

United States
Securities and Exchange Commission
Washington, D.C. 20549
Form 10-K

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended December 31, 2008

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

Commission File Number: 1-8400

AMR Corporation

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

75-1825172
(IRS Employer
Identification Number)

4333 Amon Carter Blvd.
Fort Worth, Texas 76155

(Address of principal executive offices, including zip code)

(817) 963-1234

(Registrant's telephone number, including area code)

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

<u>Title of Each Class</u>	<u>Name of Exchange on Which Registered</u>
Common Stock, \$1 par value per share	New York Stock Exchange
9.00% Debentures due 2016	New York Stock Exchange
7.875% Public Income Notes due 2039	New York Stock Exchange

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

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

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. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. Yes No

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

Large Accelerated Filer

Accelerated Filer

Non-accelerated Filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the voting stock held by non-affiliates of the registrant as of June 30, 2008, was approximately \$1.3 billion. As of February 11, 2009, 279,005,677 shares of the registrant's common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this Form 10-K incorporates by reference certain information from the Proxy Statement for the Annual Meeting of Stockholders to be held May 20, 2009.

ITEM 1. BUSINESS

AMR Corporation (AMR or the Company) was incorporated in October 1982. AMR's operations fall almost entirely in the airline industry. AMR's principal subsidiary, American Airlines, Inc. (American), was founded in 1934. At the end of 2008, American provided scheduled jet service to approximately 150 destinations throughout North America, the Caribbean, Latin America, Europe and Asia.

American, AMR Eagle Holding Corporation (AMR Eagle) and the AmericanConnection® airlines serve 250 cities in 40 countries with, on average, more than 3,400 daily flights. The combined network fleet numbers approximately 900 aircraft. American Airlines is also a founding member of oneworld® Alliance, which enables member airlines to offer their customers more services and benefits than any member airline can provide individually. These services include a broader route network, opportunities to earn and redeem frequent flyer miles across the combined oneworld network and more airport lounges. Together, oneworld members serve nearly 700 destinations in over 150 countries, with 8,500 daily departures. American is also one of the largest scheduled air freight carriers in the world, providing a wide range of freight and mail services to shippers throughout its system onboard American's passenger fleet.

AMR Eagle, a wholly-owned subsidiary of AMR, owns two regional airlines which do business as "American Eagle" – American Eagle Airlines, Inc. and Executive Airlines, Inc. (Executive) (collectively, the American Eagle carriers). American also contracts with two independently owned regional airlines, which do business as "AmericanConnection" (the AmericanConnection® carriers). The American Eagle carriers and the AmericanConnection® carriers provide connecting service from ten of American's high-traffic cities to smaller markets throughout the United States, Canada, Mexico and the Caribbean.

The AMR Eagle fleet is operated to feed passenger traffic to American pursuant to a capacity purchase agreement between American and AMR Eagle under which American receives all passenger revenue from flights and pays AMR Eagle a fee for each flight. The capacity purchase agreement reflects what the Company believes are current market rates received by other regional carriers for similar flying. Amounts paid to AMR Eagle under the capacity purchase agreement are for various operating expenses of AMR Eagle, such as crew expenses, maintenance and aircraft ownership, some of which are calculated based on specific operating statistics (e.g. block hours, departures) and others of which are fixed monthly amounts. This capacity purchase agreement was renewed in July 2008. As of December 31, 2008, AMR Eagle operated over 1,400 daily departures, offering scheduled passenger service to over 150 destinations in North America, Mexico and the Caribbean. On a separate company basis, AMR Eagle reported \$2.5 billion in revenue and \$30 million of income before income taxes in 2008. However, this historical financial information is not indicative of what AMR Eagle's future results of operations, financial position and cash flows might be if AMR Eagle was a stand-alone entity.

Recent Events

The Company recorded a net loss of \$2.1 billion in 2008 compared to net earnings of \$504 million in 2007. These results reflect a dramatic year-over-year increase in fuel prices from an average of \$2.13 per gallon in 2007 to an average of \$3.03 per gallon in 2008. Fuel expense was the Company's largest single expense category and the fuel price increase resulted in \$2.7 billion in incremental year-over-year fuel expense in 2008 (based on the year-over-year increase in the average price per gallon multiplied by gallons consumed). In addition, the Company paid 11.7 cents more per gallon in 2007 than in 2006, which drove a \$268 million negative impact to fuel expense in 2007. Although fuel prices have abated considerably from the record prices recorded in July 2008, fuel prices remain volatile. Fuel price volatility, additional increases in the price of fuel, and/or disruptions in the supply of fuel would further adversely affect the Company's financial condition and its results of operations.

The significant rise in fuel price was partially offset by higher unit revenues (passenger revenue per available seat mile). Mainline passenger unit revenues increased 7.3 percent in 2008 due to an 8.6 percent increase in passenger yield (passenger revenue per passenger mile) partially offset by a 0.9 point load factor decrease compared to 2007. Although passenger yield showed year-over-year improvement, passenger yield remains essentially flat with 2000 levels, despite cumulative inflation of approximately 25 percent over the same time frame.

In addition, the Company's 2008 operating results were impacted by three special items:

- In the second quarter, the Company announced capacity reductions due to unprecedented high fuel costs and the other challenges facing the industry. In connection with these capacity reductions, the Company concluded that a triggering event had occurred, requiring that fixed assets be tested for impairment. As a result of this test, the Company concluded the carrying values of its McDonnell Douglas MD-80 and the Embraer RJ-135 aircraft fleets were no longer recoverable. Consequently, the 2008 results include an impairment charge of \$1.1 billion to write these and certain related long-lived assets down to their estimated fair values. Also in connection with these capacity reductions, the Company recorded \$71 million in expense for employee severance costs and a \$33 million expense related to the grounding of leased Airbus A300 aircraft prior to lease expiration. These charges are described in Note 2 to the consolidated financial statements.
- The Company completed the sale of American Beacon Advisors (American Beacon) receiving total proceeds of \$442 million and realizing a net gain of \$432 million. This transaction is described in Note 14 to the consolidated financial statements.
- AMR recorded a settlement charge totaling \$103 million related to lump sum distributions from the Company's defined benefit pension plans to pilots who retired. Pilot retirements resulted in \$917 million in total lump sum payments to pilot retirees. The charge is further described in Note 10 to the consolidated financial statements.

In August 2008, AMR retired, by purchasing with cash, \$75 million of the \$300 million principal amount of the 4.25 percent senior convertible notes due 2023 (the 4.25 Notes). In September 2008, the remaining holders of the 4.25 Notes exercised their elective put rights and the Company purchased and retired these notes at a price equal to 100 percent of their principal amount, totaling \$225 million. Under the terms of the 4.25 Notes, the Company had the option to pay the purchase price with cash, stock, or a combination of cash and stock, and the Company elected to pay for the 4.25 Notes solely with cash.

AMR continues to take steps to strengthen its balance sheet, and in the third quarter of 2008 issued 27.1 million shares of common stock generating net proceeds of \$294 million. The Company reduced long-term debt and capital lease obligations (including current maturities) by \$185 million during the year and ended the year with \$3.1 billion in unrestricted cash and short-term investments and \$459 million in restricted cash and short-term investments. In 2008, American also raised approximately \$500 million under a loan secured by aircraft, due in installments through 2015, and raised approximately \$424 million utilizing various transactions including additional loans secured by aircraft and sale leasebacks of certain aircraft, including regional aircraft.

In 2008, American entered into a joint business agreement and related marketing arrangements with the UK carrier British Airways and the Spanish carrier Iberia, providing for commercial cooperation by the carriers on flights between North America (consisting of the United States, Canada and Mexico) and Europe (consisting of the European Union, Switzerland and Norway) and beyond. The agreement contemplates the pooling and sharing of certain revenues and costs on transatlantic flights, expanded codesharing on each other's flights, enhanced frequent flyer program reciprocity, and cooperation in the areas of planning, marketing and certain operations. The agreement was signed in connection with an application to the U.S. Department of Transportation by the carriers for antitrust immunity to permit global cooperation. The application also included the Finnish carrier, Finnair, and the Jordanian carrier, Royal Jordanian. If granted (which cannot be assured), antitrust immunity would permit the five carriers, all of whom are members of the oneworld airline alliance, to deepen cooperation on a bilateral and multilateral basis. Implementation of the joint business agreement and related arrangements is subject to conditions, including various U.S. and foreign regulatory approvals, successful negotiation of certain detailed financial and commercial arrangements, and other approvals. Agencies from which regulatory approvals must be obtained may impose requirements or limitations as a condition of granting such approvals, such as requiring divestiture of routes, gates, slots or other assets.

The Company continued its fleet renewal strategy during 2008 as it entered into amendments to its 737-800 purchase agreement with the Boeing Company. Giving effect to the amendments and considering the impact of delays caused by the recent machinist strike at Boeing, the Company is now committed to take delivery of a total of 29 737-800 aircraft in 2009, 39 737-800 aircraft in 2010 and eight 737-800 aircraft in 2011. These orders are in addition to eleven 737-800 aircraft and seven Boeing 777 aircraft scheduled to be delivered in 2013 – 2016.

The Company also entered into a new purchase agreement with Boeing for the acquisition of 42 Boeing 787-9 aircraft. The Boeing 787-9 purchase agreement contains certain contingency provisions, including provisions which allow American to cancel the contract under certain circumstances, which are described in the Liquidity and Capital Resources subsection of Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations".

The Company's ability to return to profitability and its ability to continue to fund its obligations on an ongoing basis will depend on a number of factors, many of which are largely beyond the Company's control. Certain risk factors that affect the Company's business and financial results are discussed in the Risk Factors listed in Item 1A. In addition, most of the Company's largest domestic competitors and several smaller carriers have filed for bankruptcy in recent years and have used this process to significantly reduce contractual labor and other costs. In order to remain competitive and to improve its financial condition, the Company must continue to take steps to generate additional revenues and to reduce its costs. Although the Company has a number of initiatives underway to address its cost and revenue challenges, the ultimate success of these initiatives is not known at this time and cannot be assured. It will be very difficult for the Company to continue to fund its obligations on an ongoing basis and return to profitability, if the overall industry revenue environment does not improve substantially and if fuel prices were to increase and persist for an extended period at high levels.

Competition

Domestic Air Transportation The domestic airline industry is fiercely competitive. Currently, any U.S. air carrier deemed fit by the U.S. Department of Transportation (DOT) is free to operate scheduled passenger service between any two points within the U.S. and its possessions. Most major air carriers have developed hub-and-spoke systems and schedule patterns in an effort to maximize the revenue potential of their service. American operates five hubs: Dallas/Fort Worth (DFW), Chicago O'Hare, Miami, St. Louis and San Juan, Puerto Rico. United Air Lines (United) also has a hub operation at Chicago O'Hare.

The American Eagle® carriers increase the number of markets the Company serves by providing connections at American's hubs and certain other major airports – Boston, Los Angeles, Raleigh/Durham and New York's LaGuardia (LGA) and John F. Kennedy International (JFK) Airports. The AmericanConnection® carriers provide connecting service to American through St. Louis. American's competitors also own or have marketing agreements with regional carriers which provide similar services at their major hubs and other locations.

On most of its domestic non-stop routes, the Company faces competing service from at least one, and sometimes more than one, domestic airline including: AirTran Airways (AirTran), Alaska Airlines (Alaska), Continental Airlines (Continental), Delta Air Lines (including Northwest Airlines) (Delta), Frontier Airlines, JetBlue Airways (JetBlue), Southwest Airlines (Southwest), United, US Airways, Virgin America Airlines and their affiliated regional carriers. Competition is even greater between cities that require a connection, where the major airlines compete via their respective hubs. In addition, the Company faces competition on some of its connecting routes from carriers operating point-to-point service on such routes. The Company also competes with all-cargo and charter carriers and, particularly on shorter segments, ground and rail transportation. On all of its routes, pricing decisions are affected, in large part, by the need to meet competition from other airlines.

Most of the Company's largest domestic competitors and several smaller carriers have reorganized under the protection of Chapter 11 of the U.S. Bankruptcy Code (Chapter 11) in recent years. It is possible that one or more of our competitors may seek to reorganize in or out of Chapter 11. Successful reorganizations present the Company with competitors with significantly lower operating costs derived from renegotiated labor, supply and financing contracts.

International Air Transportation In addition to its extensive domestic service, the Company provides international service to the Caribbean, Canada, Latin America, Europe and Asia. The Company's operating revenues from foreign operations were approximately 40 percent of the Company's total operating revenues in 2008, and 37 percent of the Company's total operating revenues in both 2007 and 2006. Additional information about the Company's foreign operations is included in Note 14 to the consolidated financial statements.

In providing international air transportation, the Company competes with foreign investor-owned carriers, foreign state-owned carriers and U.S. airlines that have been granted authority to provide scheduled passenger and cargo service between the U.S. and various overseas locations. In general, carriers that have the greatest ability to seamlessly connect passengers to and from markets beyond the nonstop city pair have a competitive advantage. In some cases, however, foreign governments limit U.S. air carriers' rights to carry passengers beyond designated gateway cities in foreign countries. To improve access to each other's markets, various U.S. and foreign air carriers – including American – have established marketing relationships with other airlines and rail companies. American currently has marketing relationships with Air Pacific, Air Tahiti Nui, Alaska Airlines, British Airways, Brussels Airlines, Cathay Pacific, China Eastern Airlines, Dragonair, Deutsche Bahn German Rail, EL AL, EVA Air, Finnair, Gulf Air, Hawaiian Airlines, Iberia, Japan Airlines, Jet Airways, LAN (includes LAN Airlines, LAN Argentina, LAN Ecuador and LAN Peru), Malév Hungarian Airlines, Mexicana, Qantas Airways, Royal Jordanian, SNCF French Rail and Vietnam Airlines.

American is also a founding member of the **oneworld** alliance, which includes British Airways, Cathay Pacific, Finnair, Lan Airlines, Iberia, Qantas, Japan Airlines, Malév Hungarian, Dragonair, and Royal Jordanian. Mexicana Airlines has accepted an invitation to join oneworld and formal entry into the alliance is anticipated in 2009. The **oneworld** alliance links the networks of the member carriers to enhance customer service and smooth connections to the destinations served by the alliance, including linking the carriers' frequent flyer programs and access to the carriers' airport lounge facilities. Several of American's major competitors are members of marketing/operational alliances that enjoy antitrust immunity. American and British Airways, the largest members of the **oneworld** alliance, are restricted in their relationship because they lack antitrust immunity. They are, therefore, at a competitive disadvantage vis-à-vis other alliances that have antitrust immunity.

In 2008, American entered into a joint business agreement and related marketing arrangements with British Airways and Iberia providing for commercial cooperation by the carriers on flights between North America and Europe and beyond. The agreement was signed in connection with an application to the U.S. Department of Transportation by the three carriers, and Finnair and Royal Jordanian, for antitrust immunity to permit global cooperation. If granted (which cannot be assured), antitrust immunity will permit the five carriers, all of whom are members of the **oneworld** airline alliance, to deepen cooperation on a bilateral and multilateral basis.

Price Competition The airline industry is characterized by substantial and intense price competition. Fare discounting by competitors has historically had a negative effect on the Company's financial results because the Company is generally required to match competitors' fares, as failing to match would provide even less revenue due to customers' price sensitivity.

In recent years, a number of low-cost carriers (LCCs) have entered the domestic market. Several major airlines, including the Company, have implemented efforts to lower their costs since lower cost structures enable airlines to offer lower fares. In addition, several air carriers have recently reorganized under Chapter 11, including United, Delta and US Airways. These cost reduction efforts and bankruptcy reorganizations have allowed carriers to decrease operating costs. In the past, lower cost structures have generally resulted in fare reductions. If fare reductions are not offset by increases in passenger traffic, changes in the mix of traffic that improve yields (passenger revenue per passenger mile) and/or cost reductions, the Company's operating results will be negatively impacted.

Regulation

General The Airline Deregulation Act of 1978, as amended, eliminated most domestic economic regulation of passenger and freight transportation. However, the DOT and the Federal Aviation Administration (FAA) still exercise certain regulatory authority over air carriers. The DOT maintains jurisdiction over the approval of international codeshare agreements, international route authorities and certain consumer protection and competition matters, such as advertising, denied boarding compensation and baggage liability.

The FAA regulates flying operations generally, including establishing standards for personnel, aircraft and certain security measures. As part of that oversight, the FAA has implemented a number of requirements that the Company has incorporated and is incorporating into its maintenance programs. The Company is progressing toward the completion of over 200 airworthiness directives including Boeing fuel tank safety directives, Boeing 757 and Boeing 767 pylon improvements, McDonnell Douglas MD-80 overwing frame and aft pressure bulkhead improvements, Boeing 737 aft pressure bulkhead improvements and Airbus A300 fuselage structural improvements. Based on its current implementation schedule, the Company expects to be in compliance with the applicable requirements within the required time periods.

The Department of Justice (DOJ) has jurisdiction over airline antitrust matters. The U.S. Postal Service has jurisdiction over certain aspects of the transportation of mail and related services. Labor relations in the air transportation industry are regulated under the Railway Labor Act, which vests in the National Mediation Board certain functions with respect to disputes between airlines and labor unions relating to union representation and collective bargaining agreements.

On December 21, 2007, a New York federal judge dismissed the Air Transport Association's (ATA) challenge to a recently enacted New York law requiring airlines to provide certain services to onboard passengers whose flights are delayed on the ground prior to takeoff for more than three hours. The ATA appealed the dismissal of the challenge. The Second Circuit Court of Appeals reversed and ordered the District Court to enter judgment for the ATA on the grounds that the legislation was preempted by federal law. The law, which was briefly in effect, was declared invalid.

International International air transportation is subject to extensive government regulation. The Company's operating authority in international markets is subject to aviation agreements between the U.S. and the respective countries or governmental authorities (such as the European Union), 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. Bilateral agreements between the U.S. and various foreign governments of countries served by the Company are periodically subject to renegotiation. 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, or otherwise adversely affect the Company's international operations. In addition, at some foreign airports, an air carrier needs slots (landing and take-off authorizations) before the air carrier can introduce new service or increase existing service. The availability of such slots is not assured and the inability of the Company to obtain and retain needed slots could therefore inhibit its efforts to compete in certain international markets.

In April 2007, the United States and the European Union (EU) approved an "open skies" air services agreement that provides airlines from the United States and EU member states open access to each other's markets, with freedom of pricing and unlimited rights to fly beyond the United States and any airport in the EU including London's Heathrow Airport. The provisions of the agreement took effect on March 30, 2008. Under the agreement, every U.S. and EU airline is authorized to operate between airports in the United States and Heathrow. Notwithstanding the open skies agreement, Heathrow is a slot-controlled airport. Only three airlines besides American were previously allowed to provide service to Heathrow. The agreement has resulted in the Company facing increased competition in serving Heathrow, where the Company has lost market share. In addition, the Company is facing additional competition in other European markets. See Item 1A, Risk Factors, and Note 11 to the consolidated financial statements for additional information.

Security In November 2001, the Aviation and Transportation Security Act (ATSA) was enacted in the United States. The ATSA created a new government agency, the Transportation Security Administration (TSA), which is part of the Department of Homeland Security and is responsible for aviation security. The ATSA mandates that the TSA provide for the screening of all passengers and property, including U.S. mail, cargo, carry-on and checked baggage, and other articles that will be carried aboard a passenger aircraft. The ATSA also provides for security in flight decks of aircraft and requires federal air marshals to be present on certain flights.

Effective February 1, 2002, the ATSA imposed a \$2.50 per enplanement security service fee, which is being collected by the air carriers and submitted to the government to pay for these enhanced security measures. Additionally, air carriers are annually required to submit to the government an amount equal to what the air carriers paid for screening passengers and property in 2000. In recent years, the government has sought to increase both of these fees under spending proposals for the Department of Homeland Security. American and other carriers have announced their opposition to these proposals as there is no assurance that any increase in fees could be passed on to customers.

Airline Fares Airlines are permitted to establish their own domestic fares without governmental regulation. The DOT maintains authority over certain international fares, rates and charges, but applies this authority on a limited basis. In addition, international fares and rates are sometimes subject to the jurisdiction of the governments of the foreign countries which the Company serves. While air carriers are required to file and adhere to international fare and rate tariffs, substantial commissions, fare overrides and discounts to travel agents, brokers and wholesalers characterize many international markets.

Airport Access Historically, the FAA designated JFK, LGA and Washington Reagan airports as high-density traffic airports. The high-density rule limited the number of Instrument Flight Rule operations - take-offs and landings - permitted per hour and required that a "take-off/landing slot right" support each operation. The high density rule was repealed for JFK and LGA; however both airports remain subject to operating restrictions.

In order to remedy congestion at LGA due to elimination of slot restrictions, the FAA, in 2007, placed caps on total operations and required carriers at LGA to hold operating authorizations. In January 2009, the FAA announced a voluntary program at LGA aimed at reducing hourly scheduled operations at LGA from 75 to 71, which is expected to help ease congestion and delay without materially affecting carrier operations.

In December 2007, the United States Department of Transportation reached an agreement with domestic airlines to ease congestion at JFK by shifting the timing of certain flights. Such re-timing has not had a significant impact on the Company's flights to or from JFK.

In late 2008, the FAA issued new rules for carriers operating at LGA, JFK and Newark that would fundamentally change the manner in which operating authorizations are held and distributed at those airports. Every departure and landing would require an authorization and existing carriers would be requested to reduce service to provide authorizations for auction to other carriers without increasing total airport operations. The Company, along with numerous other carriers and interested parties, opposed adoption of these rules. Immediately after the rules were issued, the ATA and others petitioned for judicial review in the United States Court of Appeals for the District of Columbia Circuit challenging the rules and seeking a stay (preliminary injunction) against their implementation. The court granted the stay motion, thus blocking the rules from taking effect, pending the court's ultimate decision on the merits. Following the change in Administrations on January 20, 2009, the ATA submitted a letter to the new Secretary of Transportation urging that the rules be withdrawn. If the DOT does not withdraw the rules, or if the court challenge is unsuccessful, the new rules could require the Company to alter the routes and services it currently operates at LGA, JFK and Newark with potentially material adverse effects.

In 2006, the FAA issued an order requiring that carriers hold arrival authorizations to land during certain hours at Chicago O'Hare. That order limits the purchase or sale of arrival authorizations. The Company has not experienced any significant adverse impact from this order. In addition, the DOT is considering imposing a schedule reduction order at Newark (separately from the FAA action above), which could include slot controls at that airport. The Company does not anticipate being materially affected if such an order is imposed.

The high-density rule remains in effect at Washington Reagan. Legislation has been introduced to abolish the perimeter rule at that airport, which (with exceptions) limits nonstop flights to a distance of 1,250 miles. Some foreign airports, including Heathrow, a major European destination for American, also require slot allocations.

Although the Company is constrained by slots, it currently has sufficient slot authorizations to operate its existing flights. However, there is no assurance that the Company will be able to retain or obtain slots in the future to expand its operations or change its schedules because, among other factors, slot allocations are subject to changes in government policies.

In 2006, the Wright Amendment Reform Act of 2006 (the Act) became law. The Act is based on an agreement by the cities of Dallas and Fort Worth, Texas, DFW International Airport, Southwest, and the Company to modify the Wright Amendment, which authorizes certain flight operations at Dallas Love Field within defined geographic areas. Among other things, the Act eventually eliminates domestic geographic restrictions on operations while limiting the maximum number of gates at Love Field. The Company believes the Act is a pragmatic resolution of the issues related to the Wright Amendment and the use of Love Field.

Environmental Matters The Company is subject to various laws and government regulations concerning environmental matters and employee safety and health in the U.S. and other countries. U.S. federal laws that have a particular impact on the Company include the Airport Noise and Capacity Act of 1990 (ANCA), the Clean Air Act, the Resource Conservation and Recovery Act, the Clean Water Act, the Safe Drinking Water Act, and the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA or the Superfund Act). Certain operations of the Company are also subject to the oversight of the Occupational Safety and Health Administration (OSHA) concerning employee safety and health matters. The U.S. Environmental Protection Agency (EPA), OSHA, and other federal agencies have been authorized to promulgate regulations that have an impact on the Company's operations. In addition to these federal activities, various states have been delegated certain authorities under the aforementioned federal statutes. Many state and local governments have adopted environmental and employee safety and health laws and regulations, some of which are similar to or stricter than federal requirements.

The ANCA recognizes the rights of airport operators with noise problems to implement local noise abatement programs so long as they do not interfere unreasonably with interstate or foreign commerce or the national air transportation system. Authorities in several cities have promulgated aircraft noise reduction programs, including the imposition of nighttime curfews. The ANCA generally requires FAA approval of local noise restrictions on aircraft. While the Company has had sufficient scheduling flexibility to accommodate local noise restrictions imposed to date, the Company's operations could be adversely affected if locally-imposed regulations become more restrictive or widespread.

Many aspects of the Company's operations are subject to increasingly stringent environmental regulations. Concerns about climate change and greenhouse gas emissions, in particular, may result in the imposition of additional legislation or regulation. For example, the EU recently approved measures that impose emissions limits on airlines with operations to, from or within the EU as part of an emissions trading system beginning in 2012. The Company is currently assessing the potential costs of the EU measures. Such legislative or regulatory action by the U.S. or foreign governments currently or in the future may adversely affect the Company's business and financial results.

The environmental laws to which the Company is subject include those related to responsibility for potential soil and groundwater contamination. The Company is conducting investigation and remediation activities to address soil and groundwater conditions at several sites, including airports and maintenance bases. The Company anticipates that the ongoing costs of such activities will be immaterial. The Company has also been named as a potentially responsible party (PRP) at certain Superfund sites. The Company's alleged volumetric contributions at such sites are small in comparison to total contributions of all PRPs and the Company expects that any future payments of its share of costs at such sites will be immaterial.

Labor

The airline business is labor intensive. Wages, salaries and benefits represented approximately 26 percent of the Company's consolidated operating expenses for the year ended December 31, 2008. The average full-time equivalent number of employees of the Company's subsidiaries for the year ended December 31, 2008 was 84,100.

The majority of these employees are represented by labor unions and covered by collective bargaining agreements. Relations with such labor organizations are governed by the Railway Labor Act (RLA). Under this act, the collective bargaining agreements among the Company's subsidiaries and these organizations generally do not expire but instead become amendable as of a stated date. If either party wishes to modify the terms of any such agreement, it must notify the other party in the manner agreed to by the parties. Under the RLA, after receipt of such notice, the parties must meet for direct negotiations, and if no agreement is reached, either party may request the National Mediation Board (NMB) to appoint a federal mediator. The RLA prescribes no set timetable for the direct negotiation and mediation process. It is not unusual for those processes to last for many months, and even for several years. If no agreement is reached in mediation, the NMB in its discretion may declare at some time that an impasse exists, and if an impasse is declared, the NMB proffers binding arbitration to the parties. Either party may decline to submit to arbitration. If arbitration is rejected by either party, a 30-day "cooling off" period commences. During that period (or after), 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 "cooling off" period of 30 days. At the end of a "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, and the airline may resort to its own "self-help," including the imposition of any or all of its proposed amendments and the hiring of new employees to replace any striking workers.

In April 2003, American reached agreements (the Labor Agreements) with its three major unions - the Allied Pilots Association (the APA) which represents American's pilots, the Transport Workers Union of America (AFL-CIO) (the TWU), which represents seven different employee groups, and the Association of Professional Flight Attendants (the APFA), which represents American's flight attendants. The Labor Agreements substantially moderated the labor costs associated with the employees represented by the unions. In conjunction with the Labor Agreements, American also implemented various changes in the pay plans and benefits for non-unionized personnel, including officers and other management (the Management Reductions). The Labor Agreements became amendable in 2008 (although the parties agreed that they could begin the negotiations process as early as 2006). In 2006, American and the APA commenced negotiations under the RLA. In April of 2008, following a request by the APA, a mediator was appointed by the National Mediation Board. The parties have been in mediated negotiations since that time.

