneous Commitments	1
LA-1106672	Extended Warranty Option	
LA-1106673R1*	[****]	4
LA-1106677	Optional Features Comfort Letter	
LA-1600073	[****]	4
LA-1600852	[****]	5
LA-1603773	[****]	5
LA-1605402	[****]	6
LA-1700919	[****]	7
LA-1801206	[****]	9
LA-2002704	[****]	11
LA-2002743	[****]	11
LA-2003342	[****]	11
LA-2003486	[****]	14

* - This is an intended gap as there are no Letter Agreements LA-1106674 through LA-1106676 incorporated by the Purchase Agreement.

Table 1R11 To
Purchase Agreement No. PA-03735
737-8 Aircraft Delivery, Description, Price and Advance Payments

Airframe Model/MTOW:	737-8	[****] pounds	**Detail Specification:**	[****] 2
Engine Model/Thrust:	CFMLEAP-1B25	[****] pounds	**Airframe Price Base Year/Escalation Formula:**	[****] [****]
Airframe Price:		$[****]	**Engine Price Base Year/Escalation Formula:**	
Optional Features:		$[****]		
Sub-Total of Airframe and Features:		$[****]	**Airframe Escalation Data:**	
Engine Price (Per Aircraft):		$[****]	**Base Year Index (ECI):**	[****]
Aircraft Basic Price (Excluding BFE/SPE):		$[****]	**Base Year Index (CPI):**	[****]
Buyer Furnished Equipment (BFE) Estimate:		$[****]		
Seller Purchased Equipment (SPE) Estimate:		$[****]		
LIFT Seats Provided by Boeing (Estimate):		$[****]		
Deposit per Aircraft:		$[****]		

Delivery Date	**Number of Aircraft**	**Escalation Factor (Airframe)**	**Manufacturer Serial Number**	**Nominal Delivery Month**	**Escalation Estimate Adv Payment Base Price Per A/P**	**Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):**			
						At Signing [****]	[****] [****]	[****] [****]	**Total [****]**
[****]-2017	1	[****]	44459	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2017	1	[****]	44463	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2017	1	[****]	44465	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2017	1	[****]	44446	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2018	1	[****]	44447	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2018	1	[****]	44451	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2018	1	[****]	44448	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2018	1	[****]	44449	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2018	1	[****]	44455	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2018	1	[****]	44450	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2018	1	[****]	44452	N/A	$[****]	$[****]	$[****]	$[****]	$[****]

Table 1R11 To
Purchase Agreement No. PA-03735
737-8 Aircraft Delivery, Description, Price and Advance Payments

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Manufacturer Serial Number	Nominal Delivery Month	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):			
						At Signing [****]	[****] [****]	[****] [****]	Total [****]
[****]-2018	1	[****]	44453	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2018	1	[****]	44454	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2018	1	[****]	44456	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2018	1	[****]	44457	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2018	1	[****]	44458	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2018	1	[****]	44460	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2018	1	[****]	44461	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2018	1	[****]	44462	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2018	1	[****]	44464	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2018	1	[****]	44466	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	44467	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	44468	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	44469	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	44471	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	44470	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	44472	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	44473	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	44474	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	44476	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	44475	N/A	$[****]	$[****]	$[****]	$[****]	$[****]

Table 1R11 To
Purchase Agreement No. PA-03735
737-8 Aircraft Delivery, Description, Price and Advance Payments

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Manufacturer Serial Number	Nominal Delivery Month	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):			
						At Signing [****]	[****] [****]	[****] [****]	Total [****]
[****]-2019	1	[****]	44477	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	44479	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	44478	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	44481	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	44480	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	44482	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	44483	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	44484	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2019	1	[****]	44485	N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2020	1	[****]		N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2020	1	[****]		N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2021	1	[****]		N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2021	1	[****]		N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2021	1	[****]		N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2021	1	[****]		N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2021	1	[****]		N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2021	1	[****]		N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2021	1	[****]		N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2021	1	[****]		N/A	$[****]	$[****]	$[****]	$[****]	$[****]

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Table 1R11 To
Purchase Agreement No. PA-03735
737-8 Aircraft Delivery, Description, Price and Advance Payments

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Manufacturer Serial Number	Nominal Delivery Month	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):			
						At Signing [****]	[****] [****]	[****] [****]	Total [****]
[****]-2021	1	[****]		N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2021	1	[****]		N/A	$[****]	$[****]	$[****]	$[****]	$[****]

Total 52

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Table 1-3R5 To
Purchase Agreement No. PA-03735
[****] Aircraft Delivery, Description, Price and Advance Payments

Airframe Model/MTOW:	737-8	[****] pounds	**Detail Specification:**	[****] 2
Engine Model/Thrust:	CFMLEAP-1B25	[****] pounds	**Airframe Price Base Year/Escalation Formula:**	[****] [****]
Airframe Price:		$[****]	**Engine Price Base Year/Escalation Formula:**	
Optional Features:		$[****]		
Sub-Total of Airframe and Features:		$[****]	**Airframe Escalation Data:**	
Engine Price (Per Aircraft):		$[****]	**Base Year Index (ECI):**	[****]
Aircraft Basic Price (Excluding BFE/SPE):		$[****]	**Base Year Index (CPI):**	[****]
Buyer Furnished Equipment (BFE) Estimate:		$[****]		
Seller Purchased Equipment (SPE) Estimate:		$[****]		
LIFT Seats Provided by Boeing (Estimate):		$[****]		
Deposit per Aircraft:		$[****]		

Delivery Date	**Number of Aircraft**	**Escalation Factor (Airframe)**	**Manufacturer Serial Number**	**Nominal Delivery Month**	**Escalation Estimate Adv Payment Base Price Per A/P**	**Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):**			
						At Signing [****]	[****] [****]	[****] [****]	**Total [****]**
[****]-2023	1	[****]		N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2023	1	[****]		N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2023	1	[****]		N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2023	1	[****]		N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2023	1	[****]		N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2023	1	[****]		N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2023	1	[****]		N/A	$[****]	$[****]	$[****]	$[****]	$[****]
[****]-2023	1	[****]		N/A	$[****]	$[****]	$[****]	$[****]	$[****]

Total 8

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed.

The Boeing Company
P.O. Box 3707
Seattle, WA 98124 2207

AAL-LA-2100511

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport
Dallas, Texas 75261-9616

Subject: [****] for 787 [****]

This agreement (**Agreement**) is between American Airlines, Inc. (**Customer**) and The Boeing Company (**Boeing**).

RECITALS

Boeing and Customer are parties to Purchase Agreement No. 3219 (**Purchase Agreement**), pursuant to which Customer has committed to purchase from Boeing and Boeing is committed to manufacture and sell to Customer, among other things, twenty-two (22) Boeing model 787-8 aircraft as [****] to the Purchase Agreement (**2018 787-8 [****] Aircraft**) and twenty-five (25) undelivered 2018 787-9 aircraft as [****] of the Purchase Agreement (**Undelivered 2018 787-9 [****] Aircraft**). Capitalized terms used in this Agreement without definitions have the meanings specified to them in the Purchase Agreement.

Customer has taken delivery of the three (3) 2018 787-8 [****] Aircraft [****] (**Delivered 2018 787-8 [****] Aircraft**), with nineteen (19) 2018 787-8 [****] Aircraft remaining to be delivered (**Undelivered 2018 787-8 [****] Aircraft**) under the Purchase Agreement.

The [****] of [****] 2018 787-8 [****] Aircraft [****] set forth in Tables 1, 2 and 3 of Attachment A [****] ([****]).

In [****].

AGREEMENTS

Boeing and Customer agree to [****] the [****] for the [****] Undelivered 2018 787-8 [****] Aircraft [****] ([****]) and [****] the [****] Undelivered 2018 787-8 [****] Aircraft to [****] [****] ("[****]"). Attachment A contains a summary of (i) the [****] Scheduled Delivery Months [****] and the [****] for the Delivered 2018 787-8 [****] Aircraft [****], (ii) the [****]

Scheduled Delivery Months [****] and the [****] Scheduled Delivery Months for the [****] Undelivered 2018 787-8 [****] Aircraft and (iii) the [****], the original [****] Delivery Month, the [****], and the Scheduled Delivery Months for the [****].