Also in 2006, American and the TWU commenced negotiations with respect only to dispatchers, one of the seven groups at American represented by the TWU. Subsequently, following a request by the parties, a mediator was appointed by the NMB for the dispatcher negotiations. Thereafter, in November 2007, American and the TWU commenced negotiations under the RLA with respect to the other employee groups represented by the TWU. Direct negotiations between American and the TWU employees with respect to those other groups continued until December 2008, at which time the parties jointly filed with the NMB for mediation with respect to the fleet service, stores, ground school instructors, and simulator technician groups of employees. The NMB appointed a mediator soon thereafter. Then in January, 2009, the TWU applied to the NMB for the appointment of a mediator with respect to the mechanics and the technical specialists. The NMB will appoint a mediator to assist those negotiations, as well.

American and the APFA commenced negotiations in the first half of 2008. Direct negotiations between the parties continued until December 2008, at which time the parties jointly filed an application to the NMB asking that a mediator be appointed. The NMB appointed a mediator soon thereafter.

The Air Line Pilots Association (ALPA), which represents American Eagle pilots, reached agreement with American Eagle effective September 1, 1997, to have all of the pilots of the American Eagle® carriers (currently American Eagle Airlines, Inc. and Executive Airlines, Inc.) covered by a single contract. This agreement lasts until January 1, 2013. The agreement provides to the parties the right to seek limited changes in 2000, 2004, 2008 and 2012. If the parties are unable to agree on the limited changes, the agreement provides that any issues would be resolved by interest arbitration, without the exercise of self-help (such as a strike). ALPA and American Eagle negotiated a tentative agreement in 2000, but that agreement failed in ratification. Thereafter, the parties participated in interest arbitration. The interest arbitration panel determined the limited changes that should be made and these changes were appropriately effected. In 2004 and in 2008, the parties successfully negotiated limited changes. The pilot agreement is amendable January 1, 2013; however, the parties have agreed that contract openers may be exchanged 120 days prior to that date.

The Association of Flight Attendants (AFA) represents the flight attendants of the American Eagle carriers. The current agreement between the American Eagle carriers and the AFA is amendable on October 27, 2009; however, the parties have agreed that contract openers may be exchanged 90 days prior to that date. The other union employees at the American Eagle carriers are covered by separate agreements with the TWU. The agreements between the American Eagle carriers and the TWU were amendable beginning on October 1, 2007, and the parties commenced negotiations. In January, 2009, an application for mediation was filed with the NMB. A mediator from the NMB will be assisting the parties.

Fuel

The Company's operations and financial results are significantly affected by the availability and price of jet fuel. The Company's fuel costs and consumption for the years 2006 through 2008 were:

<u>Year</u>	<u>Gallons Consumed (in millions)</u>	<u>Total Cost (in millions)</u>	<u>Average Cost Per Gallon (in dollars)</u>	<u>Percent of AMR's Operating Expenses</u>
2006	3,178	\$ 6,402	\$ 2.014	29.8%
2007	3,130	6,670	2.131	30.4
2008	2,971	9,014	3.034	35.1

The impact of fuel price changes on the Company and its competitors depends on various factors, including hedging strategies. The Company has a fuel hedging program in which it enters into jet fuel and heating oil hedging contracts to dampen the impact of the volatility of jet fuel prices. During 2008, 2007 and 2006, the Company's fuel hedging program reduced the Company's fuel expense by approximately \$380 million, \$239 million and \$97 million, respectively. As of January 2009, the Company had cash flow hedges, with option contracts, primarily heating oil collars and call options, covering approximately 35 percent of its estimated 2009 fuel requirements. The consumption hedged for 2009 by cash flow hedges is capped at an average price of approximately \$2.59 per gallon of jet fuel, and the Company's collars have an average floor price of approximately \$1.94 per gallon of jet fuel (both the capped and floor price exclude taxes and transportation costs). As a result of the rapid decline in energy prices in the second half of 2008 and certain other events, the Company estimates that during the next twelve months it will reclassify from Accumulated other comprehensive loss into earnings approximately \$711 million in net incremental expenses related to its fuel derivative hedges (based on prices as of December 31, 2008). A deterioration of the Company's financial position could negatively affect the Company's ability to hedge fuel in the future. See the Risk Factors under Item 1A for additional information regarding fuel.

Additional information regarding the Company's fuel program is also included in Item 7(A) "Quantitative and Qualitative Disclosures about Market Risk," Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" and in Note 7 to the consolidated financial statements.

Frequent Flyer Program

American established the AAdvantage® frequent flyer program (AAdvantage) to develop passenger loyalty by offering awards to travelers for their continued patronage. The Company believes that the AAdvantage program is one of its competitive strengths. AAdvantage benefits from a growing base of approximately 62 million members with desirable demographics who have demonstrated a strong willingness to collect AAdvantage miles over other loyalty program incentives and are generally disposed to adjusting their purchasing behavior in order to earn additional AAdvantage miles. AAdvantage members earn mileage credits by flying on American, American Eagle, and the AmericanConnection® carriers or by using services of other participants in the AAdvantage program. Mileage credits can be redeemed for free, discounted or upgraded travel on American, American Eagle or other participating airlines, or for other awards. Once a member accrues sufficient mileage for an award, the member may book award travel. Most travel awards are subject to capacity controlled seating. A member's mileage credit does not expire as long as that member has any type of qualifying activity at least once every 18 months.

American sells mileage credits and related services to other participants in the AAdvantage program. There are over 1,000 program participants, including a leading credit card issuer, hotels, car rental companies and other products and services companies in the AAdvantage program. The Company believes that program participants benefit from the sustained purchasing behavior of AAdvantage members, which translates into a recurring stream of revenues for AAdvantage. Under its agreements with AAdvantage members and program participants, the Company reserves the right to change the AAdvantage program at any time without notice, and may end the program with six months notice. As of December 31, 2008, AAdvantage had approximately 62 million total members, and 607 billion outstanding award miles. During 2008, AAdvantage issued approximately 196 billion miles, of which approximately one-half were sold to program participants. See "Critical Accounting Policies and Estimates" under Item 7 for more information on AAdvantage.

Other Matters

Seasonality and Other Factors The Company's results of operations for any interim period are not necessarily indicative of those for the entire year, since the air transportation business is subject to seasonal fluctuations. Higher demand for air travel has traditionally resulted in more favorable operating and financial results for the second and third quarters of the year than for the first and fourth quarters. Fears of terrorism or war, fare initiatives, fluctuations in fuel prices, labor actions, weather and other factors could impact this seasonal pattern. Unaudited quarterly financial data for the two-year period ended December 31, 2008 is included in Note 15 to the consolidated financial statements. In addition, the results of operations in the air transportation business have also significantly fluctuated in the past in response to general economic conditions.

Insurance The Company carries insurance for public liability, passenger liability, property damage and all-risk coverage for damage to its aircraft. As a result of the terrorist attacks of September 11, 2001 (the Terrorist Attacks), aviation insurers significantly reduced the amount of insurance coverage available to commercial air carriers for liability to persons other than employees or passengers for claims resulting from acts of terrorism, war or similar events (war-risk coverage). At the same time, these insurers significantly increased the premiums for aviation insurance in general.

The U.S. government has agreed to provide commercial war-risk insurance for U.S. based airlines until March 31, 2009, covering losses to employees, passengers, third parties and aircraft. Beyond that date, the Secretary of Transportation has the authority to provide commercial war-risk insurance until May 31, 2009. If the U.S. government does not extend the policy beyond March 31, 2009 (or beyond May 31, 2009 if the Secretary has exercised the authority to extend coverage to that date), or if the U.S. government at anytime thereafter ceases to provide such insurance, or reduces the coverage provided by such insurance, the Company will attempt to purchase similar coverage with narrower scope from commercial insurers at an additional cost. To the extent this coverage is not available at commercially reasonable rates, the Company would be adversely affected. While the price of commercial insurance has declined since the premium increases immediately after the Terrorist Attacks, in the event commercial insurance carriers further reduce the amount of insurance coverage available to the Company, or significantly increase its cost, the Company would be adversely affected.

Other Government Matters In time of war or during a national emergency or defense oriented situation, American and other air carriers can be required to provide airlift services to the Air Mobility Command under the Civil Reserve Air Fleet program. In the event the Company has to provide a substantial number of aircraft and crew to the Air Mobility Command, its operations could be adversely impacted.

Available Information The Company makes its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 available free of charge under the Investor Relations page on its website, www.aa.com, as soon as reasonably practicable after such reports are electronically filed with the Securities and Exchange Commission. In addition, the Company's code of ethics (called the Standards of Business Conduct), which applies to all employees of the Company, including the Company's Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Controller, is posted under the Investor Relations page on its website, www.aa.com. The Company intends to disclose any amendments to the code of ethics, or waivers of the code of ethics on behalf of the CEO, CFO or Controller, under the Investor Relations page on the Company's website, www.aa.com. The charters for the AMR Board of Directors' standing committees (the Audit, Compensation, Diversity and Nominating/Corporate Governance Committees), as well as the Board of Directors' Governance Policies (the Governance Policies), are likewise available on the Company's website, www.aa.com. Upon request, copies of the charters or the Governance Policies are available at no cost. Information on the Company's website is not incorporated into or otherwise made a part of this Report.

ITEM 1A. RISK FACTORS

Our ability to become profitable and our ability to continue to fund our obligations on an ongoing basis will depend on a number of risk factors, many of which are largely beyond our control. Some of the factors that may have a negative impact on us are described below:

As a result of significant losses in recent years, our financial condition has been materially weakened.

We incurred significant losses in 2001-2005, which materially weakened our financial condition. We lost \$857 million in 2005, \$751 million in 2004, \$1.2 billion in 2003, \$3.5 billion in 2002 and \$1.8 billion in 2001. Although we earned a profit of \$504 million in 2007 and \$231 million in 2006, we lost \$2.1 billion in 2008 (which included a \$1.1 billion impairment charge). Because of our weakened financial condition, we are vulnerable both to the impact of unexpected events (such as terrorist attacks or spikes in jet fuel prices) and to deterioration of the operating environment (such as a deepening of the current global recession or significant increased competition).

The severe global economic downturn has resulted in weaker demand for air travel and lower investment asset returns, which may have a significant negative impact on us.

We are experiencing significantly weaker demand for air travel driven by the severe downturn in the global economy. Many of the countries we serve are experiencing economic slowdowns or recessions. We began to experience weakening demand late in 2008, and this weakness has continued into 2009. We reduced capacity in 2008, and we recently announced further reductions to our 2009 capacity plan. If the global economic downturn persists or worsens, demand for air travel may continue to weaken. No assurance can be given that capacity reductions or other steps we may take will be adequate to offset the effects of reduced demand.

The economic downturn has resulted in broadly lower investment asset returns and values, and our pension assets suffered a material decrease in value in 2008 related to broader stock market declines, which will result in higher pension expense and potentially higher required contributions in future years. In addition, under these unfavorable economic conditions, we may also be required to maintain substantial cash reserves under our credit card processing agreements. These issues individually or collectively may have a material adverse impact on our liquidity. Also, disruptions in the capital markets and other sources of funding may make it impossible for us to obtain necessary additional funding or make the cost of that funding prohibitive.

We face numerous challenges as we seek to maintain sufficient liquidity, and we will need to raise substantial additional funds. We may not be able to raise those funds, or to do so on acceptable terms.

We have significant debt, lease and other obligations in the next several years, including significant pension funding obligations. For example, in 2009 we will be required to make approximately \$1.8 billion of principal payments on long-term debt and approximately \$110 million in principal payments on capital leases, and we expect to make approximately \$1.6 billion of capital expenditures. In addition, the global economic downturn, potential increases in the amount of required reserves under credit card processing agreements, and the obligation to post cash collateral on fuel hedging contracts have negatively impacted, or may in the future negatively impact, our liquidity. To meet our commitments and to maintain sufficient liquidity as we continue to implement our restructuring and cost reduction initiatives, we will need continued access to substantial additional funding. While we have arranged financing that, subject to certain terms and conditions, covers a majority of our 2009 aircraft deliveries and have arranged backstop financing which could be used for a significant portion of our remaining 2009 - 2011 Boeing 737-800 aircraft deliveries, we will also need to raise additional funds to meet our commitments to purchase aircraft and execute our fleet replacement plan.

Our ability to obtain future financing is limited by the value of our unencumbered assets. A very large majority of our aircraft assets (including most of our aircraft eligible for the benefits of Section 1110 of the U.S. Bankruptcy Code) are encumbered. Also, the market value of our aircraft assets has declined in recent years, and may continue to decline.

Since the Terrorist Attacks of September 2001, our credit ratings have been lowered to significantly below investment grade. These reductions have increased our borrowing costs and otherwise adversely affected borrowing terms, and limited borrowing options. Additional reductions in our credit ratings might have other effects on us, such as further increasing borrowing or other costs or further restricting our ability to raise funds.

A number of other factors, including our financial results in recent years, our substantial indebtedness, the difficult revenue environment we face, our reduced credit ratings, recent historically high fuel prices, and the financial difficulties experienced in the airline industry, adversely affect the availability and terms of funding for us. In addition, the global economic downturn and recent severe disruptions in the capital markets and other sources of funding have resulted in greater volatility, less liquidity, widening of credit spreads, and substantially more limited availability of funding. As a result of these factors, there can be no assurance that additional funding will be available to us on acceptable terms, if at all. An inability to obtain necessary additional funding on acceptable terms would have a material adverse impact on us and on our ability to sustain our operations.

Our initiatives to generate additional revenues and to reduce our costs may not be adequate or successful.

As we seek to improve our financial condition, we must continue to take steps to generate additional revenues and to reduce our costs. Although we have a number of initiatives underway to address our cost and revenue challenges, some of these initiatives involve changes to our business which we may be unable to implement. In addition, we expect that, as time goes on, it will be progressively more difficult to identify and implement significant revenue enhancement and cost savings initiatives. The adequacy and ultimate success of our initiatives to generate additional revenues and reduce our costs are not known at this time and cannot be assured. Moreover, whether our initiatives will be adequate or successful depends in large measure on factors beyond our control, notably the overall industry environment, including passenger demand, yield and industry capacity growth, and fuel prices. It will be very difficult for us to continue to fund our obligations on an ongoing basis, and to return to profitability, if the overall industry revenue environment does not improve substantially and if fuel prices were to increase and persist for an extended period at high levels.

We may be adversely affected by increases in fuel prices, and we would be adversely affected by disruptions in the supply of fuel.

Our results are very significantly affected by the volatile price and the availability of jet fuel, which are in turn affected by a number of factors beyond our control. Fuel prices have only recently declined from historic high levels.

Due to the competitive nature of the airline industry, we may not be able to pass on increased fuel prices to customers by increasing fares. Although we had some success in raising fares and imposing fuel surcharges in reaction to recent high fuel prices, these fare increases and surcharges did not keep pace with the extraordinary increases in the price of fuel that occurred in 2007 and 2008. Furthermore, even though fuel prices have declined significantly from their recent historic high levels, reduced demand or increased fare competition, or both, and resulting lower revenues may offset any potential benefit of these lower fuel prices.

While we do not currently anticipate a significant reduction in fuel availability, dependence on foreign imports of crude oil, limited refining capacity and the possibility of changes in government policy on jet fuel production, transportation and marketing make it impossible to predict the future availability of jet fuel. If there are additional outbreaks of hostilities or other conflicts in oil producing areas or elsewhere, or a reduction in refining capacity (due to weather events, for example), or governmental limits on the production or sale of jet fuel, there could be a reduction in the supply of jet fuel and significant increases in the cost of jet fuel. Major reductions in the availability of jet fuel or significant increases in its cost would have a material adverse impact on us.

We have a large number of older aircraft in our fleet, and these aircraft are not as fuel efficient as more recent models of aircraft. We believe it is imperative that we continue to execute our fleet renewal plans. However, due to the recent machinist strike at Boeing, deliveries of the Boeing 737-800 aircraft we currently have on order have been delayed. In addition, we expect delays in the deliveries of the Boeing 787-9 aircraft we currently have on order.

While we seek to manage the risk of fuel price increases by using derivative contracts, there can be no assurance that, at any given time, we will have derivatives in place to provide any particular level of protection against increased fuel costs. In addition, a deterioration of our financial position could negatively affect our ability to enter into derivative contracts in the future. Moreover, declines in fuel prices below the levels established in derivative contracts may require us to post cash collateral to secure the loss positions on such contracts, and if such contracts close when fuel prices are below the applicable levels, we would be required to make payments to close such contracts; these payments would be treated as additional fuel expense.

Our indebtedness and other obligations are substantial and could adversely affect our business and liquidity.

We have and will continue to have significant amounts of indebtedness, obligations to make future payments on aircraft equipment and property leases, and obligations under aircraft purchase agreements, as well as a high proportion of debt to equity capital. In 2009, we will be required to make approximately \$1.8 billion of principal payments on long-term debt. We expect to incur substantial additional debt (including secured debt) and lease obligations in the future. We also have substantial pension funding obligations. Our substantial indebtedness and other obligations have important consequences. For example, they:

- limit our ability to obtain additional funding for working capital, capital expenditures, acquisitions 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; and
- limit our ability to withstand competitive pressures and reduce our flexibility in responding to changing business and economic conditions.

We may be unable to comply with our financial covenants.

As of December 31, 2008 American had a secured bank credit facility (the Credit Facility) consisting of a fully drawn \$255 million revolving credit facility with a final maturity on June 17, 2009, and a fully drawn \$436 million term loan facility with a final maturity on December 17, 2010. The Credit Facility contains a liquidity covenant and a covenant that requires AMR to maintain certain minimum ratios of cash flow to fixed charges (the EBITDAR covenant). We were in compliance with the liquidity covenant as of December 31, 2008. In May 2008, we entered into an amendment to the Credit Facility which waived compliance with the EBITDAR covenant for periods ending on any date from and including June 30, 2008 and through March 31, 2009, and which reduced the minimum ratios AMR is required to satisfy thereafter. Given fuel prices that have been very high by historical standards and the volatility of fuel prices and revenues, uncertainty in the capital markets and about other sources of funding, and other factors, it is difficult to assess whether we will be able to continue to comply with these covenants, and there are no assurances that we will be able to do so. Failure to comply with these covenants would result in a default under the Credit Facility which — if we did not take steps to obtain a waiver of, or otherwise mitigate, the default — could result in a default under a significant amount of our other debt and lease obligations, and otherwise have a material adverse impact on us.

Our business is affected by many changing economic and other conditions beyond our control, and our results of operations tend to be volatile and fluctuate due to seasonality.

Our business and our results of operations are affected by many changing economic and other conditions beyond our control, including, among others:

- actual or potential changes in international, national, regional and local economic, business and financial conditions, including recession, inflation, higher interest rates, wars, terrorist attacks or political instability;
- changes in consumer preferences, perceptions, spending patterns or demographic trends;
- changes in the competitive environment due to industry consolidation and other factors;
- actual or potential disruptions to the air traffic control systems;
- increases in costs of safety, security and environmental measures;
- outbreaks of diseases that affect travel behavior; and
- weather and natural disasters.

As a result, our results of operations tend to be volatile and subject to rapid and unexpected change. In addition, due to generally greater demand for air travel during the summer, our revenues in the second and third quarters of the year tend to be stronger than revenues in the first and fourth quarters of the year.

The airline industry is fiercely competitive and may undergo further consolidation or changes in industry alliances, and we are subject to increasing competition.

Service over almost all of our routes is highly competitive and fares remain at low levels by historical standards. We face vigorous, and, in some cases, increasing, competition from major domestic airlines, national, regional, all-cargo and charter carriers, foreign air carriers, low-cost carriers and, particularly on shorter segments, ground and rail transportation. We also face increasing and significant competition from marketing/operational alliances formed by our competitors. The percentage of routes on which we compete with carriers having substantially lower operating costs than ours has grown significantly over the past decade, and we now compete with low-cost carriers on a large majority of our domestic non-stop mainline network routes.

Certain airline alliances have been 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.

Pricing decisions are significantly affected by competition from other airlines. Fare discounting by competitors historically has had a negative effect on our financial results because we must generally match competitors' fares, since failing to match would result in even less revenue. We have faced increased competition from carriers with simplified fare structures, which are generally preferred by travelers. Any fare reduction or fare simplification initiative may not be offset by increases in passenger traffic, reduction in cost or changes in the mix of traffic that would improve yields. Moreover, decisions by our competitors that increase or reduce overall industry capacity, or capacity dedicated to a particular domestic or foreign region, market or route, can have a material impact on related fare levels.

There have been numerous mergers and acquisitions within the airline industry and numerous changes in industry alliances. Recently, two of our largest competitors, Delta and Northwest Airlines, merged, and the combined entity became the largest scheduled passenger airline in the world in terms of available seat miles and revenue passenger miles. In addition, another two of our largest competitors, United and Continental, recently announced that they had entered into a framework agreement to cooperate extensively and under which Continental would join the global alliance of which United, Lufthansa and certain other airlines are members.

In the future, there may be additional mergers and acquisitions, and changes in airline alliances, including those that may be undertaken in response to the merger of Delta and Northwest or other developments in the airline industry. Any airline industry consolidation or changes in airline alliances could substantially alter the competitive landscape and result in changes in our corporate or business strategy. We regularly assess and explore the potential for consolidation in our industry and changes in airline alliances, our strategic position and ways to enhance our competitiveness, including the possibilities for our participation in merger activity. Consolidation involving other participants in our industry could result in the formation of one or more airlines with greater financial resources, more extensive networks, and/or lower cost structures than exist currently, which could have a material adverse effect on us. For similar reasons, changes in airline alliances could also adversely affect our competitive position.

We recently announced that we have entered into a joint business agreement and related marketing arrangements with British Airways and Iberia, which provide for commercial cooperation on flights between North America and most countries in Europe, pooling and sharing of certain revenues and costs, expanded codesharing, enhanced frequent flyer program reciprocity, and cooperation in other areas. Along with these carriers and certain other carriers, we have applied to the U.S. Department of Transportation for antitrust immunity for this planned cooperation. Implementation of this agreement and the related arrangements is subject to conditions, including various U.S. and foreign regulatory approvals, successful negotiation of certain detailed financial and commercial arrangements, and other approvals. Agencies from which such approvals must be obtained may impose requirements or limitations as a condition of granting any such approvals, such as requiring divestiture of routes, gates, slots or other assets. No assurances can be given as to any arrangements that may ultimately be implemented or any benefits that we may derive from such arrangements.

We compete with reorganized carriers, which results in competitive disadvantages for us.

We must compete with air carriers that have reorganized under the protection of Chapter 11 of the U.S. Bankruptcy Code in recent years, including United, Delta, Northwest and U.S. Airways. It is possible that other significant competitors may seek to reorganize in or out of Chapter 11.

Successful reorganizations by other carriers present us with competitors with significantly lower operating costs and stronger financial positions derived from renegotiated labor, supply, and financing contracts. These competitive pressures may limit our ability to adequately price our services, may require us to further reduce our operating costs, and could have a material adverse impact on us.

Fares are at low levels and our reduced pricing power adversely affects our ability to achieve adequate pricing, especially with respect to business travel.

While we have recently been able to implement some fare increases on certain domestic and international routes, our passenger yield is essentially the same as it was in 2000 despite cumulative inflation of approximately 25 percent since that time. We believe that this is due in large part to a corresponding decline in our pricing power. Our reduced pricing power is the product of several factors including: greater cost sensitivity on the part of travelers (particularly business travelers); pricing transparency resulting from the use of the Internet; greater competition from low-cost carriers and from carriers that have recently reorganized under the protection of Chapter 11; other carriers being well hedged against rising fuel costs and able to better absorb high jet fuel prices; and fare simplification efforts by certain carriers. We believe that our reduced pricing power could persist indefinitely.

Our corporate or business strategy may change.

In light of the rapid changes in the airline industry, we evaluate our assets on an ongoing basis with a view to maximizing their value to us and determining which are core to our operations. We also regularly evaluate our corporate and business strategies, and they are influenced by factors beyond our control, including changes in the competitive landscape we face. Our corporate and business strategies are, therefore, subject to change.

Beginning in late 2007 and continuing into 2008, we conducted a strategic value review involving, among other things, AMR Eagle, our regional airline, American Beacon Advisors, our investment advisory subsidiary and AAdvantage, our frequent flyer program. The purpose of the review was to determine whether there existed the potential for unlocking additional stockholder value with respect to one or more of these strategic assets through some type of separation transaction. As a result of this review, we announced in late 2007 that we planned to divest AMR Eagle; however, in mid-2008 we announced that, given the then-current industry environment, we had decided to place that planned divestiture on hold until industry conditions are more favorable and stable. Also pursuant to the review, we sold American Beacon Advisors to a third party in September 2008 (the Company maintained a minority equity stake).

In the future, we may consider and engage in discussions with third parties regarding the divestiture of AMR Eagle and other separation transactions, and we may decide to proceed with one or more such transactions. There can be no assurance that we will complete any separation transactions, that any announced plans or transactions will be consummated, or as to the impact of these transactions on stockholder value or on us.

Our business is subject to extensive government regulation, which can 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. Many of these requirements result in significant costs. For example, the FAA from time to time issues directives and other regulations relating to the maintenance and operation of aircraft. Compliance with those requirements drives significant expenditures and has in the past, and may in the future, cause disruptions to our operations. In addition, the ability of U.S. carriers to operate international routes is subject to change because the applicable arrangements between the United States and foreign governments may be amended from time to time, or because appropriate slots or facilities are not made available.

Moreover, additional laws, regulations, taxes and airport rates and charges have been enacted from time to time that have significantly increased the costs of airline operations, reduced the demand for air travel or restricted the way we can conduct our business. For example, the Aviation and Transportation Security Act, which became law in 2001, mandated the federalization of certain airport security procedures and resulted in the imposition of additional security requirements on airlines. In addition, many aspects of our operations are subject to increasingly stringent environmental regulations, and concerns about climate change, in particular, may result in the imposition of additional regulation. For example, the EU has approved a proposal that will put a cap on carbon dioxide emissions for all flights into and out of the EU effective in 2012. Laws or regulations similar to those described above or other U.S. or foreign governmental actions in the future may adversely affect our business and financial results.

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

- changes in law which affect the services that can be offered by airlines in particular markets and at particular airports;
- the granting and timing of certain governmental approvals (including foreign government approvals) needed for codesharing alliances and other arrangements with other airlines;
- 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 regulations that impact customer service standards (for example new passenger security standards, passenger bill of rights);
- restrictions on airport operations, such as restrictions on the use of takeoff and landing slots at airports or the auction of slot rights currently or previously held by us; or
- the adoption of more restrictive locally imposed noise restrictions.

In addition, the air traffic control (ATC) system, which is operated by the FAA, is not successfully managing the growing demand for U.S. air travel. U.S. airlines carry about 740 million passengers a year and are forecasted to accommodate a billion passengers annually by 2015. Air-traffic controllers rely on outdated technologies that routinely overwhelm the system and compel airlines to fly inefficient, indirect routes. We support a common-sense approach to ATC modernization that would allocate cost to all ATC system users in proportion to the services they consume. The reauthorization by the U.S. Congress of legislation that funds the FAA, which includes proposals regarding upgrades to the ATC system, is pending, but it is uncertain when any such legislation will be enacted.

We could be adversely affected by conflicts overseas or terrorist attacks.

Actual or threatened U.S. military involvement in overseas operations has, on occasion, had an adverse impact on our business, financial position (including access to capital markets) and results of operations, and on the airline industry in general. The continuing conflicts in Iraq and Afghanistan, or other conflicts or events in the Middle East or elsewhere, may result in similar adverse impacts.

The Terrorist Attacks had a material adverse impact on us. The occurrence of another terrorist attack (whether domestic or international and whether against us or another entity) could again have a material adverse impact on us.

Our international operations could be adversely affected by numerous events, circumstances or government actions beyond our control.

Our current international activities and prospects could be adversely affected by factors such as reversals or delays in the opening of foreign markets, exchange controls, currency and political risks, environmental regulation, taxation and changes in international government regulation of our operations, including the inability to obtain or retain needed route authorities and/or slots.

For example, the "open skies" air services agreement between the United States and the EU which took effect in March 2008, provides airlines from the United States and EU member states open access to each other's markets, with freedom of pricing and unlimited rights to fly beyond the United States and any airport in the EU including London's Heathrow Airport. The agreement has resulted in American facing increased competition in these markets, including Heathrow, where we have lost market share.

We could be adversely affected by an outbreak of a disease that affects travel behavior.

In 2003, there was an outbreak of Severe Acute Respiratory Syndrome (SARS), which had an adverse impact primarily on our Asia operations. More recently, there have been concerns about a potential outbreak of avian flu. If there were another outbreak of a disease (such as SARS or avian flu) that affects travel behavior, it could have a material adverse impact on us.