Boeing [****] with Section 6 below. These [****], subject to and in accordance with this Agreement and the Purchase Agreement, ([****]), and Customer's [****] under this Agreement and the Purchase Agreement including as such [****] are modified by this Agreement. [****] set forth under this Agreement and the Purchase Agreement, including as such [****] are modified by this Agreement, are subject to [****] set forth under this Agreement and the Purchase Agreement, including as such [****] are modified by this Agreement.

1. [****] for the [****] Undelivered 2018 787-8 [****] Aircraft.

Boeing and Customer [****] that the [****] of the [****] Undelivered 2018 787-8 [****] Aircraft are [****] as set forth in Attachment A.

2. [****] Undelivered 2018 787-8 Aircraft to [****].

2.1 Customer and Boeing agree that the [****] Undelivered 2018 787-8 [****] Aircraft [****] are [****] from [****] aircraft to [****] with the [****] as set forth in Attachment A. The [****] will have the same [****] as the Undelivered 2018 787-9 [****] Aircraft, and [****] to its applicable Scheduled Delivery Month set forth in [****] in accordance with the Purchase Agreement. [****]. [****].

2.2 For avoidance of doubt, the [****] for the [****] will include [****] of Letter Agreement No. 6-1162-TRW-0674R4 to the Purchase Agreement entitled Business Considerations (**Business Considerations LA**) [****] and Section 2.2.1 below. The parties hereby confirm that [****] with Supplemental Agreement No. 5 and Supplemental Agreement No. 11, for the [****]. Such [****] in accordance with the Purchase Agreement.

2.2.1 Boeing and Customer agree that Boeing will provide to Customer a [****] ([****]) in the [****] of [****] ([****]). The [****] is [****] and shall be [****] is [****] by Boeing in [****] of the Supplemental Exhibit AE1-[****] as such [****] to the [****]. Except as provided in Section 2.2.1.1, below, the [****] shall be [****] by Boeing to Customer at the [****] of the [****]. The [****], in whole or in part, for the [****], and/or [****]. The [****] is in addition to the [****] of the Business Considerations LA.

2.2.1.1 If either [****] the Purchase Agreement as to the [****] Aircraft as and [****] under a [****] (as defined in Section 7.3 of the Business Considerations LA), such [****] Aircraft will be [****], and shall be [****], [****] of [****] the [****] Aircraft [****].

2.2.1.2 If a [****] 2018 787-9 [****] Aircraft is [****] in accordance with a [****], the [****] 2018 787-9 [****] Aircraft [****] 2018 787-9 [****] Aircraft [****] in accordance with a [****].

2.2.1.3 If the [****].

3. [****] Matters.

a. [****]. Prior to the date of this Agreement, Boeing [****] Customer [****] [****] of [****] of Letter Agreement No. 6-1162-TRW-0670R1 to the Purchase Agreement entitled Miscellaneous Commitments for Model 787 Aircraft, [****] shown in the table below, and Customer will [****] to Boeing. The Parties agree that as of the date of this Agreement Boeing [****] Delivered 2018 787-8 [****] Aircraft and Undelivered 2018 787-8 [****] Aircraft [****] to Customer as [****] Scheduled Delivery Months of such [****] 2018 787-8 [****] Aircraft or Undelivered 2018 787-8 [****] Aircraft.

Aircraft MSN and Block No.	Category	[****]
[****]	Delivered 2018 787-8 [****] Aircraft	[****]
[****]	Undelivered 2018 787-8 [****] Aircraft	[****]
[****]	Undelivered 2018 787-8 [****] Aircraft	[****]
[****]	Undelivered 2018 787-8 [****] Aircraft	[****]
[****]	Undelivered 2018 787-8 [****] Aircraft	[****]
[****]		[****]

3.2 [****].

3.2.1 Within [****] ([****]) days [****] date of this Agreement, Boeing [****] Customer, [****], a [****] 787-9 aircraft [****] as [****] of the Purchase Agreement ([****] **787-9 Aircraft**). Customer [****] for (i) [****] and (ii) [****] the [****] 787-9 Aircraft.

3.2.2. [****] Customer [****] Boeing [****] ([****]) [****] Undelivered 2018 787-9 [****] Aircraft, the [****] 2018 787-9 [****] Aircraft, and [****] 787-9 Aircraft [****] (or [****]) [****] of this Agreement, Boeing [****] Undelivered 2018 787-9 [****] Aircraft, [****]

2018 787-9 [****] Aircraft, or [****] 787-9 Aircraft [****] (or [****]) [****] of this Agreement. In the event that [****] Undelivered 2018 787-9 [****] Aircraft, a [****] 2018 787-9 [****] Aircraft, and [****] 787-9 Aircraft [****] (or [****]), [****], except Customer [****].

3.2.3 Within [****] ([****]) days [****] Customer, Boeing [****] Customer, [****], [****] 787-9 Aircraft [****]. Customer [****] for (i) [****] and (ii) [****] 787-9 Aircraft.

c. [****]. The parties acknowledge that [****] to that [****] by and between Boeing and Customer (as amended by that certain Letter Agreement No. AAL-LA-2002714 entitled [****] for 737 Max [****]), Boeing [****] [****] ([****]) days [****] date of this Agreement, Boeing [****] Customer, [****]. For the avoidance of doubt, [****].

3.4 [****]. As [****] to Section 1.3.1.3 of Letter Agreement AAL-PA-3219-LA-1604503 entitled [****], the parties agree as follows:

3.4.1 Boeing [****] Customer, [****], a [****] of twenty-two (22) 787-9 Aircraft [****].

3.4.2 [****] 787-9 Aircraft [****] Boeing under the Purchase Agreement [****] ([****]) will be [****].

3.4.3 If, [****], [****] of the 787-9 Aircraft [****] by Boeing to Customer under the Purchase Agreement, then [****] Boeing, Boeing [****] Customer, [****], [****] 787-9 Aircraft.

3.4.4 If [****], [****] 787-9 aircraft is [****] Agreement ([****]), then [****] 787-9 Aircraft, Boeing [****] Customer [****], [****]. Such [****] by Customer to Boeing [****]. Boeing [****] Customer [****]. [****] Customer [****] Aircraft or [****] Aircraft, Customer [****] pursuant to Section 3.4.3 above.

3.5 [****].

3.5.1 Boeing will [****] 2018 787-8 [****] Aircraft and [****] by Customer for the [****] 2018 787-8 [****] Aircraft. The parties agree that [****], Customer [****] on the [****] 2018 787-8 [****] Aircraft that [****] of this Agreement.

3.5.2 Boeing [****] Undelivered 2018 787-8 [****] Aircraft that are being [****] to [****] 2018 787-9 [****] Aircraft (the [****]). The [****] ([****]). Boeing [****] ([****]) [****] ([****] ([****]) [****] as defined in Section 1.4.1 of Letter Agreement No. 6-1162-CLO-1047R4 entitled [****]) that are [****] 2018 787-9 [****] Aircraft [****] 2018 787-9 [****] Aircraft. Boeing [****] 787-9 Aircraft ([****], the Undelivered 2018 787-9 [****] Aircraft and the [****] 2018 787-9 [****] Aircraft) [****] the terms of the Purchase Agreement are applicable.

4. [****].

Boeing and Customer agree that the [****] Undelivered 2018 787-8 [****] Aircraft [****].

5. [****] 2018 787-9 [****] Aircraft [****].

5.1 Customer has [****] ([****]) for the Undelivered 2018 787-8 [****] Aircraft ([****]) in which [****] ([****]) [****] ([****]) and [****]. [****] with the [****] of this Agreement, [****] the [****] 2018 787-9 [****] Aircraft [****].

5.2 Section 9.2 of Supplemental Agreement No. 11 (**SA-11**) (as such Section 9.2 was amended by Supplemental Agreement No. 14) is hereby deleted in its entirety and replaced with the following:

"9.2 Customer and Boeing will [****]:

9.2.1 the [****] for any [****] Aircraft [****] Customer of the applicable [****];

9.2.2 Boeing, [****] for the [****] for such [****] Aircraft; or

9.2.3 Boeing [****] 2018 787-9 [****] Aircraft [****] (as defined in Section 5.3 of Letter Agreement AAL-LA-2100511) [****] 2018 787-9 [****] Aircraft.