Our labor costs are higher than those of our competitors.

Wages, salaries and benefits constitute a significant percentage of our total operating expenses. In 2008, they constituted approximately 26 percent of our total operating expenses. All of the major hub-and-spoke carriers with whom American competes have achieved significant labor cost savings through or outside of bankruptcy proceedings. We believe American's labor costs are higher than those of its primary competitors, and it is unclear how long this labor cost disadvantage may persist.

We could be adversely affected if we are unable to have satisfactory relations with any unionized or other employee work group.

Our operations could be adversely affected if we fail to have satisfactory relations with any labor union representing our employees. In addition, any significant dispute we have with, or any disruption by, an employee work group could adversely impact us. Moreover, one of the fundamental tenets of our strategic Turnaround Plan is increased union and employee involvement in our operations. To the extent that we are unable to have satisfactory relations with any unionized or other employee work group, our ability to execute our strategic plans could be adversely affected.

American is currently in mediated negotiations with each of its three major unions regarding amendments to their respective labor agreements. American Eagle is also in mediated negotiations with the TWU. The negotiations process in the airline industry typically is slow and sometimes contentious. The union that represents American's pilots has recently filed a number of grievances, lawsuits and complaints, most of which American believes are part of a corporate campaign related to the union's labor agreement negotiations with American. While American is vigorously defending these claims, unfavorable outcomes of one or more of them could require American to incur additional costs, change the way it conducts some parts of its business, or otherwise adversely affect us.

Our insurance costs have increased substantially and further increases in insurance costs or reductions in coverage could have an adverse impact on us.

We carry insurance for public liability, passenger liability, property damage and all-risk coverage for damage to our aircraft. As a result of the Terrorist Attacks, aviation insurers significantly reduced the amount of insurance coverage available to commercial air carriers for liability to persons other than employees or passengers for claims resulting from acts of terrorism, war or similar events (war-risk coverage). At the same time, these insurers significantly increased the premiums for aviation insurance in general.

The U.S. government has agreed to provide commercial war-risk insurance for U.S. based airlines through March 31, 2009, covering losses to employees, passengers, third parties and aircraft. Beyond that date, the Secretary of Transportation has the authority to provide commercial war-risk insurance until May 31, 2009. If the U.S. government does not extend the policy beyond March 31, 2009 (or beyond May 31, 2009 if the Secretary has exercised the authority to extend coverage to that date), or if the U.S. government at any time thereafter ceases to provide such insurance, or reduces the coverage provided by such insurance, we will attempt to purchase similar coverage with narrower scope from commercial insurers at an additional cost. To the extent this coverage is not available at commercially reasonable rates, we would be adversely affected.

While the price of commercial insurance had declined since the period immediately after the Terrorist Attacks, in the event commercial insurance carriers further reduce the amount of insurance coverage available to us, or significantly increase its cost, we would be adversely affected.

We may be unable to retain key management personnel.

Since the Terrorist Attacks, a number of our key management employees have elected to retire early or leave for more financially favorable opportunities at other companies, both within and outside of the airline industry. There can be no assurance that we will be able to retain our key management employees. Any inability to retain our key management employees, or attract and retain additional qualified management employees, could have a negative impact on us.

We could be adversely affected by a failure or disruption of our computer, communications or other technology systems.

We are heavily and increasingly dependent on technology to operate our business. The computer and communications systems on which we rely could be disrupted due to various events, some of which are beyond our control, including natural disasters, power failures, terrorist attacks, equipment failures, software failures and computer viruses and hackers. We have taken certain steps to help reduce the risk of some (but not all) of these potential disruptions. There can be no assurance, however, that the measures we have taken are adequate to prevent or remedy disruptions or failures of these systems. Any substantial or repeated failure of these systems could impact our operations and customer service, result in the loss of important data, loss of revenues, and increased costs, and generally harm our business. Moreover, a failure of certain of our vital systems could limit our ability to operate our flights for an extended period of time, which would have a material adverse impact on our operations and our business.

We are at risk of losses and adverse publicity which might result from an accident involving any of our aircraft.

If one of our aircraft were to be involved in an accident, we could be exposed to significant tort liability. The insurance we carry to cover damages arising from any future accidents may be inadequate. In the event that our insurance is not adequate, we may be forced to bear substantial losses from an accident. In addition, any accident involving an aircraft operated by us could adversely affect the public's perception of us.

ITEM 1B. UNRESOLVED STAFF COMMENTS

The Company had no unresolved Securities and Exchange Commission staff comments at December 31, 2008.

ITEM 2. PROPERTIES**Flight Equipment – Operating**

Owned and leased aircraft operated by the Company at December 31, 2008 included:

<u>Equipment Type</u>	<u>Average Seating Capacity</u>	<u>Owned</u>	<u>Capital Leased</u>	<u>Operating Leased</u>	<u>Total</u>	<u>Average Age (Years)</u>
American Airlines Aircraft						
Airbus A300-600R	267	10	-	16	26	19
Boeing 737-800	148	62	-	15	77	9
Boeing 757-200	188	92	1	31	124	14
Boeing 767-200 Extended Range	167	3	11	1	15	22
Boeing 767-300 Extended Range	225	47	-	11	58	15
Boeing 777-200 Extended Range	247	47	-	-	47	8
McDonnell Douglas MD-80	140	108	64	107	279	19
Total		<u>369</u>	<u>76</u>	<u>181</u>	<u>626</u>	<u>15</u>
AMR Eagle Aircraft						
Bombardier CRJ-700	70	25	-	-	25	6
Embraer 135	37	33	-	-	33	9
Embraer 140	44	59	-	-	59	6
Embraer 145	50	110	-	-	110	6
Super ATR	64/66	-	-	39	39	14
Total		<u>227</u>	<u>-</u>	<u>39</u>	<u>266</u>	<u>8</u>

A very large majority of the Company's owned aircraft are encumbered by liens granted in connection with financing transactions entered into by the Company.

Of the operating aircraft listed above, one owned Airbus A300-600R aircraft was in temporary storage as of December 31, 2008.

In January 2009, the Company permanently retired seven McDonnell Douglas MD-80 aircraft and one Airbus A300 aircraft.

Flight Equipment – Non-Operating

Owned and leased aircraft not operated by the Company at December 31, 2008 included:

<u>Equipment Type</u>	<u>Owned</u>	<u>Capital Leased</u>	<u>Operating Leased</u>	<u>Total</u>
American Airlines Aircraft				
Airbus A300-600R	-	-	5	5
Fokker 100	-	-	4	4
McDonnell Douglas MD-80	18	14	6	38
Total	<u>18</u>	<u>14</u>	<u>15</u>	<u>47</u>
AMR Eagle Aircraft				
Embraer 135	6	-	-	6
Embraer 145	8	-	-	8
Saab 340B	46	-	-	46
Total	<u>60</u>	<u>-</u>	<u>-</u>	<u>60</u>

AMR Eagle has leased its eight owned Embraer 145 aircraft not operated by the Company to Trans States Airlines, Inc.

For information concerning the estimated useful lives and residual values for owned aircraft, lease terms for leased aircraft and amortization relating to aircraft under capital leases, see Notes 1 and 5 to the consolidated financial statements.

Flight Equipment – Leased

Lease expirations for the aircraft included in the table of capital and operating leased flight equipment operated by the Company as of December 31, 2008 are:

<u>Equipment Type</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014 and Thereafter</u>
American Airlines Aircraft						
Airbus A300-600R	2	6	8	-	-	-
Boeing 737-800	-	-	-	-	8	7
Boeing 757-200	1	-	1	-	-	30
Boeing 767-200 Extended Range	1	1	2	2	6	-
Boeing 767-300 Extended Range	-	-	-	-	3	8
McDonnell Douglas MD-80	-	8	21	23	27	92
	<u>4</u>	<u>15</u>	<u>32</u>	<u>25</u>	<u>44</u>	<u>137</u>
AMR Eagle Aircraft						
Super ATR	-	-	-	1	12	26
	<u>4</u>	<u>15</u>	<u>32</u>	<u>26</u>	<u>56</u>	<u>163</u>

American leases all 39 Super ATR aircraft from a third party and in turn, subleases those aircraft to AMR Eagle for operation.

Substantially all of the Company's aircraft leases include an option to purchase the aircraft or to extend the lease term, or both, with the purchase price or renewal rental to be based essentially on the market value of the aircraft at the end of the term of the lease or at a predetermined fixed amount.

Ground Properties

The Company leases or has built as leasehold improvements on leased property: most of its airport and terminal facilities; its training facilities in Fort Worth, Texas; its principal overhaul and maintenance bases at Tulsa International Airport (Tulsa, Oklahoma), Kansas City International Airport (Kansas City, Missouri) and Alliance Airport (Fort Worth, Texas); its regional reservation offices; and local ticket and administration offices throughout the system. The Company owns its headquarters building in Fort Worth, Texas, on which a mortgage loan is payable. American has entered into agreements with the Tulsa Municipal Airport Trust; the Alliance Airport Authority, Fort Worth, Texas; the New York City Industrial Development Agency; and the Dallas/Fort Worth, Chicago O'Hare, Newark, San Juan, and Los Angeles airport authorities to provide funds for constructing, improving and modifying facilities and acquiring equipment which are or will be leased to the Company. The Company also uses public airports for its flight operations under lease or use arrangements with the municipalities or governmental agencies owning or controlling them and leases certain other ground equipment for use at its facilities.

For information concerning the estimated lives and residual values for owned ground properties, lease terms and amortization relating to ground properties under capital leases, and acquisitions of ground properties, see Notes 1 and 5 to the consolidated financial statements.

ITEM 3. LEGAL PROCEEDINGS

Between April 3, 2003 and June 5, 2003, three lawsuits were filed by travel agents, some of whom opted out of a prior class action (now dismissed) to pursue their claims individually against American, other airline defendants, and in one case, against certain airline defendants and Orbitz LLC. The cases, Tam Travel et. al., v. Delta Air Lines et. al., in the United States District Court for the Northern District of California, San Francisco (51 individual agencies), Paula Fausky d/b/a Timeless Travel v. American Airlines, et. al., in the United States District Court for the Northern District of Ohio, Eastern Division (29 agencies) and Swope Travel et al. v. Orbitz et. al. in the United States District Court for the Eastern District of Texas, Beaumont Division (71 agencies) were consolidated for pre-trial purposes in the United States District Court for the Northern District of Ohio, Eastern Division. Collectively, these lawsuits seek damages and injunctive relief alleging that the certain airline defendants and Orbitz LLC: (i) conspired to prevent travel agents from acting as effective competitors in the distribution of airline tickets to passengers in violation of Section 1 of the Sherman Act; (ii) conspired to monopolize the distribution of common carrier air travel between airports in the United States in violation of Section 2 of the Sherman Act; and that (iii) between 1995 and the present, the airline defendants conspired to reduce commissions paid to U.S.-based travel agents in violation of Section 1 of the Sherman Act. On September 23, 2005, the Fausky plaintiffs dismissed their claims with prejudice. On September 14, 2006, the court dismissed with prejudice 28 of the Swope plaintiffs. On October 29, 2007, the court dismissed all actions. The Tam plaintiffs have appealed the court's decision. The Swope plaintiffs have moved to have their case remanded to the Eastern District of Texas. American continues to vigorously defend these lawsuits. A final adverse court decision awarding substantial money damages or placing material restrictions on the Company's distribution practices would have a material adverse impact on the Company.

On July 12, 2004, a consolidated class action complaint that was subsequently amended on November 30, 2004, was filed against American and the Association of Professional Flight Attendants (APFA), the union which represents American's flight attendants (Ann M. Marcoux, et al., v. American Airlines Inc., et al. in the United States District Court for the Eastern District of New York). While a class has not yet been certified, the lawsuit seeks on behalf of all of American's flight attendants or various subclasses to set aside and to obtain damages allegedly resulting from the April 2003 Collective Bargaining Agreement referred to as the Restructuring Participation Agreement (RPA). The RPA was one of three labor agreements American successfully reached with its unions in order to avoid filing for bankruptcy in 2003. In a related case (Sherry Cooper, et al. v. TWA Airlines, LLC, et al., also in the United States District Court for the Eastern District of New York), the court denied a preliminary injunction against implementation of the RPA on June 30, 2003. The Marcoux suit alleges various claims against the APFA and American relating to the RPA and the ratification vote on the RPA by individual APFA members, including: violation of the Labor Management Reporting and Disclosure Act (LMRDA) and the APFA's Constitution and By-laws, violation by the APFA of its duty of fair representation to its members, violation by American of provisions of the Railway Labor Act (RLA) through improper coercion of flight attendants into voting or changing their vote for ratification, and violations of the Racketeer Influenced and Corrupt Organizations Act of 1970 (RICO). On March 28, 2006, the district court dismissed all of various state law claims against American, all but one of the LMRDA claims against the APFA, and the claimed violations of RICO. On July 22, 2008, the district court granted summary judgment to American and APFA concerning the remaining claimed violations of the RLA and the duty of fair representation against American and the APFA (as well as one LMRDA claim and one claim against the APFA of a breach of its constitution). On August 20, 2008, a notice of appeal was filed on behalf of the purported class of flight attendants. Although the Company believes the case against it is without merit and both American and the APFA are vigorously defending the lawsuit, a final adverse court decision invalidating the RPA and awarding substantial money damages would have a material adverse impact on the Company.

On February 14, 2006, the Antitrust Division of the United States Department of Justice (the "DOJ") served the Company with a grand jury subpoena as part of an ongoing investigation into possible criminal violations of the antitrust laws by certain domestic and foreign air cargo carriers. At this time, the Company does not believe it is a target of the DOJ investigation. The New Zealand Commerce Commission notified the Company on February 17, 2006 that it is also investigating whether the Company and certain other cargo carriers entered into agreements relating to fuel surcharges, security surcharges, war risk surcharges, and customs clearance surcharges. On February 22, 2006, the Company received a letter from the Swiss Competition Commission informing the Company that it too is investigating whether the Company and certain other cargo carriers entered into agreements relating to fuel surcharges, security surcharges, war risk surcharges, and customs clearance surcharges. On March 11, 2008, the Company received from the Swiss Competition Commission a request for information concerning, among other things, the scope and organization of the Company's activities in Switzerland. On December 19, 2006 and June 12, 2007, the Company received requests for information from the European Commission seeking information regarding the Company's corporate structure, and revenue and pricing announcements for air cargo shipments to and from the European Union. On January 23, 2007, the Brazilian competition authorities, as part of an ongoing investigation, conducted an unannounced search of the Company's cargo facilities in Sao Paulo, Brazil. On April 28, 2008, the Brazilian competition authorities preliminarily charged the Company with violating Brazilian competition laws. The authorities are investigating whether the Company and certain other foreign and domestic air carriers violated Brazilian competition laws by illegally conspiring to set fuel surcharges on cargo shipments. The Company is vigorously contesting the allegations and the preliminary findings of the Brazilian competition authorities. On June 27, 2007 and October 31, 2007, the Company received requests for information from the Australian Competition and Consumer Commission seeking information regarding fuel surcharges imposed by the Company on cargo shipments to and from Australia and regarding the structure of the Company's cargo operations. On September 1, 2008, the Company received a request from the Korea Fair Trade Commission seeking information regarding cargo rates and surcharges and the structure of the Company's activities in Korea. On December 18, 2007, the European Commission issued a Statement of Objection ("SO") against 26 airlines, including the Company. The SO alleges that these carriers participated in a conspiracy to set surcharges on cargo shipments in violation of EU law. The SO states that, in the event that the allegations in the SO are affirmed, the Commission will impose fines against the Company. The Company intends to vigorously contest the allegations and findings in the SO under EU laws, and it intends to cooperate fully with all other pending investigations. In the event that the SO is affirmed or other investigations uncover violations of the U.S. antitrust laws or the competition laws of some other jurisdiction, or if the Company were named and found liable in any litigation based on these allegations, such findings and related legal proceedings could have a material adverse impact on the Company.

Approximately 44 purported class action lawsuits have been filed in the U.S. against the Company and certain foreign and domestic air carriers alleging that the defendants violated U.S. antitrust laws by illegally conspiring to set prices and surcharges on cargo shipments. These cases, along with other purported class action lawsuits in which the Company was not named, were consolidated in the United States District Court for the Eastern District of New York as In re Air Cargo Shipping Services Antitrust Litigation, 06-MD-1775 on June 20, 2006. Plaintiffs are seeking trebled money damages and injunctive relief. The Company has not been named as a defendant in the consolidated complaint filed by the plaintiffs. However, the plaintiffs have not released any claims that they may have against the Company, and the Company may later be added as a defendant in the litigation. If the Company is sued on these claims, it will vigorously defend the suit, but any adverse judgment could have a material adverse impact on the Company. Also, on January 23, 2007, the Company was served with a purported class action complaint filed against the Company, American, and certain foreign and domestic air carriers in the Supreme Court of British Columbia in Canada (McKay v. Ace Aviation Holdings, et al.). The plaintiff alleges that the defendants violated Canadian competition laws by illegally conspiring to set prices and surcharges on cargo shipments. The complaint seeks compensatory and punitive damages under Canadian law. On June 22, 2007, the plaintiffs agreed to dismiss their claims against the Company. The dismissal is without prejudice and the Company could be brought back into the litigation at a future date. If litigation is recommenced against the Company in the Canadian courts, the Company will vigorously defend itself; however, any adverse judgment could have a material adverse impact on the Company.

On June 20, 2006, the DOJ served the Company with a grand jury subpoena as part of an ongoing investigation into possible criminal violations of the antitrust laws by certain domestic and foreign passenger carriers. At this time, the Company does not believe it is a target of the DOJ investigation. The Company intends to cooperate fully with this investigation. On September 4, 2007, the Attorney General of the State of Florida served the Company with a Civil Investigative Demand as part of its investigation of possible violations of federal and Florida antitrust laws regarding the pricing of air passenger transportation. In the event that this or other investigations uncover violations of the U.S. antitrust laws or the competition laws of some other jurisdiction, such findings and related legal proceedings could have a material adverse impact on the Company.

Approximately 52 purported class action lawsuits have been filed in the U.S. against the Company and certain foreign and domestic air carriers alleging that the defendants violated U.S. antitrust laws by illegally conspiring to set prices and surcharges for passenger transportation. On October 25, 2006, these cases, along with other purported class action lawsuits in which the Company was not named, were consolidated in the United States District Court for the Northern District of California as In re International Air Transportation Surcharge Antitrust Litigation, Civ. No. 06-1793 (the "Passenger MDL"). On July 9, 2007, the Company was named as a defendant in the Passenger MDL. On August 25, 2008, the plaintiffs dismissed their claims against the Company in this action. On March 13, 2008, and March 14, 2008, two additional purported class action complaints, *Turner v. American Airlines, et al.*, Civ. No. 08-1444 (N.D. Cal.), and *LaFlamme v. American Airlines, et al.*, Civ. No. 08-1079 (E.D.N.Y.), were filed against the Company, alleging that the Company violated U.S. antitrust laws by illegally conspiring to set prices and surcharges for passenger transportation in Japan and certain European countries, respectively. The Turner plaintiffs have failed to perfect service against the Company, and it is unclear whether they intend to pursue their claims. On February 17, 2009, the LaFlamme plaintiffs agreed to dismiss their claims against the Company without prejudice. In the event that the Turner plaintiffs pursue their claims or the LaFlamme plaintiffs re-file claims against the Company, the Company will vigorously defend these lawsuits, but any adverse judgment in these actions could have a material adverse impact on the Company.

On August 21, 2006, a patent infringement lawsuit was filed against American and American Beacon Advisors, Inc. (then a wholly-owned subsidiary of the Company) in the United States District Court for the Eastern District of Texas (Ronald A. Katz Technology Licensing, L.P. v. American Airlines, Inc., et al.). This case has been consolidated in the Central District of California for pre-trial purposes with numerous other cases brought by the plaintiff against other defendants. On December 1, 2008, the court dismissed with prejudice all claims against American Beacon. The plaintiff alleges that American infringes a number of the plaintiff's patents, each of which relates to automated telephone call processing systems. The plaintiff is seeking past and future royalties, injunctive relief, costs and attorneys' fees. Although the Company believes that the plaintiff's claims are without merit and is vigorously defending the lawsuit, a final adverse court decision awarding substantial money damages or placing material restrictions on existing automated telephone call system operations would have a material adverse impact on the Company.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of the Company's security holders during the last quarter of its fiscal year ended December 31, 2008.

Executive Officers of the Registrant

The following information relates to the executive officers of AMR as of the filing of this Form 10-K.

Gerard J. Arpey	Mr. Arpey was elected Chairman, President and Chief Executive Officer of AMR and American in May 2004. He was elected Chief Executive Officer of AMR and American in April 2003. He served as President and Chief Operating Officer of AMR and American from April 2002 to April 2003. He served as Executive Vice President – Operations of American from January 2000 to April 2002, Chief Financial Officer of AMR from 1995 through 2000 and Senior Vice President – Planning of American from 1992 to January 1995. Prior to that, he served in various management positions at American since 1982. Age 50.
Daniel P. Garton	Mr. Garton was elected Executive Vice President – Marketing of American in September 2002. He is also an Executive Vice President of AMR. He served as Executive Vice President – Customer Services of American from January 2000 to September 2002 and Senior Vice President – Customer Services of American from 1998 to January 2000. Prior to that, he served as President of AMR Eagle from 1995 to 1998. Except for two years service as Senior Vice President and Chief Financial Officer of Continental between 1993 and 1995, he has been with the Company in various management positions since 1984. Age 51.
Thomas W. Horton	Mr. Horton was elected Executive Vice President of Finance and Planning and Chief Financial Officer of AMR and American in March 2006 upon returning to American from AT&T Corp., a telecommunications company, where he had been Vice Chairman and Chief Financial Officer. Prior to leaving for AT&T Corp., Mr. Horton was Senior Vice President and Chief Financial Officer of AMR and American from January 2000 to 2002. From 1994 to January 2000 Mr. Horton served as a Vice President of American and has served in various management positions of American since 1985. Age 47.
Robert W. Reding	Mr. Reding was elected Executive Vice President – Operations for American in September 2007. He is also an Executive Vice President of AMR. He served as Senior Vice President – Technical Operations for American from May 2003 to September 2007. He joined the Company in March 2000 and served as Chief Operations Officer of AMR Eagle through May 2003. Prior to joining the Company, Mr. Reding served as President and Chief Executive Officer of Reno Air from 1992 to 1998 and President and Chief Executive Officer of Canadian Regional Airlines from 1998 to March 2000. Age 59.
Gary F. Kennedy	Mr. Kennedy was elected Senior Vice President and General Counsel of AMR and American in January 2003. He is also the Company's Chief Compliance Officer. He served as Vice President – Corporate Real Estate of American from 1996 to January 2003. Prior to that, he served as an attorney and in various management positions at American since 1984. Age 53.

There are no family relationships among the executive officers of the Company named above.

There have been no events under any bankruptcy act, no criminal proceedings, and no judgments or injunctions material to the evaluation of the ability and integrity of any director or executive officer during the past five years.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

The Company's common stock is traded on the New York Stock Exchange (symbol AMR). The approximate number of record holders of the Company's common stock at February 11, 2009 was 15,802.

The range of closing market prices for AMR's common stock on the New York Stock Exchange was:

Quarter Ended	2008		2007	
	High	Low	High	Low
March 31	\$ 16.18	\$ 8.38	\$ 40.66	\$ 30.14
June 30	10.32	5.12	33.12	25.34
September 30	13.00	4.41	28.83	20.77
December 31	11.97	6.45	25.64	14.03

No cash dividends on common stock were declared for any period during 2008 or 2007, and the Company has no intention of paying dividends in the foreseeable future.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

(in millions, except per share amounts)

	<u>2008</u> ^{2,5}	<u>2007</u> ⁴	<u>2006</u> ¹	<u>2005</u> ^{1, 6}	<u>2004</u> ^{1, 6}
Total operating revenues	\$ 23,766	\$ 22,935	\$ 22,563	\$ 20,712	\$ 18,645
Operating income (loss)	(1,889)	965	1,060	(89)	(134)
Net income (loss)	(2,071)	504	231	(857)	(751)
Net income (loss) per share:					
Basic	(7.98)	2.06	1.13	(5.18)	(4.68)
Diluted	(7.98)	1.78	0.98	(5.18)	(4.68)
Total assets	25,175	28,571	29,145	29,495	28,773
Long-term debt, less current maturities	8,419	9,413	11,217	12,530	12,436
Obligations under capital leases, less current obligations	582	680	824	926	1,088
Obligation for pension and postretirement benefits	6,614	3,620	5,341	4,998	4,743
Stockholders' equity (deficit) ³	(2,935)	2,657	(606)	(1,430)	(537)

1 Includes the impact of adopting FSP AUG AIR-1 "Accounting for Planned Major Maintenance Activities".

2 Includes restructuring charges. In 2008, these restructuring charges consisted of \$1.2 billion primarily related to aircraft and employee charges due to announced capacity reductions (for further discussion of these items, see Note 2 to the consolidated financial statements).

3 Effective December 31, 2006, the Company adopted SFAS 158 "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans". This adoption decreased Stockholders' equity by \$1.0 billion and increased the obligation for pension and other postretirement benefits by \$880 million. As a result of actuarial changes including the discount rate and the impact of legislation changing pilot retirement age to 65, the Company recorded a \$1.7 billion reduction in pension and retiree medical and other benefits and a corresponding increase in stockholders' equity in 2007. As a result of a significant decline in market value in 2008, the Company recorded a \$3.0 billion increase in pension and retiree medical and other benefits and a similar decrease in stockholders' equity in 2008. In 2008, the Company incurred \$103 million in expense due to a pension settlement (for further discussion, see Note 10 to the consolidated financial statements).

4 Includes the impact of the \$138 million gain on the sale of ARINC as described in Note 3 to the consolidated financial statements.

5 Includes the impact of the \$432 million gain on the sale of American Beacon Advisors as described in Note 14 to the consolidated financial statements.

6 Includes the impact of adopting Statement of Financial Accounting Standards No. 123(R), "Share-Based Payment".

No cash dividends were declared on AMR's common shares during any of the periods above.

Information on the comparability of results is included in Item 7, "Management's Discussion and Analysis" and the notes to the consolidated financial statements.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Information

The discussions under Business, Risk Factors, Properties and Legal Proceedings, and the following discussions under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Quantitative and Qualitative Disclosures about Market Risk" contain various forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which represent the Company's expectations or beliefs concerning future events. When used in this document and in documents incorporated herein by reference, the words "expects," "plans," "anticipates," "indicates," "believes," "forecast," "guidance," "outlook," "may," "will," "should," "seeks," "targets" and similar expressions are intended to identify forward-looking statements. Forward-looking statements include, without limitation, the Company's expectations concerning operations and financial conditions, including changes in capacity, revenues, and costs, future financing plans and needs, overall economic and industry conditions, plans and objectives for future operations, regulatory approvals and actions, including the Company's application for antitrust immunity with other oneworld alliance members, and the impact on the Company of its results of operations in recent years and the sufficiency of its financial resources to absorb that impact. Other forward-looking statements include statements which do not relate solely to historical facts, such as, without limitation, statements which discuss the possible future effects of current known trends or uncertainties, or which indicate that the future effects of known trends or uncertainties cannot be predicted, guaranteed or assured. All forward-looking statements in this report are based upon information available to the Company on the date of this report. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise. Guidance given in this report regarding capacity, fuel consumption, fuel prices, fuel hedging, and unit costs, and statements regarding expectations of regulatory approval of the Company's application for antitrust immunity with other oneworld members are forward-looking statements. The Risk Factors listed in Item 1A, in addition to other possible factors not listed, could cause the Company's actual results to differ materially from historical results and from those expressed in forward-looking statements.

Overview

After earning a modest profit in 2006 and 2007, in 2008 the Company was severely challenged by the difficulties of very high fuel prices (oil prices reached a record price of \$147 per barrel in July 2008) and a rapidly deteriorating economy in the second half of the year. In reaction to these challenges, throughout 2008 the Company implemented several key actions designed to help it manage through these near-term challenges while continuing to position the Company for long-term success.