In the event of a [****], Boeing agrees to [****] of the applicable [****] Aircraft for the [****]. Customer shall not be [****] the applicable [****] Aircraft during such [****] and, if required, Boeing [****] Customer the [****] 2018 787-9 [****] Aircraft [****] for the applicable [****] Aircraft, [****] Aircraft may otherwise be [****] during such [****]. For the avoidance of doubt, the [****] a [****] as defined in Section 1.13 of the Misc. Commitments LA, the [****] is otherwise subject to the terms and conditions of the AGTA and the Purchase Agreement.

If prior to the [****], Boeing and Customer are [****], Customer may, within [****] following the [****], and [****], either (i) [****] the applicable [****] Aircraft for which the [****], or (ii) [****] the Purchase Agreement [****] to (A) the applicable [****] Aircraft for which the [****], or (B) any [****] Aircraft, including the applicable [****] Aircraft for which the [****], without [****] Aircraft [****] by Customer [****] clause (ii) of this paragraph. If Customer [****] the Purchase Agreement as to [****] Aircraft under this Section 9.2, Boeing shall (x) [****] by Customer for the [****] Aircraft with [****] from Customer to Boeing of the [****] to Customer by Boeing pursuant to this Section 9.2, (y) [****] from Customer all [****] related to the [****] Aircraft at the [****], by Customer, and (z) [****] Customer for all [****] of such [****] Aircraft, including, but not limited to, all [****] Aircraft that have been [****] this Section 9.2 but are not yet [****]."

5.3 At the [****] of each [****] 2018 787-9 [****] Aircraft, for which [****] (as defined in Section 9 of SA-11), Boeing will [****] Customer a [****] ([****]) [****]. The [****]. The [****] from Boeing to Customer pursuant Section 2.2.1 above.

6. [****].

6.1 Customer agrees that, [****], the [****] to Customer as contained in this Agreement [****] by Customer [****], and are [****] Customer may have [****] Boeing, [****] of Boeing's [****] to Customer with [****]. Customer [****] Boeing and it [****].

6.2 [****] in Section 6.1 above and the provisions of Section 3.1 above, this Agreement [****], and Customer [****], [****] under the Purchase Agreement, or [****], for (a) [****] and (b) [****] with Section 2.1.2 of SA-11. [****].

7. Administrative Supplemental Agreement.

Boeing and Customer will sign a mutually agreeable supplemental agreement to the Purchase Agreement within [****] calendar days after Boeing has provided Customer a draft of the Supplemental Agreement that administratively incorporates the relevant terms of this Agreement into the Purchase Agreement. Failure to execute a supplemental agreement does not nullify any agreements set forth in this Agreement.

8. Governing Law.

This Agreement will be interpreted under and governed by the laws of the state of Washington, U.S.A., except that the conflict of laws provisions under Washington law will not be applied for the purpose of making other law applicable.

9. Confidentiality.

The information contained herein represents confidential business information and has value precisely because it is not available generally or to other parties. This Agreement will be subject to the terms and conditions of Letter Agreement No. AAL-PA-03735-LA-1106670 to the Purchase Agreement entitled Confidentiality.

1. Effect on Purchase Agreement.

Except as expressly set forth in this Agreement, all terms and provisions contained in the Purchase Agreement shall remain in full force and effect. [****] and may be changed only in writing signed by authorized representatives of the parties.

ACCEPTED AND AGREED TO this

Date: March 9, 2021

American Airlines, Inc.		THE BOEING COMPANY	
By:	/s/ American Airlines, Inc.	By:	/s/ The Boeing Company
Name:	American Airlines, Inc.	Name:	The Boeing Company
Title:	VP Treasurer	Title:	Attorney-In-Fact

Attachment A
to
AAL-LA-2100511

Table 1

Delivered 2018 787-8 [****] Aircraft	
[****] Scheduled Delivery Month	[****]
[****]-2020	[****]
[****]-2020	[****]
[****]-2020	[****]