In response to soaring jet fuel prices, in May 2008 the Company announced capacity cuts to take effect during the last four months of 2008 as it attempted to create a more sustainable supply-demand balance in the market. At the same time, in an effort to generate more revenue, the Company introduced a range of new service charges, such as a service charge for a first checked bag, that were expected to generate incremental annual revenue of several hundred million dollars.

The Company also continued to focus on strengthening its balance sheet and executing on its fleet renewal and replacement plan, as further described below, and implemented a number of initiatives to improve its dependability and on-time performance. In addition, the Company continues to look for ways to strengthen its global network, and in August 2008 the Company, along with four fellow members of the oneworld global alliance, filed an application with the U.S. Department of Transportation for global antitrust immunity.

The Company recorded a net loss of \$2.1 billion in 2008 compared to net earnings of \$504 million in 2007. The Company's 2008 results include an impairment charge of \$1.1 billion to write the McDonnell Douglas MD-80 and Embraer RJ-135 fleets and certain related long-lived assets down to their estimated fair values, a \$71 million accrual for employee severance costs, and a \$33 million expense related to the grounding of leased Airbus A300 aircraft prior to lease expiration (all in connection with announced capacity reductions). Early pilot retirements resulted in \$917 million in total lump sum payments to 517 pilot retirees (approximately \$1.8 million per retiree consisting of payments from Company-funded defined benefit and defined contribution plan trusts) for which the Company incurred a \$103 million settlement charge. The capacity reduction and impairment charges are described in Note 2 and the pension settlement charge is described in Note 10 to the consolidated financial statements. In addition, the Company's 2008 results include the sale of American Beacon for a net gain of \$432 million described in Note 14 to the consolidated financial statements.

The Company's 2008 net operating loss also reflects a dramatic year-over-year increase in fuel prices from an average of \$2.13 per gallon in 2007 to an average of \$3.03 per gallon in 2008. Fuel expense has become the Company's largest single expense category and the price increase resulted in \$2.7 billion in incremental year-over-year fuel expense in 2008 (based on the year-over-year increase in the average price per gallon multiplied by gallons consumed, inclusive of the impact of fuel hedging). Although fuel prices have abated somewhat from the record prices recorded in July 2008, fuel prices are still extremely volatile by historical standards.

The significant rise in fuel price was partially offset by higher unit revenues (passenger revenue per available seat mile). Mainline passenger unit revenues increased 7.3 percent for the year due to an 8.6 percent increase in passenger yield (passenger revenue per passenger mile) partially offset by an approximately one point load factor decrease compared to 2007. Although passenger yield showed year-over-year improvement, passenger yield remains essentially flat with the levels set in 2000 despite cumulative inflation of approximately 25 percent over the same time frame. The Company believes this is the result of a fragmented industry with numerous competitors and excess capacity, increased low cost carrier competition, increased price competition due to the internet, and other factors. Since deregulation in 1978, the Company's passenger yield has increased 85 percent, while the Consumer Price Index (CPI), as measured by the US Department of Labor Bureau of Labor Statistics, has grown by 226 percent. The Company believes increases in passenger yield will continue to significantly lag CPI indefinitely.

The Company's efforts to drive continuous revenue and cost improvement under the Turnaround Plan are ongoing. This plan was established in 2003 and is the Company's strategic framework for achieving sustained profitability and has four tenets: (i) lower costs to compete, (ii) fly smart – give customers what they value, (iii) pull together, win together and (iv) build a financial foundation.

Although the Company's cost per available seat mile increased from 11.54 cents in 2002 to 14.57 cents in 2008, the fuel component of unit cost increased from 1.43 cents to 5.12 cents over the same period. All other components of unit cost decreased from 10.11 cents in 2002 to 9.45 cents in 2008, or 6.5 percent. However, the Company's 2008 unit costs excluding fuel were greater than in 2007, and are expected to increase in 2009 compared to 2008. Factors driving the 2009 increase include increased defined benefit pension expenses and retiree medical and other expenses (due to the stock market decline), and cost pressures associated with the Company's previously announced capacity reductions and dependability initiatives.

The Company has also implemented numerous efforts to find additional revenue sources and increase existing ones. In addition to improving core passenger and cargo revenues, these efforts have contributed to an increase in Other revenue from \$1.4 billion (as reclassified by change in presentation for certain passenger revenues – see Note 1 to the consolidated financial statements) in 2002 to \$2.2 billion in 2008. Examples of new revenue sources over this period include checked baggage service charges, flight change service charges, onboard food sales, single day passes for Admirals Club admission, reservations ticketing service charges, First Class upgrades on day of departure, and numerous other initiatives.

Lastly, under the Turnaround Plan, the Company has worked to reduce debt, continued to make contributions to employee pension plans and improve financial flexibility for the future. Historically, airline industry earnings are highly cyclical with frequent and extended periods of significant losses, and an airline's liquidity and borrowing capacity can be critical to sustaining operations. The Company has reduced its balance sheet debt (Short-Term Debt plus Long-Term Debt) from \$13.2 billion at the end of 2002 to \$11.0 billion at year end 2008. Over the same period, Cash and Short-term investments (including restricted cash and short-term investments) have increased by \$900 million to \$3.6 billion. However, the Company's Cash and Short-term investments (including restricted cash and short-term investments) decreased in 2008 due primarily to debt repayments, increased fuel expense and fuel hedge collateral as discussed in the "Liquidity and Capital Resources" section of Item 7.

Although the ratio of the fair value of plan assets to the accumulated benefit obligations of the employee pension programs has decreased from 75 percent to 70 percent during this same period due to a significant decrease in the value of assets from the recent decline in the stock market, the Company has contributed \$2.1 billion to the employee pension plans from 2002 through the end of 2008.

The Company made several announcements during 2008. In August 2008, American entered into a joint business agreement and related marketing arrangements with UK carrier, British Airways, and Spanish carrier, Iberia, providing for commercial cooperation by the carriers on flights between North America (consisting of the United States, Canada and Mexico) and Europe (consisting of the European Union, Switzerland and Norway). The agreement contemplates the pooling and sharing of certain revenues and costs on transatlantic flights, expanded codesharing on each other's flights, enhanced frequent flyer program reciprocity, and cooperation in the areas of planning, marketing and certain operations. These agreements were signed in connection with an application to the U.S. Department of Transportation by the carriers for antitrust immunity to permit global cooperation. The application also included the Finnish carrier, Finnair, and the Jordanian carrier, Royal Jordanian. If granted (which cannot be assured), antitrust immunity will permit the five carriers, all of whom are members of the **oneworld** airline alliance, to deepen cooperation on a bilateral and multilateral basis.

Implementation of the joint business agreement and related arrangements is subject to conditions, including various U.S. and foreign regulatory approvals, successful negotiation of certain detailed financial and commercial arrangements, and other approvals. Agencies from which regulatory approvals must be obtained may impose requirements or limitations as a condition of granting such approvals, such as requiring divestiture of routes, gates, slots or other assets.

The Company also continued its fleet renewal strategy as it entered into various amendments to its 737-800 purchase agreement with the Boeing Company. Giving effect to the amendments and considering the impact of delays caused by Boeing's recent machinist strike, the Company is now committed to take delivery of a total of 29 737-800 aircraft in 2009, 39 737-800 aircraft in 2010 and eight 737-800 aircraft in 2011. In addition to these aircraft, the Company has firm commitments for eleven 737-800 aircraft and seven Boeing 777 aircraft scheduled to be delivered in 2013 - 2016.

In addition, the Company entered into a new purchase agreement with Boeing for the acquisition of 42 Boeing 787-9 aircraft. The Boeing 787-9 purchase agreement contains certain contingency provisions including provisions which allow American to cancel the contract under certain circumstances, which are described in the Liquidity and Capital Resources subsection of Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations". The agreement also includes purchase rights to acquire up to 58 additional Boeing 787 aircraft.

In 2007, the Company had announced the intended divestiture of AMR Eagle, its wholly-owned regional carrier. Given the current industry environment, the Company announced in 2008 that it had decided to place on hold its planned divestiture until industry conditions were more stable and favorable. The Company continues to believe that a divestiture of AMR Eagle makes sense in the long term for the Company, American, AMR Eagle and their stakeholders, but the Company also believes that a divestiture is not sensible amid current conditions.

The Company's ability to return to profitability and its ability to continue to fund its obligations on an ongoing basis will depend on a number of factors, many of which are largely beyond the Company's control. Certain risk factors that affect the Company's business and financial results are discussed in the Risk Factors listed in Item 1A. In addition, most of the Company's largest domestic competitors and several smaller carriers have filed for bankruptcy in the last several years and have used this process to significantly reduce contractual labor and other costs. In order to remain competitive and to improve its financial condition, the Company must continue to take steps to generate additional revenues and to reduce its costs. Although the Company has a number of initiatives underway to address its cost and revenue challenges, the adequacy and ultimate success of these initiatives is not known at this time and cannot be assured. It will be very difficult for the Company to continue to fund its obligations on an ongoing basis, and to return to profitability, if the overall industry revenue environment does not improve substantially and if fuel prices were to increase and persist for an extended period at high levels.

Liquidity and Capital Resources

Cash, Short-Term Investments and Restricted Assets At December 31, 2008, the Company had \$3.1 billion in unrestricted cash and short-term investments and \$459 million in restricted cash and short-term investments, both at fair value, versus \$4.5 billion in unrestricted cash and short-term investments and \$428 million in restricted cash and short-term investments in 2007. Despite the current credit crisis and its deteriorating impact on the measurement of the fair value of investments, the Company had no short-term investments that had permanently declined in value, nor did it own any auction rate securities. As of December 31, 2008, the Company had recorded approximately \$10 million of unrealized loss in other comprehensive income related to its short-term investments.

Significant Indebtedness and Future Financing Indebtedness is a significant risk to the Company as discussed in the Risk Factors listed in Item 1A. During 2006, 2007 and 2008, the Company raised an aggregate of approximately \$2.4 billion in financing to fund capital commitments (mainly for aircraft and ground properties), debt maturities, and employee pension obligations, and to bolster its liquidity. As of the date of this Form 10-K, the Company believes that it should have sufficient liquidity to fund its operations for the near term, including repayment of debt and capital leases, capital expenditures and other contractual obligations, including those relating to the anticipated delivery of 76 Boeing 737-800 aircraft that American is now committed to acquire in 2009 through 2011.

In 2009, the Company will be required to make approximately \$1.8 billion of principal payments on long-term debt and approximately \$110 million in principal payments on capital leases, and the Company expects to spend approximately \$1.6 billion on capital expenditures, including the aircraft commitments described in the preceding paragraph. In addition, the global economic downturn, potential increases in the amount of required reserves under credit card processing agreements, and the obligation to post cash collateral to secure loss positions on fuel hedging contracts, also pose challenges to our liquidity. To maintain sufficient liquidity and because the Company has significant debt, lease and other obligations in the next several years, including commitments to purchase aircraft, as well as significant pension funding obligations (refer to Contractual Obligations in this Item 7), the Company will need access to substantial additional funding.

The Company's possible financing sources primarily include: (i) a limited amount of additional secured aircraft debt or sale leaseback transactions involving owned aircraft; (ii) debt secured by new aircraft deliveries; (iii) debt secured by other assets; (iv) securitization of future operating receipts; (v) the sale or monetization of certain assets; (vi) unsecured debt; and (vii) issuance of equity and/or equity-like securities. Besides unencumbered aircraft, some of the Company's particular assets and other sources of liquidity that could be sold or otherwise used as sources of financing include AAdvantage program miles, route authorities and takeoff and landing slots, and certain of the Company's business units and subsidiaries, such as AMR Eagle. The Company's ability to obtain future financing is limited by the value of its unencumbered assets. A very large majority of the Company's aircraft assets (including most of the aircraft eligible for the benefits of Section 1110 of the U.S. Bankruptcy Code) are encumbered. Also, the market value of these aircraft assets has declined in recent years, and may continue to decline. The Company believes it has at least \$3.5 billion in unencumbered assets and other sources of liquidity as of December 31, 2008. However, the availability and level of the financing sources described above cannot be assured, particularly in light of the Company's and American's financial results in recent years, the Company's and American's substantial indebtedness, the difficult revenue environment they face, their reduced credit ratings, recent historically high fuel prices, and the financial difficulties experienced in the airline industry. In addition, the global economic downturn and recent severe disruptions in the capital markets and other sources of funding have resulted in greater volatility, less liquidity, widening of credit spreads and substantially more limited availability of funding. The inability of the Company to obtain necessary funding on acceptable terms would have a material adverse impact on the Company and on its ability to sustain its operations.

The Company's substantial indebtedness and other obligations have important consequences. For example, they: (i) limit the Company's ability to obtain additional funding for working capital, capital expenditures, acquisitions and general corporate purposes, and adversely affect the terms on which such funding could be obtained; (ii) require the Company to dedicate a substantial portion of its cash flow from operations to payments on its indebtedness and other obligations, thereby reducing the funds available for other purposes; (iii) make the Company more vulnerable to economic downturns; and (iv) limit the Company's ability to withstand competitive pressures and reduce its flexibility in responding to changing business and economic conditions.

Under the Company's Boeing 737-800 and Boeing 777-200 purchase agreements, payments for the related aircraft purchase commitments will be approximately \$1.0 billion in 2009, \$1.1 billion in 2010, \$355 million in 2011, \$218 million in 2012, \$417 million in 2013 and \$584 million for 2014 and beyond. These amounts are net of purchase deposits currently held by the manufacturer.

In October 2008, the Company entered into a sale leaseback agreement for 20 of the 76 Boeing 737-800 aircraft to be delivered in 2009 - 2011. Such financing is subject to certain terms and conditions including a minimum liquidity requirement. In addition, the Company had previously arranged for backstop financing which covered a significant portion of the remaining 2009 - 2011 Boeing 737-800 aircraft deliveries. As a result, all of the Company's 737-800 aircraft purchase commitments for 2009 - 2011 will be covered by committed financing except for approximately \$195 million, substantially all of which is due in the fourth quarter of 2010.

In October 2008, the Company entered into a new purchase agreement with Boeing for the acquisition of 42 Boeing 787-9 aircraft. Per the purchase agreement, the first such aircraft is scheduled to be delivered in 2012, and the last is scheduled to be delivered in 2018. The agreement also includes purchase rights to acquire up to 58 additional Boeing 787 aircraft, with deliveries between 2015 and 2020. Based on preliminary information received from Boeing on the impact of the overall Boeing 787 program delay to American's delivery positions due to the strike in 2008, the Company now believes the first of the initial 42 aircraft will be delivered during the second half of 2013. The first of the 58 optional purchase rights aircraft would be delivered in the second half of 2016 based on the same preliminary information. Under the 787-9 purchase agreement, except as described below, American will not be obligated to purchase a 787-9 aircraft unless it gives Boeing notice confirming its election to do so at least 18 months prior to the scheduled delivery date for that aircraft. If American does not give that notice with respect to an aircraft, the aircraft will be no longer subject to the 787-9 purchase agreement. These confirmation rights may be exercised until May 1, 2013, provided that those rights will terminate earlier if American reaches a collective bargaining agreement with its pilot union that includes provisions enabling American to utilize the 787-9 to American's satisfaction in the operations desired by American, or if American confirms its election to purchase any of the initial 42 787-9 aircraft. While there can be no assurances, American expects to have reached an agreement as described above with its pilots union prior to the first notification date. In either of those events, American would become obligated to purchase all of the initial 42 aircraft then subject to the purchase agreement. If neither of those events occur prior to May 1, 2013, then on that date American may elect to purchase all of the initial 42 aircraft then subject to the purchase agreement, and if it does not elect to do so, the purchase agreement will terminate in its entirety.

The Company's continued aircraft replacement strategy, and its execution of that strategy, will depend on such factors as future economic and industry conditions and the financial condition of the Company.

Credit Ratings AMR's and American's credit ratings are significantly below investment grade. Additional reductions in AMR's or American's credit ratings could further increase its borrowing or other costs and further restrict the availability of future financing.

Credit Facility Covenants American has a secured bank credit facility which consists of a fully drawn \$255 million revolving credit facility with a final maturity on June 17, 2009, and a fully drawn \$436 million term loan facility, with a final maturity on December 17, 2010 (the Revolving Facility and the Term Loan Facility, respectively, and collectively, the Credit Facility).

The Credit Facility contains a covenant (the Liquidity Covenant) requiring American to maintain, as defined, unrestricted cash, unencumbered short-term investments and amounts available for drawing under committed revolving credit facilities of not less than \$1.25 billion for each quarterly period through the life of the Credit Facility. AMR and American were in compliance with the Liquidity Covenant as of December 31, 2008, and expect to be able to continue to comply with this covenant in the near term. In addition, the Credit Facility contains a covenant (the EBITDAR Covenant) requiring AMR to maintain a ratio of cash flow (defined as consolidated net income, before interest expense (less capitalized interest), income taxes, depreciation and amortization and rentals, adjusted for certain gains or losses and non-cash items) to fixed charges (comprising interest expense (less capitalized interest) and rentals). In May 2008, AMR and American entered into an amendment to the Credit Facility which waived compliance with the EBITDAR Covenant for periods ending on any date from and including June 30, 2008 through March 31, 2009, and which reduced the minimum ratios AMR is required to satisfy thereafter. The required ratio will be 0.90 to 1.00 for the one quarter period ending June 30, 2009 and will increase to 1.15 to 1.00 for the four quarter period ending September 30, 2010. Given fuel prices that have been very high by historical standards and the volatility of fuel prices and revenues, uncertainty in the capital markets and about other sources of funding, and other factors, it is difficult to assess whether the Company will be able to continue to comply with these covenants, and there are no assurances that it will be able to do so. Failure to comply with these covenants would result in a default under the Credit Facility which – if the Company did not take steps to obtain a waiver of, or otherwise mitigate, the default – could result in a default under a significant amount of its other debt and lease obligations, and otherwise have a material adverse impact on the Company and on its ability to sustain its operations.

Credit Card Processing and Other Reserves American has agreements with a number of credit card companies and processors to accept credit cards for the sale of air travel and other services. Under certain of American's current credit card processing agreements, the related credit card company or processor may hold back, under certain circumstances, a reserve from American's credit card receivables. American was not required to maintain any reserve under these agreements in 2008.

Under one such agreement, the amount of such reserve may be based on, among other things, the amount of unrestricted cash (not including undrawn credit facilities) held by American and American's debt service coverage ratio, as defined in the agreement. In order to mitigate the impact of this potential reserve, the Company drew down its \$255 million revolving credit facility in September 2008. Based on the Company's current agreement, as amended in 2008, no reserves were required in 2008. Given the volatility of fuel prices and revenues, it is difficult to forecast the required amount of such reserve at any time. The Company's maximum holdback exposure is \$200 million through August 15, 2009. However, if current conditions persist, absent a waiver or modification of the agreement, such required amount could be significantly greater than \$200 million in the latter half of 2009.

Cash Flow Activity The Company's cash flow used in operating activities during the year ended December 31, 2008 was \$1.4 billion and was primarily due to the dramatic year-over-year increase in fuel prices which resulted in \$2.7 billion in incremental year-over-year fuel expense in 2008 (based on the year-over-year increase in the average price per gallon multiplied by gallons consumed).

Capital expenditures during 2008 were \$876 million and primarily included aircraft purchase deposits and aircraft modifications. See Note 6 to the consolidated financial statements for additional information.

In 2008, the Company reduced long-term debt and capital lease obligations (including current maturities) by \$185 million, while pursuing opportunities to generate more cash through several transactions. During 2008, the Company raised \$924 million through sale leasebacks of certain aircraft and loans secured by aircraft. In addition, AMR completed a public offering of 27.1 million shares of its common stock, generating net proceeds of \$294 million.

The Company also made scheduled and unscheduled debt and capital lease payments of \$1.1 billion in 2008. Included in this amount, AMR purchased with cash the \$300 million principal amount of the 4.25 percent senior convertible notes due 2023. The holders of the 4.25 Notes exercised their elective put rights and the Company purchased and retired these notes at a price equal to 100 percent of their principal amount. Under the terms of the 4.25 Notes, the Company had the option to pay the purchase price with cash, stock, or a combination of cash and stock, and the Company elected to pay for the 4.25 Notes solely with cash.

Further, the Company drew down its \$255 million revolving credit facility in 2008. The draw on the credit facility was intended to reduce the amount of a potential credit card holdback reserve that could have been imposed in the fourth quarter of 2008 based on the terms of one of the Company's credit card processing agreements. The amount of the holdback reserve from such agreement may be based on, among other things, the amount of unrestricted cash (which does not include undrawn credit facilities) held by the Company and the Company's debt service coverage ratio.

For the year ended December 31, 2008, the Company recognized net gains of approximately \$380 million, as opposed to \$239 million in 2007, as a component of fuel expense related to its fuel hedging agreements, including the ineffective portion of the hedges. As a result of the rapid decline in energy prices in the second half of 2008 and certain other events, the Company estimates during the next twelve months it will reclassify from Accumulated other comprehensive loss into earnings approximately \$711 million in net incremental expenses related to its fuel derivative hedges (based on prices as of December 31, 2008). These hedging expenses, however, are substantially outweighed by the overall reduction in fuel expense resulting from the same decline in fuel prices. See Note 7 to the consolidated financial statements for additional information.

Due to the current value of the Company's derivative contracts, some agreements with counterparties require collateral to be deposited by the Company. As of December 31, 2008, the cash collateral held by such counterparties from AMR was \$575 million. The amount of collateral required to be deposited with the Company or with the counterparty by the Company is based on fuel price in relation to the market values of the derivative contracts and collateral provisions per the terms of those contracts and can fluctuate significantly. These derivative contracts are currently required to be collateralized at approximately 90 percent of the fair value of the liability position. As such, when these contracts settle (mainly in the first half of 2009), the collateral posted with counterparties will effectively offset the loss position and no further cash impact will be recorded assuming a static forward heating oil curve from December 31, 2008. Under the same assumption, the Company does not currently expect to be required in 2009 to deposit significant additional cash collateral above 2008 levels with counterparties with regard to fuel hedges in place as of December 31, 2008. Additional information regarding the Company's fuel hedging program is also included in Item 7(A) "Quantitative and Qualitative Disclosures about Market Risk" and in Note 7 to the consolidated financial statements.

In September 2008, AMR completed the sale of American Beacon, which resulted in total proceeds of \$442 million and a net gain of \$432 million. The gain on the sale is included in Miscellaneous-net in the accompanying consolidated statement of operations. While primarily a cash transaction, the Company also maintained a minority equity stake in American Beacon.

In the past, the Company has from time to time refinanced, redeemed or repurchased its debt and taken other steps to reduce its debt or lease obligations or otherwise improve its balance sheet. Going forward, depending on market conditions, its cash positions and other considerations, the Company may continue to take such actions.

Compensation On January 27, 2009, the Company approved the 2009 Annual Incentive Plan (AIP) for American. All U.S. based employees of American are eligible to participate in the AIP. The AIP is American's annual bonus plan and provides for the payment of awards in the event certain financial and/or customer service metrics are satisfied.

Working Capital AMR (principally American) historically operates with a working capital deficit, as do most other airline companies. In addition, the Company has historically relied heavily on external financing to fund capital expenditures. More recently, the Company has also relied on external financing to fund operating losses, employee pension obligations and debt maturities.

Off Balance Sheet Arrangements American has determined that it holds a significant variable interest in, but is not the primary beneficiary of, certain trusts that are the lessors under 84 of its aircraft operating leases. These leases contain a fixed price purchase option, which allows American to purchase the aircraft at a predetermined price on a specified date. However, American does not guarantee the residual value of the aircraft. As of December 31, 2008, future lease payments required under these leases totaled \$1.7 billion.

Certain special facility revenue bonds have been issued by certain municipalities primarily to purchase equipment and improve airport facilities that are leased by American and accounted for as operating leases. Approximately \$1.5 billion of these bonds (with total future payments of approximately \$3.4 billion as of December 31, 2008) are guaranteed by American, AMR, or both. Approximately \$177 million of these special facility revenue bonds contain mandatory tender provisions that require American to make operating lease payments sufficient to repurchase the bonds at various times: \$112 million in 2014 and \$65 million in 2015. Although American has the right to remarket the bonds, there can be no assurance that these bonds will be successfully remarketed. Any payments to redeem or purchase bonds that are not remarketed would generally reduce existing rent leveling accruals or be considered prepaid facility rentals and would reduce future operating lease commitments.

In addition, the Company had other operating leases, primarily for aircraft and airport facilities, with total future lease payments of \$4.1 billion as of December 31, 2008. Entering into aircraft leases allows the Company to obtain aircraft without immediate cash outflows.

Contractual Obligations

The following table summarizes the Company's obligations and commitments as of December 31, 2008 (in millions):

Contractual Obligations	Payments Due by Year(s) Ended December 31,				
	Total	2009	2010 and 2011	2012 and 2013	2014 and Beyond
Operating lease payments for aircraft and facility obligations ¹	9,187	998	1,854	1,391	4,944
Firm aircraft commitments ²	3,662	1,028	1,415	635	584
Capacity purchase agreements ³	205	68	120	17	-
Long-term debt ⁴	13,980	2,387	4,396	2,101	5,096
Capital lease obligations	1,127	182	289	180	476
Other purchase obligations ⁵	967	273	378	313	3
Other long-term liabilities ⁶	6,081	176	1,568	1,332	3,005
Total obligations and commitments	35,209	5,112	10,020	5,969	14,108

- 1 Certain special facility revenue bonds issued by municipalities - which are supported by operating leases executed by American - are guaranteed by AMR and/or American. The special facility revenue bonds with mandatory tender provisions discussed above are included in this table under their ultimate maturity date rather than their mandatory tender provision date. See Note 5 to the consolidated financial statements for additional information.
- 2 As of December 31, 2008, the Company had firm commitments to acquire 29 Boeing 737-800s in 2009, 39 Boeing 737-800s in 2010 and eight 737-800 aircraft in 2011. In addition to these aircraft, the Company has firm commitments for eleven 737-800 aircraft and seven Boeing 777 aircraft scheduled to be delivered in 2013 - 2016. Future payments for all aircraft, including the estimated amounts for price escalation, are currently estimated to be approximately \$3.7 billion, with the majority occurring in 2009 through 2011. Additional information about the Company's obligations is included in Note 4 to the consolidated financial statements.
- 3 The table reflects minimum required payments under capacity purchase agreements between American and two regional airlines, Chautauqua Airlines, Inc. (Chautauqua) and Trans States Airlines, Inc. If the Company terminates its contract with Chautauqua without cause, Chautauqua has the right to put its 15 Embraer aircraft to the Company. If this were to happen, the Company would take possession of the aircraft and become liable for lease obligations totaling approximately \$21 million per year with lease expirations in 2018 and 2019. These lease obligations are not included in the table above. See Note 4 to the consolidated financial statements for additional information.
- 4 Amounts represent contractual amounts due, including interest. Interest on variable rate debt was estimated based on the current rate at December 31, 2008.
 - 5 Includes noncancelable commitments to purchase goods or services, primarily information technology related support. The Company has made estimates as to the timing of certain payments primarily for construction related costs. The actual timing of payments may vary from these estimates. Substantially all of the Company's purchase orders issued for other purchases in the ordinary course of business contain a 30-day cancellation clause that allows the Company to cancel an order with 30 days notice.
 - 6 Includes minimum pension contributions based on actuarially determined estimates and other postretirement benefit payments based on estimated payments through 2017. See Note 10 to the consolidated financial statements.

Pension Obligations The Company is required to make minimum contributions to its defined benefit pension plans under the minimum funding requirements of the Employee Retirement Income Security Act (ERISA), the Pension Funding Equity Act of 2004 and the Pension Protection Act of 2006. The Company is not required to make any 2009 contributions to its defined benefit pension plans under the provisions of these acts.

The Company's obligation for pension and retiree medical and other benefits increased from \$3.6 billion at December 31, 2007 to \$6.6 billion at December 31, 2008, largely the result of negative investment returns on the Company's pension assets in 2008 related to the broader stock market decline. A significant portion of this increase is recorded in Accumulated other comprehensive loss, a component of stockholders' equity. Consequently, the Company's 2009 pension expense will be substantially higher than in 2008. Also, although the Company is not required to make contributions to its defined benefit pension plans in 2009, based on current funding levels of the plans, the Company expects that the amount of the required contributions will be substantial in 2010 and future years (these estimates are reflected in the above table). The Company expects to contribute approximately \$13 million to its retiree medical and other benefit plan in 2009.

Results of Operations

The Company recorded a net loss of \$2.1 billion in 2008 compared to net earnings of \$504 million in 2007. The Company's 2008 results include an impairment charge of \$1.1 billion to write the McDonnell Douglas MD-80 and Embraer RJ-135 fleets and certain related long-lived assets down to their estimated fair values, a \$71 million accrual for employee severance cost and a \$33 million expense related to the grounding of leased Airbus A300 aircraft prior to lease expiration, all in connection with announced capacity reductions and included in Special charges in the Consolidated Statements of Operations. These charges are described in Note 2 to the consolidated financial statements. In addition, the Company's 2008 results include the sale of American Beacon for a net gain of \$432 million included in Miscellaneous-net on the Consolidated Statements of Operations and the impact of a pension settlement charge of \$103 million for one of the Company's defined benefit plans included in Wages, salaries and benefits on the Consolidated Statements of Operations and as described in Note 14 and Note 10, respectively.

The Company recorded net earnings of \$504 million in 2007 compared to \$231 million in 2006. The Company's 2007 results reflected an improvement in revenues somewhat offset by fuel prices and certain other costs that were higher in 2007 compared to 2006. The 2007 and 2006 results were impacted by productivity improvements and by cost reductions resulting from progress under the Turnaround Plan. The 2007 results include the impact of several items including: a \$138 million gain on the sale of AMR's stake in ARINC included in Other Income, Miscellaneous – net, a \$39 million gain to reflect the positive impact of the change to an 18-month expiration of AAdvantage miles included in Passenger revenue, and a \$63 million charge associated with the retirement and planned disposal of 24 MD-80 aircraft and certain other equipment that previously had been temporarily stored included in Special charges.

Revenues

2008 Compared to 2007 The Company's revenues increased approximately \$831 million, or 3.6 percent, to \$23.8 billion in 2008 compared to 2007. American's passenger revenues increased by 3.3 percent, or \$583 million, despite a significant capacity (available seat mile) (ASM) decrease of 3.8 percent. American's passenger load factor decreased approximately one point to 80.6 percent and passenger revenue yield per passenger mile increased 8.6 percent to 13.84 cents. This resulted in an increase in passenger revenue per available seat mile (RASM) of 7.3 percent to 11.15 cents. In 2008, American derived approximately 60 percent of its passenger revenues from domestic operations and approximately 40 percent from international operations. Certain 2007 passenger revenues were reclassified to conform with the current presentation, as described in Note 1 to the consolidated financial statements. Following is additional information regarding American's domestic and international RASM and capacity:

	Year Ended December 31, 2008			
	RASM (cents)	Y-O-Y Change	ASMs (billions)	Y-O-Y Change
DOT Domestic	10.81	5.5%	101.9	(6.1)%
International	11.71	10.1	61.7	0.5
DOT Latin America	12.47	11.9	30.4	2.2
DOT Atlantic	10.96	6.6	24.6	(1.4)
DOT Pacific	11.04	13.2	6.7	(0.4)

Regional Affiliates' passenger revenues, which are based on industry standard proration agreements for flights connecting to American flights, remained flat at \$2.5 billion. Regional Affiliates' traffic decreased 10.2 percent to 8.8 billion revenue passenger miles (RPMs), while capacity decreased 6.0 percent to 12.6 billion ASMs, resulting in a 3.2 point decrease in passenger load factor to 70.2 percent.

Cargo revenues increased 5.9 percent, or \$49 million, primarily as a result of increased fuel surcharges.

Other revenues increased 9.2 percent, or \$183 million, to \$2.2 billion due to increases in certain passenger service charges.

2007 Compared to 2006 The Company's revenues increased approximately \$372 million, or 1.6 percent, to \$22.9 billion in 2007 compared to 2006. American's passenger revenues increased by 2.1 percent, or \$360 million, despite a capacity (available seat mile) (ASM) decrease of 2.4 percent. American's passenger load factor increased 1.4 points to 81.5 percent and passenger revenue yield per passenger mile increased 2.8 percent to 12.75 cents. This resulted in an increase in passenger revenue per available seat mile (RASM) of 4.6 percent to 10.39 cents. In 2007, American derived approximately 63 percent of its passenger revenues from domestic operations and approximately 37 percent from international operations. Certain 2007 and 2006 passenger revenues were reclassified to conform with the current presentation, as described in Note 1 to the consolidated financial statements. Following is additional information regarding American's domestic and international RASM and capacity:

	Year Ended December 31, 2007			
	RASM (cents)	Y-O-Y Change	ASMs (billions)	Y-O-Y Change
DOT Domestic	10.3	3.4%	108.5	(2.6)%
International	10.6	6.6	61.4	(2.0)
DOT Latin America	11.1	6.7	29.6	0.9
DOT Atlantic	10.3	2.7	25.0	(0.5)
DOT Pacific	9.8	18.6	6.8	(17.1)

Regional Affiliates' passenger revenues, which are based on industry standard proration agreements for flights connecting to American flights, decreased \$32 million, or 1.3 percent, to \$2.5 billion as a result of decreased capacity and load factors. Regional Affiliates' traffic decreased 1.2 percent to 9.8 billion revenue passenger miles (RPMs), while capacity decreased 1.0 percent to 13.4 billion ASMs, resulting in a 0.2 point decrease in passenger load factor to 73.4 percent.

Cargo revenues decreased 0.2 percent, or \$2 million primarily as a result of lower freight traffic.

Other revenues increased 2.4 percent, or \$46 million, to \$1.9 billion due in part to increases in certain passenger service charges and higher passenger volumes.

Operating Expenses

2008 Compared to 2007 The Company's total operating expenses increased 16.8 percent, or \$3.7 billion, to \$25.7 billion in 2008 compared to 2007. American's mainline operating expenses per ASM in 2008 increased 21.9 percent compared to 2007 to 13.87 cents. The increase in operating expense was largely due to a dramatic year-over-year increase in fuel prices from \$2.13 per gallon in 2007 to \$3.03 per gallon in 2008, including the impact of fuel hedging. Fuel expense was the Company's largest single expense category and the price increase resulted in \$2.7 billion in incremental year-over-year fuel expense in 2008 (based on the year-over-year increase in the average price per gallon multiplied by gallons consumed, inclusive of the impact of fuel hedging). A return to the recent historically high fuel prices and/or disruptions in the supply of fuel would further materially adversely affect the Company's financial condition and results of operations. The remaining increase in operating expense was due to the second quarter 2008 impairment charge of \$1.1 billion to write the McDonnell Douglas MD-80 and Embraer RJ-135 fleets and certain related long-lived assets down to their estimated fair values and certain other special charges and employee charges, as discussed previously in Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations".

(in millions)

	Year ended December 31, 2008	Change from 2007	Percentage Change
Operating Expenses			
Aircraft fuel	\$ 9,014	\$ 2,344	35.1% (a)
Wages, salaries and benefits	6,655	(115)	(1.7)
Other rentals and landing fees	1,298	20	1.6
Depreciation and amortization	1,207	5	0.4
Maintenance, materials and repairs	1,237	180	17.0 (b)
Commissions, booking fees and credit card expense	997	(31)	(3.0)
Aircraft rentals	492	(99)	(16.8) (c)
Food service	518	(16)	(3.0)
Special charges	1,213	1,150	* (d)
Other operating expenses	3,024	247	8.9 (e)
Total operating expenses	<u>\$ 25,655</u>	<u>\$ 3,685</u>	<u>16.8%</u>

* Not meaningful

- (a) Aircraft fuel expense increased primarily due to a 42.4 percent increase in the Company's price per gallon of fuel (net of the impact of hedging gains of \$380 million) offset by a 5.1 percent decrease in the Company's fuel consumption, primarily due to reductions in available seat miles.
- (b) Maintenance, materials and repairs expense increased due to a heavier workscope of scheduled and unscheduled airframe maintenance overhauls, dependability initiatives, repair costs and volume, and contractual engine repair rates, which are driven by aircraft age.
- (c) Aircraft rental expense decreased principally due to lease expirations of Boeing 757 and McDonnell Douglas MD-80 aircraft.
- (d) Special charges are related to an impairment charge in the second quarter of 2008 of \$1.1 billion to write down the Company's McDonnell Douglas MD-80 and Embraer RJ-135 fleets and certain related long-lived assets to their estimated fair values. This impairment charge was triggered by the record increase in fuel prices over the preceding twelve months. In addition, the Company accrued \$71 million for severance costs and \$33 million related to the grounding of leased Airbus A300 aircraft prior to lease expiration, both related to the capacity reductions.
- (e) Other operating expenses increased due in part to an increase in foreign exchange losses of \$70 million.

2007 Compared to 2006 The Company's total operating expenses increased 2.2 percent, or \$467 million, to \$22.0 billion in 2007 compared to 2006. American's mainline operating expenses per ASM in 2007 increased 4.4 percent compared to 2006 to 11.38 cents. This increase in operating expenses per ASM is due primarily to a 5.6 percent increase in American's price per gallon of fuel (net of the impact of fuel hedging) in 2007 relative to 2006.

(in millions)	Year ended December 31, 2007	Change from 2006	Percentage Change	
Operating Expenses				
Wages, salaries and benefits	\$ 6,770	\$ (43)	(0.6)%	
Aircraft fuel	6,670	268	4.2	(a)
Other rentals and landing fees	1,278	(5)	(0.4)	
Depreciation and amortization	1,202	45	3.9	
Maintenance, materials and repairs	1,057	86	8.9	(b)
Commissions, booking fees and credit card expense	1,028	(47)	(4.5)	
Aircraft rentals	591	(15)	(2.5)	
Food service	534	26	5.1	
Special charges	63	63	*	(c)
Other operating expenses	2,777	89	3.2	
Total operating expenses	<u>\$ 21,970</u>	<u>\$ 467</u>	<u>2.2%</u>	

* Not meaningful

- (a) Aircraft fuel expense increased primarily due to a 5.6 percent increase in American's price per gallon of fuel (net of the impact of hedging gains of \$239 million) offset by a 1.6 percent decrease in American's fuel consumption.
- (b) Maintenance, materials and repairs expense increased primarily due to \$57 million in heavier workscope of scheduled airframe maintenance overhauls, repair costs and volume, and contractual engine repair rates, which are driven by aircraft age.
- (c) Special charges increased due to a \$63 million charge for the retirement of 24 MD-80 aircraft and certain related equipment.

Other Income (Expense)

Other income (expense) consists of interest income and expense, interest capitalized and miscellaneous - net.

2008 Compared to 2007 Decreases in both short-term investment balances and interest rates caused a decrease in Interest income of \$156 million, or 46.4 percent, to \$181 million. Interest expense decreased \$158 million, or 17.2 percent, to \$756 million primarily as a result of a decrease in the Company's long-term debt balance. Miscellaneous - net includes a gain of \$432 million for the sale of American Beacon.

2007 Compared to 2006 Increases in both short-term investment balances and interest rates caused an increase in Interest income of \$58 million, or 20.8 percent, to \$337 million. Interest expense decreased \$116 million, or 11.2 percent, to \$914 million primarily as a result of prepayment and repayment of existing debt. Miscellaneous - net includes a gain of \$138 million for the sale of ARINC.

Income Tax Benefit

The Company did not record a net tax provision or benefit associated with its 2008 losses or its 2007 or 2006 earnings due to the Company providing a valuation allowance, as discussed in Note 8 to the consolidated financial statements.

Operating Statistics

The following table provides statistical information for American and Regional Affiliates for the years ended December 31, 2008, 2007 and 2006.

	Year Ended December 31,		
	2008	2007	2006
American Airlines, Inc. Mainline Jet Operations			
Revenue passenger miles (millions)	131,757	138,453	139,454
Available seat miles (millions)	163,532	169,906	174,021
Cargo ton miles (millions)	2,005	2,122	2,224
Passenger load factor	80.6%	81.5%	80.1%
Passenger revenue yield per passenger mile (cents) (^)	13.84	12.75	12.40
Passenger revenue per available seat mile (cents) (^)	11.15	10.39	9.94
Cargo revenue yield per ton mile (cents)	43.59	38.86	37.18
Operating expenses per available seat mile, excluding Regional Affiliates (cents) (*)	13.87	11.38	10.90
Fuel consumption (gallons, in millions)	2,694	2,834	2,881
Fuel price per gallon (cents)	302.6	212.1	200.8
Operating aircraft at year-end	626	655	697
Regional Affiliates			
Revenue passenger miles (millions)	8,846	9,848	9,972
Available seat miles (millions)	12,603	13,414	13,554
Passenger load factor	70.2%	73.4%	73.6%

(*) Excludes \$3.1 billion, \$2.8 billion and \$2.7 billion of expense incurred related to Regional Affiliates in 2008, 2007 and 2006, respectively.

(^) Reflects the impact of the reclassification of certain 2007 and 2006 passenger revenues to conform with the current presentation, as described in Note 1 to the consolidated financial statements.

Outlook

The Company currently expects capacity for American's mainline jet operations to decline by 8.5 percent in the first quarter of 2009 versus first quarter 2008. American's mainline capacity for the full year 2009 is expected to decrease approximately 6.5 percent from 2008 with a 9.0 percent reduction in domestic capacity and more than a 2.5 percent decrease in international capacity.

The Company currently expects first quarter 2009 mainline unit costs to decrease approximately 2.9 percent year over year. The first quarter 2009 and full year 2009 unit cost expectations reflect the reduction in the cost of fuel during the last quarter of 2008, somewhat offset by increased defined benefit pension expenses and retiree medical and other expenses (due to the stock market decline), and by cost pressures associated with the Company's previously announced capacity reductions and dependability initiatives. Due to these cost pressures, the Company expects first quarter and full year 2009 unit costs excluding fuel to be higher than the respective prior year periods. The Company's results are significantly affected by the price of jet fuel, which is in turn affected by a number of factors beyond the Company's control. Although fuel prices have abated somewhat from the record prices recorded in July 2008, fuel prices are still very volatile.

The Company is experiencing significantly weaker demand for air travel driven by the severe downturn in the global economy. The Company implemented capacity reductions in 2008 in response to record high fuel prices which have somewhat mitigated this weakening of demand, and has now announced further reductions to the 2009 capacity plan. However, if the global economic downturn persists or worsens, demand for air travel may continue to weaken. No assurance can be given that capacity reductions or other steps we may take will be adequate to offset the effects of reduced demand.

Other Information

Critical Accounting Policies and Estimates The preparation of the Company's financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The Company believes its estimates and assumptions are reasonable; however, actual results and the timing of the recognition of such amounts could differ from those estimates. The Company has identified the following critical accounting policies and estimates used by management in the preparation of the Company's financial statements: accounting for fair value, long-lived assets, routes, passenger revenue, frequent flyer program, stock compensation, pensions and retiree medical and other benefits, income taxes and derivatives accounting.

Fair value – The Company has adopted Statement of Financial Accounting Standards No. 157 “Fair Value Measurements” (SFAS 157) as it applies to financial assets and liabilities effective January 1, 2008. The Company's routes are not yet subject to SFAS 157. SFAS 157 defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles (GAAP) and enhances disclosures about fair value measurements. Fair value is defined under SFAS 157 as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. For additional information on the fair value of certain financial assets and liabilities, see Note 3 to the consolidated financial statements for additional information.

Under SFAS 157, AMR utilizes several valuation techniques in order to assess the fair value of the Company's financial assets and liabilities. The Company's fuel derivative contracts, which primarily consist of commodity options and collars, are valued using energy and commodity market data which is derived by combining raw inputs with quantitative models and processes to generate forward curves and volatilities. The Company's short-term investments primarily utilize broker quotes in a non-active market for valuation of these securities.

Long-lived assets – The Company has approximately \$17 billion of long-lived assets as of December 31, 2008, including approximately \$16 billion related to flight equipment and other fixed assets. In addition to the original cost of these assets, the recorded value of the Company's fixed assets is impacted by a number of estimates made by the Company, including estimated useful lives, salvage values and the Company's determination as to whether aircraft are temporarily or permanently grounded. In accordance with Statement of Financial Accounting Standards No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets” (SFAS 144), the Company records impairment charges on long-lived assets used in operations when events and circumstances indicate that the assets may be impaired, the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of those assets and the net book value of the assets exceeds their estimated fair value. In making these determinations, the Company uses certain assumptions, including, but not limited to: (i) estimated fair value of the assets; and (ii) estimated future cash flows expected to be generated by the assets, generally evaluated at a fleet level, which are based on additional assumptions such as asset utilization, length of service and estimated salvage values. A change in the Company's fleet plan has been the primary indicator that has resulted in an impairment charge in the past.

The majority of American's fleet types are depreciated over 30 years. It is possible that the ultimate lives of the Company's aircraft will be significantly different than the current estimate due to unforeseen events in the future that impact the Company's fleet plan, including positive or negative developments in the areas described above. For example, operating the aircraft for a longer period will result in higher maintenance, fuel and other operating costs than if the Company replaced the aircraft. At some point in the future, higher operating costs, including higher fuel expense, and/or improvement in the Company's economic condition, could change the Company's analysis of the impact of retaining aircraft versus replacing them with new aircraft.

In the second quarter of 2008, in connection with the May 21, 2008 announcement regarding capacity reductions and related matters, the Company concluded a triggering event had occurred and required that fixed assets be tested for impairment. As a result of that testing, the Company recorded impairment charges related to its McDonnell Douglas MD-80 aircraft and Embraer RJ-135 aircraft. With respect to all other fleets, the gross cash flows of the remaining estimated useful lives exceeded the recorded value and no impairment was necessary. See Note 2 to the consolidated financial statements for additional information with respect to these impairment charges.

In the fourth quarter of 2007, the Company permanently grounded and held for disposal 24 McDonnell Douglas MD-80 airframes and certain other equipment, all 24 of which had previously been in temporary storage. See further discussion in Note 2 to the consolidated financial statements.

Routes -- AMR performs annual impairment tests on its routes, which are indefinite life intangible assets under Statement of Financial Accounting Standards No. 142 "Goodwill and Other Intangibles" and as a result they are not amortized. The Company also performs impairment tests when events and circumstances indicate that the assets might be impaired. These tests are primarily based on estimates of discounted future cash flows, using assumptions based on historical results adjusted to reflect the Company's best estimate of future market and operating conditions. The net carrying value of assets not recoverable is reduced to fair value. The Company's estimates of fair value represent its best estimate based on industry trends and reference to market rates and transactions.

The Company had recorded route acquisition costs (including international routes and slots) of \$828 million as of December 31, 2008, including a significant amount related to operations at London Heathrow. The Company has completed an impairment analysis on the London Heathrow routes (including slots) and has concluded that no impairment exists. The Company believes its estimates and assumptions are reasonable; however, given the significant uncertainty regarding how the recent open skies agreement will ultimately affect the Company's operations at Heathrow, the actual results could differ from those estimates. See Note 11 to the consolidated financial statements for additional information.

Passenger revenue -- Passenger ticket sales are initially recorded as a component of Air traffic liability. Revenue derived from ticket sales is recognized at the time service is provided. However, due to various factors, including the industry's pricing structure and interline agreements throughout the industry, certain amounts are recognized in revenue using estimates regarding both the timing of the revenue recognition and the amount of revenue to be recognized, including breakage. These estimates are generally based upon the evaluation of historical trends, including the use of regression analysis and other methods to model the outcome of future events based on the Company's historical experience, and are recognized at the scheduled time of departure. The Company's estimation techniques have been applied consistently from year to year. However, due to changes in the Company's ticket refund policy and changes in the travel profile of customers, historical trends may not be representative of future results.

Frequent flyer program -- American uses the incremental cost method to account for the portion of its frequent flyer liability incurred when AAdvantage members earn mileage credits by flying on American or its regional affiliates.

The Company considers breakage in its incremental cost calculation and recognizes breakage on AAdvantage miles sold over the estimated period of usage for sold miles that are ultimately redeemed. The Company calculates its breakage estimate using separate breakage rates for miles earned by flying on American and miles earned through other companies who have purchased AAdvantage miles for distribution to their customers, due to differing behavior patterns.

Management considers historical patterns of account breakage to be a useful indicator when estimating future breakage. Future program redemption opportunities can significantly alter customer behavior from historical patterns with respect to inactive accounts. Such changes may result in material changes to the deferred revenue balance, as well as recognized revenues from the program.

American includes fuel, food, passenger insurance and reservations/ticketing costs in the calculation of incremental cost. These estimates are generally updated based upon the Company's 12-month historical average of such costs. American also accrues a frequent flyer liability for the mileage credits expected to be used for travel on participating airlines based on historical usage patterns and contractual rates.

Revenue earned from selling AAdvantage miles to other companies is recognized in two components. The first component represents the revenue for air transportation sold and is valued at fair value. This revenue is deferred and recognized over the period the mileage is expected to be used, which is currently estimated to be 28 months. The second revenue component, representing the marketing services sold, is recognized as related services are provided.

The Company's total liability for future AAdvantage award redemptions for free, discounted or upgraded travel on American, American Eagle or participating airlines as well as unrecognized revenue from selling AAdvantage miles to other companies was approximately \$1.7 billion and \$1.6 billion at December 31, 2008 and 2007, respectively (and is recorded as a component of Air traffic liability in the consolidated balance sheets), representing 18.2 percent and 18.7 percent of AMR's total current liabilities, at December 31, 2008 and 2007, respectively.

The number of free travel awards used for travel on American and American Eagle was 3.1 million in 2008 and 2.6 million in 2007 representing approximately 9.7 and 7.5 percent of passengers boarded in each year, respectively. The Company believes displacement of revenue passengers is minimal given the Company's load factors, its ability to manage frequent flyer seat inventory, and the relatively low ratio of free award usage to total passengers boarded.

Changes to the percentage of the amount of revenue deferred, deferred recognition period, percentage of awards expected to be redeemed for travel on participating airlines, breakage or cost per mile estimates could have a significant impact on the Company's revenues or incremental cost accrual in the year of the change as well as in future years.

Stock Compensation – AMR accounts for its stock compensation under the fair value recognition provisions of Statement of Financial Accounting Standards No. 123(R) "Share-Based Payment". The Company grants awards under its various share based payment plans and utilizes option pricing models or fair value models to estimate the fair value of its awards. Certain awards contain a market performance condition, which is taken into account in estimating the fair value on the date of grant. The fair value of those awards is calculated by multiplying the stock price on the date of grant by the expected payout percentage and the number of shares granted. The Company accounts for these awards over the three year term of the award based on the grant date fair value, provided adequate shares are available to settle the awards. For awards where adequate shares are not anticipated to be available or that only permit settlement in cash, the fair value is re-measured each reporting period.

Pensions and retiree medical and other benefits – The Company accounts for its pension and retiree medical and other benefits under Statement of Financial Accounting Standards 158 "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans" (SFAS 158). SFAS 158 requires the Company to recognize the funded status (i.e., the difference between the fair value of plan assets and the projected benefit obligations) of its pension and postretirement plans in the consolidated balance sheet with a corresponding adjustment to Accumulated other comprehensive income (loss).

The Company's pension and other postretirement benefit costs and liabilities are calculated using various actuarial assumptions and methodologies. The Company uses certain assumptions including, but not limited to, the selection of the: (i) discount rate; (ii) expected return on plan assets; and (iii) expected health care cost trend rate and starting in 2007, the (iv) estimated age of pilot retirement (as discussed below).

These assumptions as of December 31 were:

	2008	2007
Discount rate	6.50%	6.50%
Expected return on plan assets	8.75%	8.75%
Expected health care cost trend rate:		
Pre-65 individuals		
Initial	7.5%	7.0%
Ultimate	4.5%	4.5%
Post-65 individuals		
Initial	7.5%	7.0%
Ultimate (2010)	4.5%	4.5%
Pilot Retirement Age	63	63

The Company's discount rate is determined based upon the review of year-end high quality corporate bond rates. Lowering the discount rate by 50 basis points as of December 31, 2008 would increase the Company's pension and postretirement benefits obligations by approximately \$643 million and \$150 million, respectively, and increase estimated 2009 pension and postretirement benefits expense by \$66 million and \$16 million, respectively.

The expected return on plan assets is based upon an evaluation of the Company's historical trends and experience taking into account current and expected market conditions and the Company's target asset allocation of 35 percent longer duration corporate and U.S. government/agency bonds, 25 percent U.S. value stocks, 20 percent developed international stocks, five percent emerging markets stocks and bonds and 15 percent alternative (private) investments. The expected return on plan assets component of the Company's net periodic benefit cost is calculated based on the fair value of plan assets and the Company's target asset allocation. The Company monitors its actual asset allocation and believes that its long-term asset allocation will continue to approximate its target allocation. The Company's historical annualized ten-year rate of return on plan assets, calculated using a geometric compounding of monthly returns, is approximately 6.81 percent as of December 31, 2008. This rate of return was significantly impacted by market conditions in the latter half of 2008. Lowering the expected long-term rate of return on plan assets by 50 basis points as of December 31, 2008 would increase estimated 2009 pension expense by approximately \$32 million.

The health care cost trend rate is based upon an evaluation of the Company's historical trends and experience taking into account current and expected market conditions. Increasing the assumed health care cost trend rate by 100 basis points would increase estimated 2009 postretirement benefits expense by \$20 million.

In 2007, the Fair Treatment for Experienced Pilots Act (H.R. 4343) was signed into law, raising the mandatory retirement age for commercial pilots from 60 to 65. Previously, The Federal Aviation Administration required commercial pilots to retire once they reached age 60. The Company's pilot pension and other postretirement plans continue to permit a pilot to retire as before at age 60, but the Company believes that many pilots will choose to fly past age 60. As a result of the new legislation, the Company has estimated the average retirement age for the pilot workgroup to be 63, based on the approximate retirement age of the Company's other work groups, which did not have the same mandatory retirement age. This change in the estimate caused a decrease to the pension and other postretirement liability of approximately \$543 million in 2007. See Note 10 to the consolidated financial statements for additional information.

Income taxes – The Company generally believes that the positions taken on previously filed income tax returns are more likely than not to be sustained by the taxing authorities. The Company has recorded income tax and related interest liabilities where the Company believes its position may not be sustained or where the full income tax benefit will not be recognized. In accordance with the standards of Financial Accounting Standards Board Interpretation No. 48 "Accounting for Uncertainty in Income Taxes- an interpretation of FASB Statement No. 109" (FIN 48), the effects of potential income tax benefits resulting from the Company's unrecognized tax positions are not reflected in the tax balances of the financial statements. Recognized and unrecognized tax positions are reviewed and adjusted as events occur that affect the Company's judgment about the recognizability of income tax benefits, such as lapsing of applicable statutes of limitations, conclusion of tax audits, release of administrative guidance, or rendering of a court decision affecting a particular tax position. Under SFAS 109, the Company records a deferred tax asset valuation allowance when it is more likely than not that some portion or all of its deferred tax assets will not be realized. The Company considers its historical earnings, trends, and outlook for future years in making this determination. The Company had a deferred tax valuation allowance of \$2.7 billion and \$625 million, respectively, at December 31, 2008 and 2007. See Note 8 to the consolidated financial statements for additional information.

Derivatives – As required by Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activity" (SFAS 133), the Company assesses, both at the inception of each hedge and on an on-going basis, whether the derivatives that are used in its hedging transactions are highly effective in offsetting changes in cash flows of the hedged items. In doing so, the Company uses a regression model to determine the correlation of the change in prices of the commodities used to hedge jet fuel (e.g. NYMEX Heating oil) to the change in the price of jet fuel. The Company also monitors the actual dollar offset of the hedges' market values as compared to hypothetical jet fuel hedges. The fuel hedge contracts are generally deemed to be "highly effective" if the R-squared is greater than 80 percent and the dollar offset correlation is within 80 percent to 125 percent. The Company discontinues hedge accounting prospectively if it determines that a derivative is no longer expected to be highly effective as a hedge or if it decides to discontinue the hedging relationship. As of December 31 2008, the Company had derivative contracts in a net liability position at fair value of \$528 million including a liability related to contracts that settled in December. A deferred loss of \$876 million was recorded in Other comprehensive income at December 31, 2008, and will be recognized in future periods as contracts settle.