Table 2

[****] Undelivered 2018 787-8 [****] Aircraft	
[****]Scheduled Delivery Month	[****]*
[****]-2020	[****]
[****]-2020	[****]
[****]-2020	[****]
[****]-2020	[****]
[****]-2020	[****]
[****]-2020	[****]
[****]-2020	[****]
[****]-2020	[****]
[****]-2020	[****]
[****]-2021	[****]
[****]-2021	[****]
[****]-2021	[****]
[****]-2021	[****]
[****]-2021	[****]

Table 3

[****] 2018 787-9 [****] Aircraft **			
[****]	[****] Scheduled Delivery Month	[****]	[****]
[****]	[****]-2021	[****]	[****]
[****]	[****]-2021	[****]	[****]
[****]	[****]-2021	[****]	[****]
[****]	[****]-2021	[****]	[****]
[****]	[****]-2021	[****]	[****]

Notes:
* For this aircraft, [****]. For the avoidance of doubt, [****].

** [****].

Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed.

The Boeing Company
P.O. Box 3707
Seattle, WA 98124 2207

AAL-LA-21001078

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas
75261-9616

Subject: Amendment 1 to [****] Agreement Number AAL-LA-2100511

This agreement (**Amendment 1**), between American Airlines, Inc. (**Customer**) and The Boeing Company (**Boeing**), supplements and amends in part, the agreement number AAL-LA-2100511 executed by Boeing and Customer on March 9, 2021, relating to [****] for 787 [****] (as defined therein) (**[****] Agreement**). All capitalized terms used and not defined herein have the same meaning as in the [****] Agreement.

In recognition of [****] in the Boeing [****] to Customer, and the [****] on Customer's [****] ([****]), Boeing and Customer agree that it is [****] to amend certain terms and provisions of the [****] Agreement.

In consideration of the [****] contained herein, Customer and Boeing agree to amend the [****] Agreement via this Amendment 1 as follows:

1. Boeing [****] to Customer, [****] ([****]) ([****]) from Customer [****] on the following [****] Aircraft:

[****]	[****]
[****]	[****]
[****]	[****]
[****]	[****]

At delivery of the [****] Aircraft in the above table, the [****] for each such Aircraft will [****].

For the sake of clarity, Boeing's [****] of [****] to Customer as described in this Amendment 1 are [****] an [****] to the [****].

2. Customer and Boeing agree that in [****] of the [****] Agreement [****] the Aircraft with the [****], is [****] to [****] and the note at the bottom of the page of Attachment A of the [****] Agreement which reads:

"* For this aircraft, [****]. For the avoidance of doubt, [****]."

Is replaced with:

"* For this aircraft, [****]. For the avoidance of doubt, [****]."

Except as expressly modified by the terms of this Amendment 1, all terms and conditions of the [****] Agreement remain unchanged and in full force and effect.

The information contained herein represents confidential business information and has value precisely because it is not available generally or to other parties. This Amendment 1 will be subject to the terms and conditions of Letter Agreement No. 6-1162-TRW-0673R1 entitled "Confidentiality".

ACCEPTED AND AGREED:

THE BOEING COMPANY		**AMERICAN AIRLINES, INC.**	
By:	/s/ The Boeing Company	By:	/s/ Treasurer
Title:	Attorney-in-Fact	Title:	VP, Treasurer
Date:	March 25, 2021	Date:	March 25, 2021

Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed.

The Boeing Company
P.O. Box 3707
Seattle, WA 98124 2207

AAL-LA-2100530

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport
Dallas, Texas 75261-9616

Subject: [****] 787-9 [****] Aircraft

This agreement (**Agreement**) is between American Airlines, Inc. (**Customer**) and The Boeing Company (**Boeing**).

WHEREAS, Boeing and Customer are parties to Purchase Agreement No. 3219 (**Purchase Agreement**), pursuant to which Customer has committed to purchase from Boeing and Boeing has agreed to build, sell and deliver to Customer, among other things, twenty-five (25) undelivered 2018 787-9 [****] aircraft [****] of the Purchase Agreement (**Undelivered 2018 787-9 [****] Aircraft**). Capitalized terms used in this Agreement without definitions have the meanings specified to them in the Purchase Agreement.

NOW, THEREFORE, Boeing and Customer agree as follows:

1. [****] Undelivered 2018 787-9 [****] Aircraft.