New Accounting Pronouncements

In May 2008, the Financial Accounting Standards Board (FASB) affirmed the consensus of FASB Staff Position APB 14-1 (FSP APB 14-1), "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)," which applies to all convertible debt instruments that have a "net settlement feature", which means that such convertible debt instruments, by their terms, may be settled either wholly or partially in cash upon conversion. FSP APB 14-1 requires issuers of convertible debt instruments that may be settled wholly or partially in cash upon conversion to separately account for the liability and equity components in a manner reflective of the issuers' nonconvertible debt borrowing rate. FSP APB 14-1 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. Early adoption is not permitted and retroactive application to all periods presented is required. The adoption of FSP APB 14-1 will affect the historical accounting for the 4.25 percent senior convertible notes due 2023 (the 4.25 Notes) and the 4.50 percent senior convertible notes due 2024 (the 4.50 Notes), and will result in increased interest expense of approximately \$5 million in 2009, as well as a \$47 million, \$48 million and \$42 million increase to 2008, 2007 and 2006 interest expense, respectively, upon retrospective application in the first quarter of 2009. When the Company applies this FSP APB 14-1 retroactively in the first quarter of 2009, a Form 8-K will be filed to reflect the adjustments due to its adoption for 2007 and 2008. The impact on the balance sheet will not be significant.

ITEM 7(A).QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk Sensitive Instruments and Positions

The risk inherent in the Company's market risk sensitive instruments and positions is the potential loss arising from adverse changes in the price of fuel, foreign currency exchange rates and interest rates as discussed below. The sensitivity analyses presented do not consider the effects that such adverse changes may have on overall economic activity, nor do they consider additional actions management may take to mitigate the Company's exposure to such changes. Therefore, actual results may differ. The Company does not hold or issue derivative financial instruments for trading purposes. See Note 7 to the consolidated financial statements for accounting policies and additional information.

Aircraft Fuel The Company's earnings are affected by changes in the price and availability of aircraft fuel. In order to provide a measure of control over price and supply, the Company trades and ships fuel and maintains fuel storage facilities to support its flight operations. The Company also manages the price risk of fuel costs primarily by using jet fuel and heating oil hedging contracts. Market risk is estimated as a hypothetical 10 percent increase in the December 31, 2008 and 2007 cost per gallon of fuel. Based on projected 2009 fuel usage, such an increase would result in an increase to aircraft fuel expense of approximately \$399 million in 2009, inclusive of the impact of effective fuel hedge instruments outstanding at December 31, 2008, and assumes the Company's fuel hedging program remains effective under Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities". Comparatively, based on projected 2008 fuel usage, such an increase would have resulted in an increase to aircraft fuel expense of approximately \$649 million in 2008, inclusive of the impact of fuel hedge instruments outstanding at December 31, 2007. The change in market risk is primarily due to the decrease in fuel prices. As of January 2009, the Company had cash flow hedges, with collars and options, covering approximately 35 percent of its estimated 2009 fuel requirements. Comparatively, as of December 31, 2007 the Company had hedged, with collars and options, approximately 24 percent of its estimated 2008 fuel requirements. The consumption hedged for 2009 by cash flow hedges is capped at an average price of approximately \$2.59 per gallon of jet fuel, and the Company's collars have an average floor price of approximately \$1.94 per gallon of jet fuel (both the capped and floor price exclude taxes and transportation costs). The Company's collars represent approximately 32 percent of its estimated 2009 fuel requirements. A deterioration of the Company's financial position could negatively affect the Company's ability to hedge fuel in the future.

As of December 31, 2008, the Company estimates that during the next twelve months it will reclassify from Accumulated other comprehensive loss into earnings approximately \$711 million in net incremental expense (based on prices as of December 31, 2008) related to its fuel derivative hedges, including expenses from terminated contracts with a bankrupt counterparty and unwound trades.

Ineffectiveness is inherent in hedging jet fuel with derivative positions based in crude oil or other crude oil related commodities. As required by Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activity" (SFAS 133), the Company assesses, both at the inception of each hedge and on an on-going basis, whether the derivatives that are used in its hedging transactions are highly effective in offsetting changes in cash flows of the hedged items. In doing so, the Company uses a regression model to determine the correlation of the change in prices of the commodities used to hedge jet fuel (e.g. NYMEX Heating oil) to the change in the price of jet fuel. The Company also monitors the actual dollar offset of the hedges' market values as compared to hypothetical jet fuel hedges. The fuel hedge contracts are generally deemed to be "highly effective" if the R-squared is greater than 80 percent and the dollar offset correlation is within 80 percent to 125 percent. The Company discontinues hedge accounting prospectively if it determines that a derivative is no longer expected to be highly effective as a hedge or if it decides to discontinue the hedging relationship.

Foreign Currency The Company is exposed to the effect of foreign exchange rate fluctuations on the U.S. dollar value of foreign currency-denominated operating revenues and expenses. The Company's largest exposure comes from the British pound, Euro, Canadian dollar, Japanese yen and various Latin American currencies. The Company does not currently have a foreign currency hedge program related to its foreign currency-denominated ticket sales. A uniform 10 percent strengthening in the value of the U.S. dollar from December 31, 2008 and 2007 levels relative to each of the currencies in which the Company has foreign currency exposure would result in a decrease in operating income of approximately \$146 million and \$132 million for the years ending December 31, 2008 and 2007, respectively, due to the Company's foreign-denominated revenues exceeding its foreign-denominated expenses. This sensitivity analysis was prepared based upon projected 2009 and 2008 foreign currency-denominated revenues and expenses as of December 31, 2008 and 2007, respectively.

Interest The Company's earnings are also affected by changes in interest rates due to the impact those changes have on its interest income from cash and short-term investments, and its interest expense from variable-rate debt instruments. The Company's largest exposure with respect to variable-rate debt comes from changes in the London Interbank Offered Rate (LIBOR). The Company had variable-rate debt instruments representing approximately 28 percent and 22 percent of its total long-term debt at December 31, 2008 and 2007, respectively. If the Company's interest rates average 10 percent more in 2009 than they did at December 31, 2008, the Company's interest expense would increase by approximately \$13 million and interest income from cash and short-term investments would increase by approximately \$7 million. In comparison, at December 31, 2007, the Company estimated that if interest rates averaged 10 percent more in 2008 than they did at December 31, 2007, the Company's interest expense would have increased by approximately \$14 million and interest income from cash and short-term investments would have increased by approximately \$25 million. These amounts are determined by considering the impact of the hypothetical interest rates on the Company's variable-rate long-term debt and cash and short-term investment balances at December 31, 2008 and 2007.

Market risk for fixed-rate long-term debt is estimated as the potential increase in fair value resulting from a hypothetical 10 percent decrease in interest rates, and amounts to approximately \$297 million and \$326 million as of December 31, 2008 and 2007, respectively. The fair values of the Company's long-term debt were estimated using quoted market prices or discounted future cash flows based on the Company's incremental borrowing rates for similar types of borrowing arrangements.

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
AMR Corporation

We have audited the accompanying consolidated balance sheets of AMR Corporation as of December 31, 2008 and 2007 and the related consolidated statements of operations, stockholders' equity (deficit) and cash flows for each of the three years in the period ended December 31, 2008. Our audits also included the financial statement schedule listed in the Index at Item 15(a)(2). These consolidated financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of AMR Corporation at December 31, 2008 and 2007 and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2008 in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), AMR Corporation's internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 18, 2009 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Dallas, Texas
February 18, 2009

AMR CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per share amounts)

	Year Ended December 31,		
	2008	2007	2006
Revenues			
Passenger - American Airlines	\$ 18,234	\$ 17,651	\$ 17,291
- Regional Affiliates	2,486	2,470	2,502
Cargo	874	825	827
Other revenues	2,172	1,989	1,943
Total operating revenues	<u>23,766</u>	<u>22,935</u>	<u>22,563</u>
Expenses			
Aircraft fuel	9,014	6,670	6,402
Wages, salaries and benefits	6,655	6,770	6,813
Other rentals and landing fees	1,298	1,278	1,283
Depreciation and amortization	1,207	1,202	1,157
Maintenance, materials and repairs	1,237	1,057	971
Commissions, booking fees and credit card expense	997	1,028	1,076
Aircraft rentals	492	591	606
Food service	518	534	508
Special charges	1,213	63	-
Other operating expenses	3,024	2,777	2,687
Total operating expenses	<u>25,655</u>	<u>21,970</u>	<u>21,503</u>
Operating Income (Loss)	(1,889)	965	1,060
Other Income (Expense)			
Interest income	181	337	279
Interest expense	(756)	(914)	(1,030)
Interest capitalized	33	20	29
Miscellaneous – net	360	96	(107)
	<u>(182)</u>	<u>(461)</u>	<u>(829)</u>
Income (Loss) Before Income Taxes	(2,071)	504	231
Income tax	-	-	-
Net Earnings (Loss)	<u>\$ (2,071)</u>	<u>\$ 504</u>	<u>\$ 231</u>
Earnings (Loss) Per Share			
Basic	<u>\$ (7.98)</u>	<u>\$ 2.06</u>	<u>\$ 1.13</u>
Diluted	<u>\$ (7.98)</u>	<u>\$ 1.78</u>	<u>\$ 0.98</u>

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

AMR CORPORATION
CONSOLIDATED BALANCE SHEETS
(in millions, except shares and par value)

	December 31,	
	2008	2007
Assets		
Current Assets		
Cash	\$ 191	\$ 148
Short-term investments	2,916	4,387
Restricted cash and short-term investments	459	428
Receivables, less allowance for uncollectible accounts (2008 - \$49; 2007 - \$41)	811	1,027
Inventories, less allowance for obsolescence (2008 - \$488; 2007 - \$424)	525	601
Fuel derivative contracts	188	416
Fuel derivative collateral deposits	575	-
Other current assets	270	222
Total current assets	<u>5,935</u>	<u>7,229</u>
Equipment and Property		
Flight equipment, at cost	19,601	23,006
Less accumulated depreciation	<u>7,147</u>	<u>9,029</u>
	12,454	13,977
Purchase deposits for flight equipment	671	241
Other equipment and property, at cost	5,132	5,238
Less accumulated depreciation	<u>2,762</u>	<u>2,825</u>
	<u>2,370</u>	<u>2,413</u>
	15,495	16,631
Equipment and Property Under Capital Leases		
Flight equipment	561	1,698
Other equipment and property	<u>215</u>	<u>217</u>
	776	1,915
Less accumulated amortization	<u>536</u>	<u>1,152</u>
	240	763
Other Assets		
Route acquisition costs, slots and airport operating and gate lease rights, less accumulated amortization (2008 - \$416; 2007 - \$389)	1,109	1,156
Other assets	<u>2,396</u>	<u>2,792</u>
	<u>3,505</u>	<u>3,948</u>
Total Assets	<u>\$ 25,175</u>	<u>\$ 28,571</u>

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

AMR CORPORATION
CONSOLIDATED BALANCE SHEETS
(in millions, except shares and par value)

	December 31,	
	2008	2007
Liabilities and Stockholders' Equity (Deficit)		
Current Liabilities		
Accounts payable	\$ 952	\$ 1,182
Accrued salaries and wages	519	559
Fuel derivative liability	716	-
Accrued liabilities	1,523	1,708
Air traffic liability	3,708	3,985
Current maturities of long-term debt	1,849	902
Current obligations under capital leases	107	147
Total current liabilities	<u>9,374</u>	<u>8,483</u>
Long-Term Debt, Less Current Maturities	8,419	9,413
Obligations Under Capital Leases, Less Current Obligations	582	680
Other Liabilities and Credits		
Deferred gains	297	320
Pension and postretirement benefits	6,614	3,620
Other liabilities and deferred credits	2,824	3,398
	<u>9,735</u>	<u>7,338</u>
Commitments and Contingencies		
Stockholders' Equity (Deficit)		
Preferred stock - 20,000,000 shares authorized; None issued	-	-
Common stock - \$1 par value; 750,000,000 shares authorized; shares issued: 2008 - 284,888,845; 2007 - 255,338,431	285	255
Additional paid-in capital	3,785	3,489
Treasury shares at cost: 2008 and 2007 - 5,940,399	(367)	(367)
Accumulated other comprehensive income (loss)	(3,177)	670
Accumulated deficit	(3,461)	(1,390)
	<u>(2,935)</u>	<u>2,657</u>
Total Liabilities and Stockholders' Equity (Deficit)	<u>\$ 25,175</u>	<u>\$ 28,571</u>

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

AMR CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	Year Ended December 31,		
	2008	2007	2006
Cash Flow from Operating Activities:			
Net earnings (loss)	\$ (2,071)	\$ 504	\$ 231
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:			
Depreciation	1,055	1,036	1,022
Amortization	152	166	135
Equity based stock compensation	53	133	142
Restructuring and settlement charges	1,317	63	-
Gain on sale of investments/subsidiaries	(432)	(138)	(13)
Redemption payments under operating leases for special facility revenue bonds	(188)	(100)	(28)
Change in assets and liabilities:			
Decrease (increase) in receivables	217	(41)	3
Decrease (increase) in inventories	5	(128)	(7)
Decrease (increase) in derivative collateral and unwound derivative contracts	(940)	164	-
Increase (decrease) in accounts payable and accrued liabilities	(421)	248	(130)
Increase (decrease) in air traffic liability	(277)	203	168
Increase (decrease) in other liabilities and deferred credits	178	(135)	382
Other, net	(42)	(40)	34
Net cash provided by (used in) operating activities	<u>(1,394)</u>	<u>1,935</u>	<u>1,939</u>
Cash Flow from Investing Activities:			
Capital expenditures, including purchase deposits on flight equipment	(876)	(714)	(530)
Net decrease (increase) in short-term investments	1,471	207	(918)
Net decrease (increase) in restricted cash and short-term investments	(31)	40	42
Proceeds from sale of equipment, property and investments/subsidiaries	480	228	49
Other	11	5	(8)
Net cash provided by (used in) investing activities	<u>1,055</u>	<u>(234)</u>	<u>(1,365)</u>
Cash Flow from Financing Activities:			
Payments on long-term debt and capital lease obligations	(1,092)	(2,321)	(1,366)
Proceeds from:			
Issuance of common stock, net of issuance costs	294	497	400
Reimbursement from construction reserve account	-	59	145
Exercise of stock options	1	90	230
Issuance of long-term debt	825	-	-
Sale leaseback transactions	354	-	-
Net cash provided by (used in) financing activities	<u>382</u>	<u>(1,675)</u>	<u>(591)</u>
Net increase (decrease) in cash	43	27	(17)
Cash at beginning of year	148	121	138
Cash at end of year	<u>\$ 191</u>	<u>\$ 148</u>	<u>\$ 121</u>

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

AMR CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
(in millions, except share amounts)

	Common Stock	Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Income (loss)	Accumulated Deficit	Total
Balance at January 1, 2006	\$ 195	\$ 2,258	\$ (779)	\$ (979)	\$ (2,125)	\$ (1,430)
Net earnings	-	-	-	-	231	231
Pension, retiree medical and other liability	-	-	-	748	-	748
Net changes in fair value of derivative financial instruments	-	-	-	(62)	-	(62)
Total comprehensive income	-	-	-	-	-	917
Reclassification and amortization of stock compensation plans	-	275	-	-	-	275
Issuance of 15,002,091 shares	15	385	-	-	-	400
Issuance of 24,489,980 shares to employees pursuant to stock option and deferred stock incentive plans	18	(200)	412	-	-	230
Adjustment resulting from adoption of SFAS 158	-	-	-	(998)	-	(998)
Balance at December 31, 2006	228	2,718	(367)	(1,291)	(1,894)	(606)
Net earnings	-	-	-	-	504	504
Pension, retiree medical and other liability	-	-	-	1,744	-	1,744
Net changes in fair value of derivative financial instruments	-	-	-	223	-	223
Unrealized loss on investments	-	-	-	(6)	-	(6)
Total comprehensive income	-	-	-	-	-	2,465
Reclassification and amortization of stock compensation plans	-	211	-	-	-	211
Issuance of 13,000,000 shares	13	484	-	-	-	497
Issuance of 14,173,610 shares to employees pursuant to stock option and deferred stock incentive plans	14	76	-	-	-	90
Balance at December 31, 2007	255	3,489	(367)	670	(1,390)	2,657
Net loss	-	-	-	-	(2,071)	(2,071)
Pension, retiree medical and other liability	-	-	-	(2,724)	-	(2,724)
Net changes in fair value of derivative financial instruments	-	-	-	(1,116)	-	(1,116)
Unrealized loss on investments	-	-	-	(7)	-	(7)
Total comprehensive loss	-	-	-	-	-	(5,918)
Reclassification and amortization of stock compensation plans	-	30	-	-	-	30
Issuance of 27,057,554 shares	27	267	-	-	-	294
Issuance of 2,492,860 shares to employees pursuant to stock option and deferred stock incentive plans	3	(1)	-	-	-	2
Balance at December 31, 2008	\$ 285	\$ 3,785	\$ (367)	\$ (3,177)	\$ (3,461)	\$ (2,935)

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Accounting Policies

Basis of Presentation The accompanying consolidated financial statements as of December 31, 2008 and for the three years ended December 31, 2008 include the accounts of AMR Corporation (AMR or the Company) and its wholly owned subsidiaries, including (i) its principal subsidiary American Airlines, Inc. (American) and (ii) its regional airline subsidiary, AMR Eagle Holding Corporation and its primary subsidiaries, American Eagle Airlines, Inc. and Executive Airlines, Inc. (collectively, AMR Eagle). The consolidated financial statements as of and for the years ended December 31, 2008, 2007 and 2006 include the accounts of the Company and its wholly owned subsidiaries as well as variable interest entities for which the Company is the primary beneficiary. All significant intercompany transactions have been eliminated.

New Accounting Pronouncements The Company has adopted Statement of Financial Accounting Standards No. 157 "Fair Value Measurements" (SFAS 157) as it applies to financial assets and liabilities effective January 1, 2008. The Company's routes are not yet subject to SFAS 157. SFAS 157 defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles (GAAP) and enhances disclosures about fair value measurements. Fair value is defined under SFAS 157 as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The principal impact to the Company was to require the Company to expand its disclosure regarding its derivative instruments and to consider credit risk as a part of the calculation of the fair value of derivatives, which was not significant after consideration of collateral.

In March of 2008, the FASB issued Statement of Financial Accounting Standards No. 161, "Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133" (SFAS 161). SFAS 161 requires entities to provide greater transparency about how and why the entity uses derivative instruments, how the instruments and related hedged items are accounted for under SFAS 133, and how the instruments and related hedged items affect the financial position, results of operations, and cash flows of the entity. The Company adopted SFAS 161 as of December 31, 2008. The principal impact to the Company was to require the expansion of its disclosure regarding its derivative instruments.

In May 2008, the Financial Accounting Standards Board (FASB) affirmed the consensus of FASB Staff Position APB 14-1 (FSP APB 14-1), "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)," which applies to all convertible debt instruments that have a "net settlement feature", which means that such convertible debt instruments, by their terms, may be settled either wholly or partially in cash upon conversion. FSP APB 14-1 requires issuers of convertible debt instruments that may be settled wholly or partially in cash upon conversion to separately account for the liability and equity components in a manner reflective of the issuers' nonconvertible debt borrowing rate. FSP APB 14-1 is effective for financial statements issued for fiscal years beginning after December 15, 2008 and interim periods within those fiscal years. Early adoption is not permitted and retroactive application to all periods presented is required. The adoption of FSP APB 14-1 will affect the historical accounting for the 4.25 Notes and the 4.50 Notes, and will result in increased interest expense of approximately \$5 million in 2009. Balance sheet impact is not significant.

Use of Estimates The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the accompanying consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Restricted Cash and Short-term Investments The Company has restricted cash and short-term investments related primarily to collateral held to support projected workers' compensation obligations.

Inventories Spare parts, materials and supplies relating to flight equipment are carried at average acquisition cost and are expensed when used in operations. Allowances for obsolescence are provided - over the estimated useful life of the related aircraft and engines - for spare parts expected to be on hand at the date aircraft are retired from service. Allowances are also provided for spare parts currently identified as excess and obsolete. These allowances are based on management estimates, which are subject to change.

Maintenance and Repair Costs Maintenance and repair costs for owned and leased flight equipment are charged to operating expense as incurred, except costs incurred for maintenance and repair under flight hour maintenance contract agreements, which are accrued based on contractual terms when an obligation exists.

1. Summary of Accounting Policies (Continued)

Intangible Assets Route acquisition costs and airport operating and gate lease rights represent the purchase price attributable to route authorities (including international airport take-off and landing slots), domestic airport take-off and landing slots and airport gate leasehold rights acquired. Indefinite-lived intangible assets (route acquisition costs and international slots and related international take-off and landing slots) are tested for impairment annually on December 31, rather than amortized, in accordance with Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" (SFAS 142). Airport operating and gate lease rights are being amortized on a straight-line basis over 25 years to a zero residual value.

Statements of Cash Flows Short-term investments, without regard to remaining maturity at acquisition, are not considered as cash equivalents for purposes of the statements of cash flows.

Measurement of Asset Impairments In accordance with Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" (SFAS 144), the Company records impairment charges on long-lived assets used in operations when events and circumstances indicate that the assets may be impaired. An asset or group of assets is considered impaired when the undiscounted cash flows estimated to be generated by the asset is less than the carrying amount of the asset and the net book value of the asset exceeds its estimated fair value. In making these determinations, the Company uses certain assumptions, including, but not limited to: (i) estimated fair value of the assets; and (ii) estimated future cash flows expected to be generated by these assets, which are based on additional assumptions such as asset utilization, length of service the asset will be used in the Company's operations and estimated salvage values.

Equipment and Property The provision for depreciation of operating equipment and property is computed on the straight-line method applied to each unit of property, except that major rotatable parts, avionics and assemblies are depreciated on a group basis. The depreciable lives used for the principal depreciable asset classifications are:

	<u>Depreciable Life</u>
American jet aircraft and engines	20 - 30 years
Other regional aircraft and engines	16 - 20 years
Major rotatable parts, avionics and assemblies	Life of equipment to which applicable
Improvements to leased flight equipment	Lesser of lease term or expected useful life
Buildings and improvements (principally on leased land)	5 - 30 years or term of lease, including estimated renewal options when renewal is economically compelled at key airports
Furniture, fixtures and other equipment	3 - 10 years
Capitalized software	3 - 10 years

Residual values for aircraft, engines, major rotatable parts, avionics and assemblies are generally five to ten percent, except when guaranteed by a third party for a different amount.

Equipment and property under capital leases are amortized over the term of the leases or, in the case of certain aircraft, over their expected useful lives. Lease terms vary but are generally ten to 25 years for aircraft and seven to 40 years for other leased equipment and property.

Regional Affiliates Revenue from ticket sales is generally recognized when service is provided. Regional Affiliates revenues for flights connecting to American flights are based on industry standard proration agreements.

Passenger Revenue Passenger ticket sales are initially recorded as a component of Air traffic liability. Revenue derived from ticket sales is recognized at the time service is provided. However, due to various factors, including the complex pricing structure and interline agreements throughout the industry, certain amounts are recognized in revenue using estimates regarding both the timing of the revenue recognition and the amount of revenue to be recognized, including breakage. These estimates are generally based upon the evaluation of historical trends, including the use of regression analysis and other methods to model the outcome of future events based on the Company's historical experience, and are recorded at the scheduled time of departure.

1. Summary of Accounting Policies (Continued)

Various taxes and fees assessed on the sale of tickets to end customers are collected by the Company as an agent and remitted to taxing authorities. These taxes and fees have been presented on a net basis in the accompanying consolidated statement of operations and recorded as a liability until remitted to the appropriate taxing authority.

Beginning in the first quarter of 2008, AMR reclassified revenues associated with the marketing component of AAdvantage program mileage sales from Passenger revenue to Other revenue. As a result of this change, approximately \$584 million, \$571 million, \$557 million, \$451 million, \$409 million and \$387 million of revenue was reclassified from Passenger revenue to Other revenue for the years ended December 31, 2007, 2006, 2005, 2004, 2003 and 2002 respectively, to conform to the current presentation.

Frequent Flyer Program The estimated incremental cost of providing free travel awards is accrued for mileage credits earned by using American's service that are expected to be redeemed in the future. American also accrues a frequent flyer liability for the mileage credits that are expected to be used for travel on participating airlines based on historical usage patterns and contractual rates. American sells mileage credits and related services to companies participating in its frequent flyer program. The portion of the revenue related to the sale of mileage credits, representing the revenue for air transportation sold, is valued at fair value and is deferred and amortized over 28 months, which approximates the expected period over which the mileage credits are used. Breakage of sold miles is recognized over the estimated period of usage. The remaining portion of the revenue, representing the marketing services sold and administrative costs associated with operating the AAdvantage program, is recognized upon sale as a component of other revenues, as the related services have been provided. The Company's total liability for future AAdvantage award redemptions for free, discounted or upgraded travel on American, American Eagle or participating airlines as well as unrecognized revenue from selling AAdvantage miles was approximately \$1.7 billion (and is recorded as a component of Air traffic liability on the accompanying consolidated balance sheets) at December 31, 2008 and \$1.6 billion as of December 31, 2007.

Income Taxes The Company generally believes that the positions taken on previously filed income tax returns are more likely than not to be sustained by the taxing authorities. The Company has recorded income tax and related interest liabilities where the Company believes its position may not be sustained or where the full income tax benefit will not be recognized. In accordance with the standards of Financial Accounting Standards Board Interpretation No. 48 "Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109" (FIN 48), the effects of potential income tax benefits resulting from the Company's unrecognized tax positions are not reflected in the tax balances of the financial statements. Recognized and unrecognized tax positions are reviewed and adjusted as events occur that affect the Company's judgment about the recognizability of income tax benefits, such as lapsing of applicable statutes of limitations, conclusion of tax audits, release of administrative guidance, or rendering of a court decision affecting a particular tax position.

Advertising Costs The Company expenses on a straight-line basis the costs of advertising as incurred throughout the year. Advertising expense was \$153 million, \$162 million and \$154 million for the years ended December 31, 2008, 2007 and 2006, respectively.

2. Special Charges and Restructuring Activities

As a result of the revenue environment, high fuel prices and the Company's restructuring activities, including its capacity reductions, the Company has recorded a number of charges during the last few years. In May 2008, the Company announced capacity reductions due to unprecedented high fuel costs at that time and the other challenges facing the industry. In connection with these capacity reductions, the Company incurred special charges related to aircraft, employee reductions and certain other charges.

2. Special Charges and Restructuring Activities (Continued)

Aircraft Charges

In accordance with Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" (SFAS 144), the Company records impairment charges on long-lived assets used in operations when events and circumstances indicate that the assets may be impaired. Assets or groups of assets are considered impaired when the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of those assets and the net book value of the assets exceeds their estimated fair value. In connection with the May 2008 capacity reduction announcement, the Company concluded that a triggering event had occurred requiring that fixed assets be tested for impairment. As a result of this test, the Company concluded the carrying values of its McDonnell Douglas MD-80 and the Embraer RJ-135 aircraft fleets were no longer recoverable. Consequently, during the second quarter of 2008, the Company recorded an impairment charge of \$1.1 billion to write these and certain related long-lived assets down to their estimated fair values. No portion of the impairment charge will result in future cash expenditures. All other fleet types were tested for impairment but were concluded to be recoverable with projected undiscounted cash flows or these fleet types had fair values at levels above current carrying value. Included in the charge for the Embraer RJ-135 fleet were write downs on 29 aircraft, of which 19 were considered held for sale as of December 31, 2008. The McDonnell Douglas MD-80 aircraft are being depreciated over their remaining useful lives averaging approximately five years.

In determining the asset recoverability, management estimated the undiscounted future cash flows utilizing models used by the Company in making fleet and scheduling decisions. In determining fair market value, the Company utilized recent external appraisals of its fleets, a published aircraft pricing survey and recent transactions involving sales of similar aircraft, adjusted based on estimates of maintenance status and to consider the impact of recent industry events on these values. As a result of the write down of these aircraft to fair value, as well as the acceleration of the retirement dates, depreciation expense related to these assets is expected to decrease by approximately \$141 million on an annualized basis.

As part of these capacity reductions, the Company expects to ground over the next twelve months its leased Airbus A300 aircraft prior to lease expiration. As of December 31, 2008, the Company estimates that it will incur approximately \$130 million in net present value of future lease payments and lease return costs related to the grounding of the leased A300 fleet, of which \$33 million was incurred in 2008 as four aircraft were removed from service. The remaining charges will be incurred over the next three quarters as the aircraft are removed from service. These expected future charges do not yet consider potential sublease contracts or similar arrangements with respect to the leased Airbus 300 aircraft, which could offset a portion of the charges, as significant contract amendments are required in order to execute any sublease agreements. The Company estimates that virtually all of these charges will result in future cash expenditures.

In the fourth quarter of 2007, the Company permanently grounded and held for disposal 24 McDonnell Douglas MD-80 airframes and certain other equipment, all of which had previously been in temporary storage. Of these 24 aircraft, 12 are owned by the Company, seven are accounted for as capital leases and five are accounted for as operating leases. Primarily as a result of the retirement, the Company incurred a charge of \$63 million, included in Special charges expenses in the consolidated statement of operations, to accrue future lease commitments and write-down the aircraft frames to their fair values. In determining the fair values of these aircraft, the Company considered recent transactions involving inventory for the aircraft.

Employee Charges

In conjunction with the capacity reductions announced in May 2008, the Company reduced its workforce commensurate with the announced system-wide capacity reductions. This reduction in workforce was accomplished through various measures, including voluntary programs, part-time work schedules, furloughs in accordance with collective bargaining agreements, and other reductions. As a result of this reduction in workforce, the Company incurred employee charges of approximately \$71 million for severance related costs in accordance with Statement of Financial Accounting Standards No. 112, "Employers Accounting for Postemployment Benefits" (SFAS 112), based on probable expectations of involuntary terminations. The Company does not expect remaining charges related to the reduction in workforce to be significant.

2. Special Charges and Restructuring Activities (Continued)

The following table summarizes the components of the Company's special charges, the remaining accruals for these charges and the capacity reduction related charges (in millions) as of December 31, 2008:

	Aircraft Charges	Facility Exit Costs	Employee Charges	Other	Total
Remaining accrual at January 1, 2006	152	36	-	-	188
Adjustments	(3)	(16)	-	-	(19)
Payments	(21)	(1)	-	-	(22)
Remaining accrual at December 31, 2006	\$ 128	\$ 19	\$ -	\$ -	\$ 147
Restructuring charges	63	-	-	-	63
Non-cash charges	(53)	-	-	-	(53)
Payments	(12)	(1)	-	-	(13)
Remaining accrual at December 31, 2007	\$ 126	\$ 18	\$ -	\$ -	\$ 144
Capacity reduction charges	1,117	-	71	25	1,213
Non-cash charges	(1,103)	-	-	(25)	(1,128)
Adjustments	1	(2)	-	-	(1)
Payments	(31)	-	(55)	-	(86)
Remaining accrual at December 31, 2008	\$ 110	\$ 16	\$ 16	\$ -	\$ 142

Cash outlays related to the accruals for aircraft charges and facility exit costs will occur through 2017 and 2018, respectively.

Other

On September 22, 2001, the Air Transportation Safety and System Stabilization Act (the Stabilization Act) was signed into law. The Stabilization Act provides that, notwithstanding any other provision of law, liability for all claims, whether compensatory or punitive, arising from the terrorist attacks of September 11, 2001 (the Terrorist Attacks), against any air carrier shall not exceed the liability coverage maintained by the air carrier. Based upon estimates provided by the Company's insurance providers, the Company initially recorded a liability of approximately \$2.3 billion for claims arising from the Terrorist Attacks, after considering the liability protections provided for by the Stabilization Act. The balance, recorded in the accompanying consolidated balance sheet, was \$1.7 billion and \$1.8 billion at December 31, 2008 and 2007, respectively.

In 2008, the Company finalized the liability associated with flight 587. A previously recorded liability and related insurance receivable were reduced as a result of the settlement by approximately \$381 million.

3. Investments

Short-term investments consisted of (in millions):

	December 31,	
	2008	2007
Overnight investments and time deposits	\$ 1,574	\$ 488
Corporate and bank notes	1,016	3,781
U. S. government agency notes	322	17
Other	4	101
	<u>\$ 2,916</u>	<u>\$ 4,387</u>

3. Investments (Continued)

Short-term investments at December 31, 2008, by contractual maturity included (in millions):

Due in one year or less	\$	2,916
Due between one year and three years		-
Due after three years		-
		<hr/>
	\$	<u>2,916</u>

All short-term investments are classified as available-for-sale and stated at fair value. Unrealized gains and losses are reflected as a component of Accumulated other comprehensive income (loss).

The Company has adopted Statement of Financial Accounting Standards No. 157 "Fair Value Measurements" (SFAS 157) as it applies to financial assets and liabilities effective January 1, 2008. SFAS 157 defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles (GAAP) and enhances disclosures about fair value measurements.

SFAS 157 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Under SFAS 157, AMR utilizes several valuation techniques in order to assess the fair value of the Company's financial assets and liabilities. The Company's fuel derivative contracts, which primarily consist of commodity options and collars, are valued using energy and commodity market data which is derived by combining raw inputs with quantitative models and processes to generate forward curves and volatilities. The Company's short-term investments primarily utilize broker quotes in a non-active market for valuation of these securities.

SFAS 157 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. The Company's short-term investments primarily utilize broker quotes in a non-active market for valuation of these securities. The Company's fuel derivative contracts, which primarily consist of commodity options and collars, are valued using energy and commodity market data which is derived by combining raw inputs with quantitative models and processes to generate forward curves and volatilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Company utilizes the market approach to measure fair value for its financial assets and liabilities. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

3. Investments (Continued)

Assets and liabilities measured at fair value on a recurring basis are summarized below:

(in millions) Description	Fair Value Measurements as of December 31, 2008			
	Total	Level 1	Level 2	Level 3
Short term investments ¹	\$ 2,916	\$ 1,411	\$ 1,505	-
Restricted cash and short-term investments ¹	459	453	6	-
Fuel derivative contracts, net liability ¹	(528)	-	(528)	-
Total	<u>\$ 2,847</u>	<u>\$ 1,864</u>	<u>\$ 983</u>	<u>\$ -</u>

¹ Unrealized gains or losses on short-term investments, restricted cash and short-term investments and derivatives designated as hedges are recorded in Accumulated other comprehensive income (loss) at each measurement date.

In 2007, the Company sold its interests in ARINC, Incorporated (ARINC), a military and aviation communications company, previously recorded as a component of other assets. The Company received \$192 million in proceeds for its interest in ARINC, \$138 million of which was recognized as a gain. The gain on the sale of the Company's interest in ARINC is included in Miscellaneous-net in the accompanying consolidated statement of operations.

4. Commitments, Contingencies and Guarantees

During 2008, the Company continued its fleet renewal strategy as it entered into amendments to its purchase agreement with the Boeing Company. Giving effect to the amendments and considering the impact of delays caused by the recent machinist strike at Boeing, the Company is now committed to take delivery of a total of 29 737-800 aircraft in 2009, 39 737-800 aircraft in 2010 and eight 737-800 aircraft in 2011. In addition to these aircraft, the Company has firm commitments for eleven 737-800 aircraft and seven Boeing 777 aircraft scheduled to be delivered in 2013 - 2016. Under the Boeing 737-800 and Boeing 777-200 aircraft purchase agreements, payments for the related aircraft purchase commitments will be approximately \$1.0 billion in 2009, \$1.1 billion in 2010, \$355 million in 2011, \$218 million in 2012, \$417 million in 2013 and \$584 million for 2014 and beyond. These amounts are net of purchase deposits currently held by the manufacturer. Any incremental firm aircraft orders will increase the Company's commitments.

American has granted Boeing a security interest in American's purchase deposits with Boeing. The Company's purchase deposits totaled \$671 million and \$239 million at December 31, 2008 and 2007, respectively.

In October of 2008, the Company entered into a sale leaseback agreement for 20 of the 76 Boeing 737-800 aircraft to be delivered in 2009 - 2011. Such financing is subject to certain terms and conditions including a minimum liquidity requirement. In addition, the Company had previously arranged for backstop financing which covered a significant portion of the remaining 2009 - 2011 Boeing 737-800 aircraft deliveries.

On December 18, 2007, the European Commission issued a Statement of Objection ("SO") against 26 airlines, including the Company. The SO alleges that these carriers participated in a conspiracy to set surcharges on cargo shipments in violation of EU law. The SO states that, in the event that the allegations in the SO are affirmed, the Commission will impose fines against the Company. The Company intends to vigorously contest the allegations and findings in the SO under EU laws, and it intends to cooperate fully with all other pending investigations. Based on the information to date, the Company has not recorded any reserve for this exposure for the year ended December 31, 2008. In the event that the SO is affirmed or other investigations uncover violations of the U.S. antitrust laws or the competition laws of some other jurisdiction, or if the Company were named and found liable in any litigation based on these allegations, such findings and related legal proceedings could have a material adverse impact on the Company.

The Company has contracts related to facility construction or improvement projects, primarily at airport locations. The contractual obligations related to these projects totaled approximately \$57 million as of December 31, 2008. The Company expects to make payments of \$45 million and \$6 million in 2009 and 2010, respectively. In addition, the Company has an information technology support related contract that requires minimum annual payments of \$150 million through 2013.

4. Commitments, Contingencies and Guarantees (Continued)

American has capacity purchase agreements with two regional airlines, Chautauqua Airlines, Inc. (Chautauqua) and Trans States Airlines, Inc. (collectively the AmericanConnection® carriers) to provide Embraer EMB-140/145 regional jet services to certain markets under the brand "AmericanConnection". Under these arrangements, the Company pays the AmericanConnection® carriers a fee per block hour to operate the aircraft. The block hour fees are designed to cover the AmericanConnection® carriers' fully allocated costs plus a margin. Assumptions for certain costs such as fuel, landing fees, insurance, and aircraft ownership are trued up to actual values on a pass through basis. In consideration for these payments, the Company retains all passenger and other revenues resulting from the operation of the AmericanConnection® regional jets. Minimum payments under the contracts are \$68 million in 2009, \$120 million over the years 2010 and 2011 and \$17 million in 2012 and 2013. In addition, if the Company terminates the Chautauqua contract without cause, Chautauqua has the right to put its 15 Embraer aircraft to the Company. If this were to happen, the Company would take possession of the aircraft and become liable for lease obligations totaling approximately \$21 million per year with lease expirations in 2018 and 2019.

The Company is a party to many routine contracts in which it provides general indemnities in the normal course of business to third parties for various risks. The Company is not able to estimate the potential amount of any liability resulting from the indemnities. These indemnities are discussed in the following paragraphs.

The Company's loan agreements and other London Interbank Offered Rate (LIBOR)-based financing transactions (including certain leveraged aircraft leases) generally obligate the Company to reimburse the applicable lender for incremental costs due to a change in law that imposes (i) any reserve or special deposit requirement against assets of, deposits with or credit extended by such lender related to the loan, (ii) any tax, duty or other charge with respect to the loan (except standard income tax) or (iii) capital adequacy requirements. In addition, the Company's loan agreements, derivative contracts and other financing arrangements typically contain a withholding tax provision that requires the Company to pay additional amounts to the applicable lender or other financing party, generally if withholding taxes are imposed on such lender or other financing party as a result of a change in the applicable tax law.

These increased cost and withholding tax provisions continue for the entire term of the applicable transaction, and there is no limitation on the maximum additional amounts the Company could be obligated to pay under such provisions. Any failure to pay amounts due under such provisions generally would trigger an event of default and, in a secured financing transaction, would entitle the lender to foreclose upon the collateral to realize the amount due.

In certain transactions, including certain aircraft financing leases and loans and derivative transactions, the lessors, lenders and/or other parties have rights to terminate the transaction based on changes in foreign tax law, illegality or certain other events or circumstances. In such a case, the Company may be required to make a lump sum payment to terminate the relevant transaction.

In its aircraft financing agreements, the Company generally indemnifies the financing parties, trustees acting on their behalf and other relevant parties against liabilities (including certain taxes) resulting from the financing, manufacture, design, ownership, operation and maintenance of the aircraft regardless of whether these liabilities (or taxes) relate to the negligence of the indemnified parties.

The Company has general indemnity clauses in many of its airport and other real estate leases where the Company as lessee indemnifies the lessor (and related parties) against liabilities related to the Company's use of the leased property. Generally, these indemnifications cover liabilities resulting from the negligence of the indemnified parties, but not liabilities resulting from the gross negligence or willful misconduct of the indemnified parties. In addition, the Company provides environmental indemnities in many of these leases for contamination related to the Company's use of the leased property.

Under certain contracts with third parties, the Company indemnifies the third party against legal liability arising out of an action by the third party, or certain other parties. The terms of these contracts vary and the potential exposure under these indemnities cannot be determined. Generally, the Company has liability insurance protecting the Company for the obligations it has undertaken under these indemnities.

4. Commitments, Contingencies and Guarantees (Continued)

AMR and American have event risk covenants in approximately \$1.2 billion of indebtedness and operating leases as of December 31, 2008. These covenants permit the holders of such obligations to receive a higher rate of return (between 100 and 650 basis points above the stated rate) if a designated event, as defined, should occur and the credit ratings of such obligations are downgraded below certain levels within a certain period of time. No designated event, as defined, had occurred as of December 31, 2008.

The Company is involved in certain claims and litigation related to its operations. In the opinion of management, liabilities, if any, arising from these claims and litigation will not have a material adverse effect on the Company's consolidated financial position, results of operations, or cash flows, after consideration of available insurance.

5. Leases

AMR's subsidiaries lease various types of equipment and property, primarily aircraft and airport facilities. The future minimum lease payments required under capital leases, together with the present value of such payments, and future minimum lease payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2008, were (in millions):

Year Ending December 31,	Capital Leases	Operating Leases	
2009	\$ 182	\$ 998	
2010	143	932	
2011	146	922	
2012	97	739	
2013	83	652	
2014 and thereafter	476	4,944	
	\$ 1,127	\$ 9,187	(1)
Less amount representing interest	438		
Present value of net minimum lease payments	\$ 689		

(1) As of December 31, 2008, included in Accrued liabilities and Other liabilities and deferred credits on the accompanying consolidated balance sheet is approximately \$1.1 billion relating to rent expense being recorded in advance of future operating lease payments.

At December 31, 2008, the Company was operating 181 jet aircraft and 39 turboprop aircraft and under operating leases and 76 jet aircraft under capital leases. The aircraft leases can generally be renewed at rates based on fair market value at the end of the lease term for one to five years. Some aircraft leases have purchase options at or near the end of the lease term at fair market value, but generally not to exceed a stated percentage of the defined lessor's cost of the aircraft or a predetermined fixed amount.

During 2008, the Company raised \$354 million through sale leasebacks of certain aircraft, including regional aircraft. The gain on sale of \$92 million is being amortized over the respective remaining lease terms. American leases all 39 Super ATR regional aircraft from a third party (guaranteed by AMR) and in turn, subleases those aircraft to AMR Eagle for operation.

5. Leases (Continued)

Special facility revenue bonds have been issued by certain municipalities primarily to improve airport facilities and purchase equipment. To the extent these transactions were committed to prior to May 21, 1998 (the effective date of EITF 97-10, "The Effect of Lessee Involvement in Asset Construction") they are accounted for as operating leases under Financial Accounting Standards Board Interpretation 23, "Leases of Certain Property Owned by a Governmental Unit or Authority". Approximately \$1.5 billion of these bonds (with total future payments of approximately \$3.4 billion as of December 31, 2008) are guaranteed by American, AMR, or both. Approximately \$177 million of these special facility revenue bonds contain mandatory tender provisions that require American to make operating lease payments sufficient to repurchase the bonds at various times: \$112 million in 2014 and \$65 million in 2015. Although American has the right to remarket the bonds, there can be no assurance that these bonds will be successfully remarketed. Any payments to redeem or purchase bonds that are not remarketed would generally reduce existing rent leveling accruals or be considered prepaid facility rentals and would reduce future operating lease commitments. The special facility revenue bonds that contain mandatory tender provisions are listed in the table above at their ultimate maturity date rather than their mandatory tender provision date.

Rent expense, excluding landing fees, was \$1.3 billion, \$1.4 billion and \$1.4 billion in 2008, 2007 and 2006, respectively.

American has determined that it holds a significant variable interest in, but is not the primary beneficiary of, certain trusts that are the lessors under 84 of its aircraft operating leases. These leases contain a fixed price purchase option, which allows American to purchase the aircraft at a predetermined price on a specified date. However, American does not guarantee the residual value of the aircraft. As of December 31, 2008, future lease payments required under these leases totaled \$1.7 billion.

6. Indebtedness

Long-term debt consisted of (in millions):

	December 31,	
	2008	2007
Secured variable and fixed rate indebtedness due through 2021 (effective rates from 4.25% - 11.36% at December 31, 2008)	\$ 4,783	\$ 4,662
Enhanced equipment trust certificates due through 2012 (rates from 3.86% - 12.00% at December 31, 2008)	2,382	2,482
6.0% - 8.5% special facility revenue bonds due through 2036	1,674	1,688
Credit facility agreement due through 2010 (effective rate of 8.60% at December 31, 2008)	691	440
4.25% - 4.50% senior convertible notes due 2023 - 2024	314	619
9.0% - 10.20% debentures due through 2021	213	213
7.88% - 10.55% notes due through 2039	211	211
	<u>10,268</u>	<u>10,315</u>
Less current maturities	<u>1,849</u>	<u>902</u>
Long-term debt, less current maturities	<u>\$ 8,419</u>	<u>\$ 9,413</u>

Maturities of long-term debt (including sinking fund requirements) for the next five years are: 2009 - \$1.8 billion; 2010 - \$1.3 billion; 2011 - \$2.2 billion; 2012 - \$1.0 billion, 2013 - \$700 million.

6. Indebtedness (Continued)

American's credit facility consists of a fully drawn \$255 million senior secured revolving credit facility (fully drawn in September 2008), and a \$436 million term loan facility (the Revolving Facility and the Term Loan Facility, respectively, and collectively, the Credit Facility). Advances under either facility can be designated, at American's election, as LIBOR rate advances or base rate advances. Interest accrues at the LIBOR rate or base rate, as applicable, plus, in either case, the applicable margin. The applicable margin with respect to the Revolving Facility can range from 2.50 percent to 4.00 percent per annum, in the case of LIBOR advances, and from 1.50 percent to 3.00 percent per annum, in the case of base rate advances, depending upon the senior secured debt rating of the Credit Facility. Based on ratings as of December 31, 2008, the applicable margin with respect to the Revolving Facility is 3.00 percent per annum in the case of LIBOR advances, and 2.00 percent per annum in the case of base rate advances. The applicable margin with respect to the Term Loan Facility is 2.00 percent per annum in the case of LIBOR advances, and 1.00 percent per annum in the case of base rate advances.

The Revolving Facility matures on June 17, 2009. The Term Loan Facility matures on December 17, 2010 and amortizes quarterly at a rate of \$1 million. Principal amounts repaid under the Term Loan Facility may not be re-borrowed.

The Credit Facility is secured by certain aircraft. The Credit Facility includes a covenant that requires periodic appraisals of the aircraft at current market value and requires American to pledge more aircraft or cash collateral if the loan amount is more than 50 percent of the appraised value (after giving effect to sublimits for specified categories of aircraft). In addition, the Credit Facility is secured by all of American's existing route authorities between the United States and Tokyo, Japan, together with certain slots, gates and facilities that support the operation of such routes. American's obligations under the Credit Facility are guaranteed by AMR, and AMR's guaranty is secured by a pledge of all the outstanding shares of common stock of American.

The Credit Facility contains a covenant (the Liquidity Covenant) requiring American to maintain, as defined, unrestricted cash, unencumbered short-term investments and amounts available for drawing under committed revolving credit facilities which have a final maturity of at least 12 months after the date of determination, of not less than \$1.25 billion for each quarterly period through the remaining life of the Credit Facility. Securities meeting certain rating criteria and with maturities within 18 months qualify for the Liquidity Covenant provisions.

The Credit Facility contains a covenant (the EBITDAR Covenant) requiring AMR to maintain specified ratios of cash flow to fixed charges. In May 2008, AMR and American entered into an amendment to the Credit Facility which waived compliance with the EBITDAR Covenant for periods ending on any date from and including June 30, 2008 through March 31, 2009, and which reduced the minimum ratios AMR is required to satisfy thereafter. The required ratio will be 0.90 to 1.00 for the one quarter period ending June 30, 2009 and will increase to 1.15 to 1.00 for the four quarter period ending September 30, 2010.

AMR and American were in compliance with the Liquidity Covenant at December 31, 2008 and expect to be able to comply with this covenant in the near-term. Given fuel prices that have been very high by historical standards and the volatility of fuel prices and revenues, uncertainty in the capital markets and about other sources of funding, and other factors, it is difficult to assess whether AMR and American will, in fact, be able to continue to comply with the Liquidity Covenant and, in particular, the EBITDAR Covenant, and there are no assurances that they will be able to do so. Failure to comply with these covenants would result in a default under the Credit Facility which – if the Company did not take steps to obtain a waiver of, or otherwise mitigate, the default – could result in a default under a significant amount of the Company's other debt and lease obligations and have a material adverse impact on the Company.

As of December 31, 2008, the Company had outstanding \$318 million principal amount of its 4.50 percent senior convertible notes due 2024 (the 4.50 Notes). On February 17, 2009, virtually all of the holders of the 4.50 Notes exercised their elective put rights and the Company purchased and retired these notes at a price equal to 100 percent of their principal amount. Under the terms of the 4.50 Notes, the Company had the option to pay the purchase price with cash, stock, or a combination of cash and stock, and the Company elected to pay for the 4.50 Notes solely with cash. The \$318 million principal amount of the 4.50 Notes is recorded as Current maturities of long-term debt as of December 31, 2008.

6. Indebtedness (Continued)

In August 2008, AMR retired, by purchasing with cash, \$75 million of the \$300 million principal amount of the 4.25 percent senior convertible notes due 2023 (the 4.25 Notes). In September 2008, the remaining holders of the 4.25 Notes exercised their elective put rights and the Company purchased and retired these notes at a price equal to 100 percent of their principal amount, totaling \$225 million. Under the terms of the 4.25 Notes, the Company had the option to pay the purchase price with cash, stock, or a combination of cash and stock, and the Company elected to pay for the 4.25 Notes solely with cash.

Certain debt is secured by aircraft, engines, equipment and other assets having a net book value of approximately \$10.5 billion as of December 31, 2008.

In 2008, the Company raised approximately \$500 million under a loan secured by aircraft. The loan bears interest at a LIBOR-based (London Interbank Offered Rate) variable rate with a fixed margin which resets quarterly and is due in installments through 2015.

As of December 31, 2008, AMR has issued guarantees covering approximately \$1.7 billion of American's tax-exempt bond debt and American has issued guarantees covering approximately \$745 million of AMR's unsecured debt. In addition, as of December 31, 2008, AMR and American have issued guarantees covering approximately \$305 million of AMR Eagle's secured debt, and AMR has issued guarantees covering an additional \$2.1 billion of AMR Eagle's secured debt. In 2008, AMR issued guarantees covering \$204 million of American's leases of 39 Super ATR aircraft, which are subleased to AMR Eagle.

Cash payments for interest, net of capitalized interest, were \$685 million, \$861 million and \$944 million for 2008, 2007 and 2006, respectively.

7. Financial Instruments and Risk Management

Fuel Price Risk Management In March of 2008, the FASB issued Statement of Financial Accounting Standards No. 161, "Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133" (SFAS 161). SFAS 161 requires entities to provide greater transparency about how and why the entity uses derivative instruments, how the instruments and related hedged items are accounted for under SFAS 133, and how the instruments and related hedged items affect the financial position, results of operations, and cash flows of the entity. The Company adopted SFAS 161 effective December 31, 2008.

FSP FIN 39-1, "Amendment of FASB Interpretation No. 39," requires a reporting entity to elect a policy choice of whether to offset rights to reclaim cash collateral or obligations to return cash collateral against derivative assets and liabilities executed with the same counterparty, or present such amounts gross. The Company's accounting policy is to present its derivative assets and liabilities gross including the collateral posted with or by the counterparty.

As part of the Company's risk management program, it uses a variety of financial instruments, primarily heating oil option and collar contracts, as cash flow hedges to mitigate commodity price risk. The Company does not hold or issue derivative financial instruments for trading purposes. As of December 31, 2008, the Company had fuel derivative contracts outstanding covering 35 million barrels of jet fuel that will be settled over the next 24 months. A deterioration of the Company's liquidity position may negatively affect the Company's ability to hedge fuel in the future.

7. Financial Instruments and Risk Management (Continued)

In accordance with Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activity" (SFAS 133), the Company assesses, both at the inception of each hedge and on an on-going basis, whether the derivatives that are used in its hedging transactions are highly effective in offsetting changes in cash flows of the hedged items. Derivatives that meet the requirements of SFAS 133 are granted special hedge accounting treatment, and the Company's hedges generally meet these requirements. Accordingly, the Company's fuel derivative contracts are accounted for as cash flow hedges, and the fair value of the Company's hedging contracts is recorded in Current Assets or Current Liabilities in the accompanying consolidated balance sheets until the underlying jet fuel is purchased. The Company determines the ineffective portion of its fuel hedge contracts by comparing the cumulative change in the total value of the fuel hedge contract, or group of fuel hedge contracts, to the cumulative change in a hypothetical jet fuel hedge. If the total cumulative change in value of the fuel hedge contract more than offsets the total cumulative change in a hypothetical jet fuel hedge, the difference is considered ineffective and is immediately recognized as a component of Aircraft fuel expense. Effective gains or losses on fuel hedging contracts are deferred in Accumulated other comprehensive income (loss) and are recognized in earnings as a component of Aircraft fuel expense when the underlying jet fuel being hedged is used.

Ineffectiveness is inherent in hedging jet fuel with derivative positions based in crude oil or other crude oil related commodities. In assessing effectiveness, the Company uses a regression model to determine the correlation of the change in prices of the commodities used to hedge jet fuel (e.g. NYMEX Heating oil) to the change in the price of jet fuel. The Company also monitors the actual dollar offset of the hedges' market values as compared to hypothetical jet fuel hedges. The fuel hedge contracts are generally deemed to be "highly effective" if the R-squared is greater than 80 percent and dollar offset correlation is within 80 percent to 125 percent. The Company discontinues hedge accounting prospectively if it determines that a derivative is no longer expected to be highly effective as a hedge or if it decides to discontinue the hedging relationship. Subsequently, any changes in the fair value of these derivatives are marked to market through earnings in the period of change.

For the years ended December 31, 2008, 2007 and 2006, the Company recognized net gains of approximately \$380 million, \$239 million and \$97 million, respectively, as a component of fuel expense on the accompanying consolidated statements of operations related to its fuel hedging agreements, including the ineffective portion of the hedges. In addition, in 2006, the Company recognized a loss of \$102 million in Miscellaneous – net for changes in market value of hedges that did not qualify for hedge accounting during certain periods in 2006. The fair value of the Company's fuel hedging agreements at December 31, 2008 and 2007, representing the amount the Company would receive (pay) to terminate the agreements, totaled (\$450) million and \$353 million, respectively, which excludes a payable and a receivable, respectively, related to contracts that settled in December of each year. As of December 31, 2008, the Company estimates that during the next twelve months it will reclassify from Accumulated other comprehensive loss into earnings approximately \$711 million in net losses (based on prices as of December 31, 2008) related to its fuel derivative hedges, including losses from terminated contracts with a bankrupt counterparty and unwound trades.