Boeing and Customer agree to [****] (as defined in Section 2.1.2 of Supplemental Agreement No. 11 dated April 6, 2018 (**SA-11**)) of the following Undelivered 2018 787-9 [****] Aircraft (**[****] Undelivered 2018 787-9 [****] Aircraft**) [****] each as set forth in the table below:

Aircraft Model	[****]	[****]
787-9	[****]	[****]

2. Administrative Supplemental Agreement.

Boeing and Customer will sign a mutually agreeable supplemental agreement to the Purchase Agreement within [****] calendar days after Boeing has provided Customer a draft of the Supplemental Agreement that administratively incorporates the relevant terms of this Agreement into the Purchase Agreement (including, but not limited to, [****] Undelivered 2018 787-9 [****] Aircraft). Failure to execute a supplemental agreement does not nullify any agreements set forth in this Agreement.

3. Governing Law.

This Agreement will be interpreted under and governed by the laws of the state of Washington, U.S.A., except that the conflict of laws provisions under Washington law will not be applied for the purpose of making other law applicable.

4. Confidentiality.

The information contained herein represents confidential business information and has value precisely because it is not available generally or to other parties. This Agreement will be subject to the terms and conditions of Letter Agreement No. AAL-PA-03735-LA-1106670 to the Purchase Agreement entitled Confidentiality.

5. Effect on Purchase Agreement.

Except as expressly set forth in this Agreement, all terms and provisions contained in the Purchase Agreement shall remain in full force and effect. [****] and may be changed only in writing signed by authorized representatives of the parties.

ACCEPTED AND AGREED TO this

Date: March 9, 2021

AMERICAN AIRLINES, INC.		THE BOEING COMPANY	
By:	/s/ American Airlines, Inc.	By:	/s/ The Boeing Company
Name:	American Airlines, Inc.	Name:	/s/ The Boeing Company
Title:	VP, Treasurer	Title:	Attorney-In-Fact

Exhibit 31.1

CEO CERTIFICATION

I, W. Douglas Parker, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of American Airlines Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 22, 2021

/s/ W. Douglas Parker
Name: W. Douglas Parker
Title: Chief Executive Officer

Exhibit 31.2

CFO CERTIFICATION

I, Derek J. Kerr, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of American Airlines Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 22, 2021

/s/ Derek J. Kerr
Name: Derek J. Kerr
Title: Executive Vice President and
Chief Financial Officer

Exhibit 31.3

CEO CERTIFICATION

I, W. Douglas Parker, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of American Airlines, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 22, 2021

/s/ W. Douglas Parker
Name: W. Douglas Parker
Title: Chief Executive Officer

Exhibit 31.4

CFO CERTIFICATION

I, Derek J. Kerr, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of American Airlines, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 22, 2021

/s/ Derek J. Kerr
Name: Derek J. Kerr
Title: Executive Vice President and
Chief Financial Officer

Exhibit 32.1

Certification of CEO and CFO Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of American Airlines Group Inc. (the "Company") for the quarterly period ended March 31, 2021 (the "Report"), W. Douglas Parker, as Chief Executive Officer of the Company, and Derek J. Kerr, as Executive Vice President and Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ W. Douglas Parker
Name: W. Douglas Parker
Title: Chief Executive Officer
Date: April 22, 2021

/s/ Derek J. Kerr
Name: Derek J. Kerr
Title: Executive Vice President and Chief Financial Officer
Date: April 22, 2021

This certification is being furnished to accompany the Report pursuant to 18 U.S.C. § 1350 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Exhibit 32.2

Certification of CEO and CFO Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of American Airlines, Inc. (the "Company") for the quarterly period ended March 31, 2021 (the "Report"), W. Douglas Parker, as Chief Executive Officer of the Company, and Derek J. Kerr, as Executive Vice President and Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ W. Douglas Parker
Name: W. Douglas Parker
Title: Chief Executive Officer
Date: April 22, 2021

/s/ Derek J. Kerr
Name: Derek J. Kerr
Title: Executive Vice President and Chief Financial Officer
Date: April 22, 2021

This certification is being furnished to accompany the Report pursuant to 18 U.S.C. § 1350 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.