The impact of cash flow hedges on the Company's consolidated financial statements for the years ending December 31, 2008 and 2007, respectively, is depicted below (in millions):

Fair Value of Aircraft Fuel Derivative Instruments (all cash flow hedges under SFAS 133)

Asset Derivatives as of December 31,				Liability Derivatives as of December 31,			
2008		2007		2008		2007	
Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Fuel derivative contracts	\$ -	Fuel derivative contracts	\$ 416	Fuel derivative liability	\$ 528	Accrued liabilities	\$ -

7. Financial Instruments and Risk Management (Continued)

Effect of Aircraft Fuel Derivative Instruments on Statements of Operations (all cash flow hedges under SFAS 133)

Amount of Gain (Loss) Recognized in OCI on Derivative ¹		Location of Gain (Loss) Reclassified from Accumulated OCI into Income ¹	Amount of Gain (Loss) Reclassified from Accumulated OCI into Income ¹		Location of Gain (Loss) Recognized in Income on Derivative ²	Amount of Gain (Loss) Recognized in Income on Derivative ²	
2008	2007		2008	2007		2008	2007
\$ (738)	\$ 381	Aircraft Fuel	\$ 378	\$ 165	Aircraft Fuel	\$ 2	\$ 74

¹ Effective portion of gain (loss)

² Ineffective portion of gain (loss)

The Company is also exposed to credit losses in the event of non-performance by counterparties to these financial instruments, and although no assurances can be given, the Company does not expect any of the counterparties to fail to meet its obligations. The credit exposure related to these financial instruments is represented by the fair value of contracts with a positive fair value at the reporting date, reduced by the effects of master netting agreements. To manage credit risks, the Company selects counterparties based on credit ratings, limits its exposure to a single counterparty under defined guidelines, and monitors the market position of the program and its relative market position with each counterparty. The Company also maintains industry-standard security agreements with a number of its counterparties which may require the Company or the counterparty to post collateral if the value of selected instruments exceed specified mark-to-market thresholds or upon certain changes in credit ratings. A deterioration of the Company's liquidity position may negatively affect the Company's ability to hedge fuel in the future.

Certain of the Company's derivative instrument contracts provide that if the Company's unrestricted cash balance or credit ratings remain above certain levels, loss positions on these instruments need not be fully collateralized. If the Company's unrestricted cash balance or credit rating were to fall below these levels, it would trigger additional collateral to be deposited with the counterparty up to 100 percent of the loss position of the derivative contracts. As of December 31, 2008, the aggregate fair value of all derivative instruments with credit-risk-related contingent features that are in a net liability position is \$528 million, for which the Company had posted collateral of \$575 million. The Company was over-collateralized as of December 31, 2008 due to a timing lag in collateral reconciliation of \$92 million by a certain counterparty. Excluding the impact of this timing lag, if all credit-risk-contingent features underlying these agreements had been triggered on December 31, 2008, the Company would have been required to post collateral of 100 percent of the loss position referred to above, or \$528 million.

During 2008, a counterparty to certain of the Company's fuel hedging derivative contracts filed for protection under Chapter 11 of the Federal Bankruptcy Code. Per the contract, the Company was able to terminate its hedge positions with this counterparty as a result of the counterparty's default. Due to the decline in fuel prices subsequent to the Chapter 11 filing, the Company was in a liability position to this counterparty at the time the hedge position was terminated. The Company incurred a charge of \$26 million associated with these contracts during the period subsequent to the Chapter 11 filing and prior to termination, when the derivative contracts no longer qualified for hedge accounting under SFAS 133. The charge was recorded to Miscellaneous-net in the accompanying consolidated statement of operations. Had the Company retained these hedge positions, this charge would have been incurred as fuel expense over the next two years assuming a static fuel price from the termination date.

In fourth quarter of 2008, the Company modified its fuel hedge portfolio, effectively settling certain derivatives hedging 2009 jet fuel purchases. The Company entered into fuel hedging collars to unwind certain trades with two of the Company's counterparties. The Company has de-designated these unwound hedges as prescribed by SFAS 133, and entered into four directly counteractive economic derivatives to, in effect, settle these positions. At the date of de-designation of these hedges, the Company had recorded a \$205 million loss in Accumulated other comprehensive income which will be reclassified into Aircraft fuel expense in 2009. The fair value of these offsetting positions not designated as hedges under SFAS 133 as of December 31, 2008 was a \$188 million asset recorded in Fuel derivative contracts and a \$188 million liability recorded in Fuel derivative liability.

7. Financial Instruments and Risk Management (Continued)

Fair Values of Financial Instruments The fair values of the Company's long-term debt were estimated using quoted market prices where available. For long-term debt not actively traded, fair values were estimated using discounted cash flow analyses, based on the Company's current incremental borrowing rates for similar types of borrowing arrangements.

The carrying amounts and estimated fair values of the Company's long-term debt, including current maturities, were (in millions):

	December 31,			
	2008		2007	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Secured variable and fixed rate indebtedness	\$ 4,783	\$ 2,534	\$ 4,662	\$ 3,896
Enhanced equipment trust certificates	2,382	1,885	2,482	2,472
6.0% - 8.5% special facility revenue bonds	1,674	1,001	1,688	1,801
Credit facility agreement	691	545	440	423
4.25% - 4.50 % senior convertible notes	314	308	619	670
9.0% - 10.20% debentures	213	105	213	178
7.88% - 10.55% notes	211	96	211	195
	<u>\$ 10,268</u>	<u>\$ 6,474</u>	<u>\$ 10,315</u>	<u>\$ 9,635</u>

8. Income Taxes

On January 1, 2007, the Company adopted Financial Accounting Standards Board Interpretation No. 48 "Accounting for Uncertainty in Income Taxes" (FIN 48). FIN 48 prescribes a recognition threshold that a tax position is required to meet before being recognized in the financial statements and provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition issues.

The Company has an unrecognized tax benefit of approximately \$24 million which decreased \$16 million during the twelve months ended December 31, 2008 due to settlement of the 2001 through 2003 Internal Revenue Service examination. Changes in the unrecognized tax benefit have no impact on the effective tax rate due to the existence of the valuation allowance. Accrued interest on tax positions is recorded as a component of interest expense but is not significant at December 31, 2008.

The reconciliation of the beginning and ending amounts of unrecognized tax benefit are (in millions):

	2008	2007
Unrecognized Tax Benefit at January 1	\$ 40	\$ 41
Decreases due to settlements with taxing authority	(16)	(1)
Unrecognized Tax Benefit at December 31	<u>\$ 24</u>	<u>\$ 40</u>

The Company estimates that the unrecognized tax benefit may change within the next twelve months depending on the outcome of the pending Internal Revenue Service Appeals case.

The Company files its tax returns as prescribed by the tax laws of the jurisdictions in which it operates. The Company's 2004 through 2007 tax years are still subject to examination by the Internal Revenue Service. Various state and foreign jurisdiction tax years remain open to examination as well, though the Company believes that the effect of any additional assessment(s) will be immaterial to its consolidated financial statements.

8. Income Taxes (Continued)

The income tax expense or benefit differed from amounts computed at the statutory federal income tax rate as follows (in millions):

	Year Ended December 31,		
	2008	2007	2006
Statutory income tax provision expense/(benefit)	\$ (725)	\$ 176	\$ 81
State income tax expense/(benefit), net of federal tax effect	(49)	10	15
Meal expense	8	9	7
Change in valuation allowance	791	(180)	(124)
Other, net	(25)	(15)	21
Income tax benefit	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

In addition to the changes in the valuation allowance from operations described in the table above, the valuation allowance was also impacted by the changes in the components of Accumulated other comprehensive income (loss), described in Note 12. The total increase (decrease) in the valuation allowance was \$2,109 million, (\$696) million, and (\$18) million in 2008, 2007, and 2006, respectively.

The Company provides a valuation allowance for deferred tax assets when it is more likely than not that some portion, or all of its deferred tax assets, will not be realized. In assessing the realizability of the deferred tax assets, management considers whether it is more likely than not that some portion, or all of the deferred tax assets, will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income (including reversals of deferred tax liabilities) during the periods in which those temporary differences will become deductible.

The components of AMR's deferred tax assets and liabilities were (in millions):

	December 31,	
	2008	2007
Deferred tax assets:		
Postretirement benefits other than pensions	\$ 1,168	\$ 1,162
Rent expense	437	487
Alternative minimum tax credit carryforwards	410	413
Operating loss carryforwards	2,268	2,269
Pensions	1,533	405
Frequent flyer obligation	338	308
Gains from lease transactions	98	98
Other	1,056	722
Total deferred tax assets	<u>7,308</u>	<u>5,864</u>
Valuation allowance	<u>(2,734)</u>	<u>(625)</u>
Net deferred tax assets	<u>4,574</u>	<u>5,239</u>
Deferred tax liabilities:		
Accelerated depreciation and amortization	(4,400)	(4,960)
Other	(174)	(279)
Total deferred tax liabilities	<u>(4,574)</u>	<u>(5,239)</u>
Net deferred tax liability	<u>\$ -</u>	<u>\$ -</u>

At December 31, 2008, the Company had available for federal income tax purposes an alternative minimum tax credit carryforward of approximately \$410 million, which is available for an indefinite period, and federal net operating losses of approximately \$6.6 billion for regular tax purposes, which will expire, if unused, beginning in 2022. These net operating losses include an SFAS123(R) unrealized benefit of approximately \$649 million related to the implementation of SFAS 123(R) that will be recorded in equity when realized. The Company had available for state income tax purposes net operating losses of \$3.9 billion, which expire, if unused, in years 2009 through 2027. The amount that will expire in 2009 is \$74 million.

8. Income Taxes (Continued)

Cash payments (refunds) for income taxes were (\$14) million, \$7 million and \$1 million for 2008, 2007 and 2006, respectively.

Under special tax rules (the Section 382 Limitation), cumulative stock ownership changes among material shareholders exceeding 50 percent during a 3-year period can potentially limit a company's future use of net operating losses and tax credits (NOL's). The Section 382 limitation may be increased by certain "built-in gains," as provided by current IRS guidance. Based on available information, the Company believes it is not currently subject to the Section 382 Limitation. If triggered under current conditions, the Section 382 limitation is not expected to significantly impact the recorded value of deferred taxes or timing of utilization of the Company's NOL's.

9. Share Based Compensation

AMR grants stock compensation under two plans: the 1998 Long Term Incentive Plan and the 2003 Employee Stock Incentive Plan (the 2003 Plan).

Under the 1998 Long Term Incentive Plan, as amended, officers and key employees of AMR and its subsidiaries may be granted certain types of stock or performance based awards. At December 31, 2008, the Company had stock option/settled stock appreciation right (SSAR) awards, performance share awards, deferred share awards and other awards outstanding under this plan. The total number of common shares authorized for distribution under the 1998 Long Term Incentive Plan is 23,700,000 shares. The 1998 Long Term Incentive Plan, the successor to the 1988 Long Term Incentive Plan (collectively, the LTIP Plans), was terminated in 2008.

In 2003, the Company established the 2003 Plan to provide equity awards to employees. Under the 2003 Plan, employees may be granted stock options/SSARs, restricted stock and deferred stock. At December 31, 2008, the Company had stock options/SSARs and deferred awards outstanding under the 2003 Plan. The total number of shares authorized for distribution under the 2003 Plan is 42,680,000 shares.

In 2008, 2007 and 2006, the total charge for share-based compensation expense included in wages, salaries and benefits expense was \$53 million, \$131 million and \$219 million, respectively. In 2008, 2007 and 2006, the amount of cash used to settle equity instruments granted under share-based compensation plans was \$24 million, \$11 million and \$29 million, respectively.

Stock Options/SSARs During 2006, the AMR Board of Directors approved an amendment covering all of the outstanding stock options previously granted under the LTIP Plans. The Amendment added to each of the outstanding options an additional stock settled stock appreciation right (SSAR) in tandem with each of the then outstanding stock options. The addition of the SSAR did not impact the fair value of the stock options, but simply allowed the Company to settle the exercise of the option by issuing the net number of shares equal to the in-the-money value of the option. This amendment is estimated to make available enough shares to permit the Company to settle all outstanding performance and deferred share awards in stock rather than cash.

Options/SSARs granted under the LTIP Plans and the 2003 Plan are awarded with an exercise price equal to the fair market value of the stock on date of grant, become exercisable in equal annual installments over periods ranging from two to five years and expire no later than ten years from the date of grant. Expense for the options is recognized on a straight-line basis. The fair value of each award is estimated on the date of grant using the modified Black-Scholes option valuation model and the assumptions noted in the following table. Expected volatilities are based on implied volatilities from traded options on the Company's stock, historical volatility of the Company's stock, and other factors. The Company uses historical employee exercise data to estimate the expected term of awards granted used in the valuation model. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant. The dividend yield is assumed to be zero based on the Company's history and expectation of not paying dividends.

9. Share Based Compensation (Continued)

	2008		2007		2006	
Expected volatility	53.0% to 55.9%		49.7% to 51.6%		52.5% to 55.0%	
Expected term (in years)	4.0		4.0		4.0	
Risk-free rate	2.98% to 3.15%		4.43% to 5.03%		4.35% to 5.07%	
Annual forfeiture rate	10.0%		10.0%		10.0%	

A summary of stock option/SSARs activity under the LTIP Plans and the 2003 Plan as of December 31, 2008, and changes during the year then ended is presented below:

	LTIP Plans		The 2003 Plan	
	Options/SSARs	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Outstanding at January 1	11,844,615	\$ 27.76	14,276,053	\$ 5.66
Granted	2,722,740	8.23	-	-
Exercised	(500)	4.25	(347,057)	5.25
Forfeited or Expired	(760,907)	28.26	(119,004)	6.83
Outstanding at December 31	<u>13,805,948</u>	<u>23.88</u>	<u>13,809,992</u>	<u>5.66</u>
Exercisable at December 31	<u>9,714,226</u>	<u>28.48</u>	<u>13,491,727</u>	<u>5.52</u>
Weighted Average Remaining Contractual Term of Options Outstanding (in years)	<u>4.3</u>		<u>4.4</u>	
Aggregate Intrinsic Value of Options Outstanding	<u>\$ 7,605,694</u>		<u>\$ 70,509,340</u>	

The aggregate intrinsic value of all vested options/SSARs is \$71 million and those options have an average remaining contractual life of 3.6 years. The weighted-average grant date fair value of options/SSARs granted during 2008, 2007 and 2006 was \$3.78, \$12.63 and \$10.93, respectively. The total intrinsic value of options/SSARs exercised during 2008, 2007 and 2006 was \$2 million, \$193 million and \$350 million, respectively.

A summary of the status of the Company's non-vested options/SSARs under all plans as of December 31, 2008, and changes during the year ended December 31, 2008, is presented below:

	Options/SSARs	Weighted Average Grant Date Fair Value
Outstanding at January 1	2,965,521	\$ 8.07
Granted	2,722,740	3.78
Vested	(1,260,844)	6.55
Forfeited	(17,430)	4.78
Outstanding at December 31	<u>4,409,987</u>	<u>5.87</u>

9. Share Based Compensation (Continued)

As of December 31, 2008, there was \$15 million of total unrecognized compensation cost related to non-vested stock options/SSARs granted under the LTIP Plans and the 2003 Plan that is expected to be recognized over a weighted-average period of 3.3 years. The total fair value of stock options/SSARs vested during the years ended December 31, 2008, 2007 and 2006, was \$9 million, \$9 million and \$25 million, respectively.

Cash received by the Company from exercise of stock options for the years ended December 31, 2008, 2007 and 2006, was \$1 million, \$90 million and \$230 million, respectively. No tax benefit was realized as a result of stock options/SSARs exercised in 2008 due to the tax valuation allowance discussed in Note 8.

Performance Share Awards During 2006 and 2007, the AMR Board of Directors approved the amendment and restatement of all of the outstanding performance share plans, the related performance share agreements and deferred share agreements that required settlement in cash (collectively, the Amended Plans). The plans were amended to permit settlement in a combination of cash and/or stock; however, the amendments did not impact the fair value of the awards under the Amended Plans. As a result of these actions, any amounts accrued as liabilities at the time of conversion or at the time it became probable that sufficient shares would be available to settle the Amended Plans were reclassified from accrued liabilities to Additional paid-in capital. Accordingly, these awards are now accounted for as market condition awards in accordance with SFAS 123(R).

Performance share awards are granted under the LTIP Plans, generally vest pursuant to a three year measurement period and are settled on the vesting date. The number of awards ultimately issued under performance share awards is contingent on AMR's relative stock price performance compared to certain of its competitors over a three year period and can range from zero to 175 percent of the awards granted. The fair value of performance awards is calculated by multiplying the stock price on the date of grant by the expected payout percentage and the number of shares granted.

Activity during 2008 for performance awards accounted for as equity awards was:

	Awards	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1	5,400,441		
Reclassified to liability awards	(97,215)		
Granted	2,850,240		
Settled	(2,330,852)		
Forfeited or Expired	(56,361)		
	<u>5,766,253</u>	<u>1.5</u>	<u>\$ 61,360,092</u>

The aggregate intrinsic value represents the Company's current estimate of the number of shares (5,750,712 shares at December 31, 2008) that will ultimately be distributed for outstanding awards computed using the market value of the Company's common stock at December 31, 2008. The weighted-average grant date fair value per share of performance share awards granted during 2008, 2007, and 2006 was \$8.20, \$28.52 and \$25.01, respectively. The total fair value of equity awards settled during the year ended December 31, 2008 was \$14 million. As of December 31, 2008, there was \$38 million of total unrecognized compensation cost related to performance share awards that is expected to be recognized over a period of 1.6 years.

Deferred Awards The distribution of deferred share awards granted under the LTIP Plans is based solely on a requisite service period (generally 36 months). Career equity awards granted to certain employees of the Company vest upon the retirement of those individuals. The fair value of each deferred award is based on AMR's stock price on the measurement date.

9. Share Based Compensation (Continued)

Activity during 2008 for deferred awards accounted for as equity awards was:

	Shares	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1	3,668,797		
Granted	1,009,278		
Settled	(565,235)		
Forfeited or Expired	(64,962)		
	<u>4,047,878</u>	<u>3.9</u>	<u>\$ 43,190,858</u>

The weighted-average grant date fair value per share of deferred awards granted during 2008, 2007 and 2006 was \$8.23, \$28.54 and \$25.12, respectively. The total fair value of awards settled during the years ended December 31, 2008, 2007 and 2006 was \$6 million, \$24 million and \$4 million, respectively. As of December 31, 2008, there was \$25 million of total unrecognized compensation cost related to deferred awards that is expected to be recognized over a weighted average period of 3.4 years.

Other Awards As of December 31, 2008, certain performance share agreements and deferred share award agreements were accounted for as a liability, or as equity, as appropriate, in the consolidated balance sheet as the plans only permit settlement in cash or the awards required that the employee meet certain performance conditions which were not subject to market measurement. As a result, SFAS 123(R) required awards under these agreements to be marked to current market value. As of December 31, 2008, the aggregate intrinsic value of these awards was \$7 million and the weighted average remaining contractual term of these awards was 2.2 years. The total fair value of awards settled during the years ended December 31, 2008, 2007 and 2006 was \$24 million, \$11 million, and \$29 million respectively. As of December 31, 2008, there was \$3 million of total unrecognized compensation cost related to other awards that is expected to be recognized over a weighted average period of 4.4 years.

10. Retirement Benefits

All employees of the Company may participate in pension plans if they meet the plans' eligibility requirements. The defined benefit plans provide benefits for participating employees based on years of service and average compensation for a specified period of time before retirement. The Company uses a December 31 measurement date for all of its defined benefit plans. American's pilots also participate in a defined contribution plan for which Company contributions are determined as a percentage (11 percent) of participant compensation. Certain non-contract employees (including all new non-contract employees) participate in a defined contribution plan in which the Company will match the employees' before-tax contribution on a dollar-for-dollar basis, up to 5.5 percent of their pensionable pay.

In addition to pension benefits, retiree medical and other postretirement benefits, including certain health care and life insurance benefits (which provide secondary coverage to Medicare), are provided to retired employees. The amount of health care benefits is limited to lifetime maximums as outlined in the plan. Substantially all regular employees of American and employees of certain other subsidiaries may become eligible for these benefits if they satisfy eligibility requirements during their working lives.

Certain employee groups make contributions toward funding a portion of their retiree health care benefits during their working lives. The Company funds benefits as incurred and makes contributions to match employee prefunding.

10. Retirement Benefits (Continued)

In 2007, the Fair Treatment for Experienced Pilots Act (H.R. 4343) was signed into law, raising the mandatory retirement age for commercial pilots from 60 to 65. Previously, the FAA required commercial pilots to retire once they reached age 60. As a result, the Company has estimated the average retirement age for the pilot workgroup to be 63, based on the approximate retirement age of the Company's other work groups, which did not have the same mandatory retirement age. This change in the estimate of pilot retirement age caused a decrease to the pension and other postretirement liability of approximately \$543 million at December 31, 2007.

The following table provides a reconciliation of the changes in the pension and retiree medical and other benefit obligations and fair value of assets for the years ended December 31, 2008 and 2007, and a statement of funded status as of December 31, 2008 and 2007 (in millions):

	Pension Benefits		Retiree Medical and Other Benefits	
	2008	2007	2008	2007
<u>Reconciliation of benefit obligation</u>				
Obligation at January 1	\$ 10,451	\$ 11,048	\$ 2,672	\$ 3,256
Service cost	324	370	54	71
Interest cost	684	672	172	194
Actuarial (gain) loss	254	(1,021)	22	(693)
Plan amendments	(14)	-	-	-
Benefit payments	(815)	(618)	(141)	(156)
Obligation at December 31	<u>\$ 10,884</u>	<u>\$ 10,451</u>	<u>\$ 2,779</u>	<u>\$ 2,672</u>
<u>Reconciliation of fair value of plan assets</u>				
Fair value of plan assets at January 1	\$ 9,099	\$ 8,565	\$ 224	\$ 202
Actual return on plan assets	(1,659)	766	(75)	9
Employer contributions	89	386	153	168
Benefit payments	(815)	(618)	(141)	(155)
Fair value of plan assets at December 31	<u>\$ 6,714</u>	<u>\$ 9,099</u>	<u>\$ 161</u>	<u>\$ 224</u>
Funded status at December 31	<u>\$ (4,170)</u>	<u>\$ (1,352)</u>	<u>\$ (2,618)</u>	<u>\$ (2,448)</u>
<u>Amounts recognized in the consolidated balance sheets</u>				
Current liability	\$ 11	\$ 6	\$ 163	\$ 170
Noncurrent liability	4,159	1,346	2,455	2,278
	<u>\$ 4,170</u>	<u>\$ 1,352</u>	<u>\$ 2,618</u>	<u>\$ 2,448</u>
<u>Amounts recognized in other comprehensive loss</u>				
Net actuarial loss (gain)	\$ 2,839	\$ 245	\$ (458)	\$ (605)
Prior service cost (credit)	108	137	(53)	(65)
	<u>\$ 2,947</u>	<u>\$ 382</u>	<u>\$ (511)</u>	<u>\$ (670)</u>
<u>For plans with accumulated benefit obligations exceeding the fair value of plan assets</u>				
	Pension Benefits		Retiree Medical and Other Benefits	
	2008	2007	2008	2007
Projected benefit obligation (PBO)	\$ 10,884	\$ 10,451	\$ -	\$ -
Accumulated benefit obligation (ABO)	9,656	9,486	-	-
Accumulated postretirement benefit obligation (APBO)	-	-	2,779	2,672
Fair value of plan assets	6,714	9,099	161	224
ABO less fair value of plan assets	2,942	387	-	-

10. Retirement Benefits (Continued)

At December 31, 2008 and 2007, pension benefit plan assets of \$460 million and \$127 million, respectively, and retiree medical and other benefit plan assets of \$158 million and \$220 million, respectively, were invested in shares of certain mutual funds.

The following tables provide the components of net periodic benefit cost for the years ended December 31, 2008, 2007 and 2006 (in millions):

	Pension Benefits		
	2008	2007	2006
<u>Components of net periodic benefit cost</u>			
Defined benefit plans:			
Service cost	\$ 324	\$ 370	\$ 399
Interest cost	684	672	641
Expected return on assets	(789)	(747)	(669)
Amortization of:			
Transition asset	-	-	(1)
Prior service cost	16	16	16
Settlement	103	-	-
Unrecognized net loss	3	25	81
Net periodic benefit cost for defined benefit plans	341	336	467
Defined contribution plans	170	166	164
	<u>\$ 511</u>	<u>\$ 502</u>	<u>\$ 631</u>
<u>Retiree Medical and Other Benefits</u>			
	2008	2007	2006
<u>Components of net periodic benefit cost</u>			
Service cost	\$ 54	\$ 70	\$ 78
Interest cost	172	194	194
Expected return on assets	(20)	(18)	(15)
Amortization of:			
Prior service cost	(13)	(13)	(10)
Unrecognized net loss (gain)	(22)	(7)	1
Net periodic benefit cost	<u>\$ 171</u>	<u>\$ 226</u>	<u>\$ 248</u>

The estimated net loss and prior service cost for the defined benefit pension plans that will be amortized from Accumulated other comprehensive income into net periodic benefit cost over the next fiscal year are \$145 million and \$8 million, respectively. The estimated net gain and prior service credit for the retiree medical and other postretirement plans that will be amortized from Accumulated other comprehensive income into net periodic benefit cost over the next fiscal year are \$14 million and \$8 million, respectively.

	Pension Benefits		Retiree Medical and Other Benefits	
	2008	2007	2008	2007
<u>Weighted-average assumptions used to determine benefit obligations as of December 31</u>				
Discount rate	6.50%	6.50%	6.50%	6.50%
Salary scale (ultimate)	3.78	3.78	-	-

10. Retirement Benefits (Continued)

	Pension Benefits		Retiree Medical and Other Benefits	
	2008	2007	2008	2007
<u>Weighted-average assumptions used to determine net periodic benefit cost for the years ended December 31</u>				
Discount rate	6.50%	6.00%	6.00%	6.00%
Salary scale (ultimate)	3.78	3.78	-	-
Expected return on plan assets	8.75	8.75	8.75	8.75

As of December 31, 2008, the Company's estimate of the long-term rate of return on plan assets was 8.75 percent based on the target asset allocation. Expected returns on longer duration bonds are based on yields to maturity of the bonds held at year-end. Expected returns on other assets are based on a combination of long-term historical returns, actual returns on plan assets achieved over the last ten years, current and expected market conditions, and expected value to be generated through active management, currency overlay and securities lending programs. The Company's annualized ten-year rate of return on plan assets as of December 31, 2008, was approximately 6.81 percent.

The Company's pension plan weighted-average asset allocations at December 31, by asset category, are as follows:

	2008	2007
Long duration bonds	48%	41%
U.S. stocks	22	26
International stocks	15	21
Emerging markets stocks and bonds	4	5
Alternative (private) investments	11	7
Total	100%	100%

The Company's target asset allocation is 35 percent longer duration corporate and U.S. government/agency bonds, 25 percent U.S. value stocks, 20 percent developed international stocks, five percent emerging markets stocks and bonds, and 15 percent alternative (private) investments. Each asset class is actively managed and, historically, the plans' assets have produced returns, net of management fees, in excess of the expected rate of return over the last ten years. Stocks and emerging market bonds are used to provide diversification and are expected to generate higher returns over the long-term than longer duration U.S. bonds. Public stocks are managed using a value investment approach in order to participate in the returns generated by stocks in the long-term, while reducing year-over-year volatility. Longer duration U.S. bonds are used to partially hedge the assets from declines in interest rates. Alternative (private) investments are used to provide expected returns in excess of the public markets over the long-term. Additionally, the Company engages currency overlay managers in an attempt to increase returns by protecting non-U.S. dollar denominated assets from a rise in the relative value of the U.S. dollar. The Company also participates in securities lending programs to generate additional income by loaning plan assets to borrowers on a fully collateralized basis. These programs are subject to market risk.

	Pre-65 Individuals		Post-65 Individuals	
	2008	2007	2008	2007
<u>Assumed health care trend rates at December 31</u>				
Health care cost trend rate assumed for next year	7.5%	7.0%	7.5%	7.0%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.5%	4.5%	4.5%	4.5%
Year that the rate reaches the ultimate trend rate	2015	2010	2015	2010

10. Retirement Benefits (Continued)

A one percentage point change in the assumed health care cost trend rates would have the following effects (in millions):

	<u>One Percent Increase</u>	<u>One Percent Decrease</u>
Impact on 2008 service and interest cost	20	(20)
Impact on postretirement benefit obligation as of December 31, 2008	224	(219)

The Company has no required 2009 contributions to its defined benefit pension plans under the provisions of the Pension Funding Equity Act of 2004 and the Pension Protection Act of 2006. The Company's estimates of its defined benefit pension plan contributions reflect the current provisions of the Pension Funding Equity Act of 2004 and the Pension Protection Act of 2006. The Company expects to contribute approximately \$13 million to its retiree medical and other benefit plan in 2009.

The following benefit payments, which reflect expected future service as appropriate, are expected to be paid:

	<u>Pension</u>	<u>Retiree Medical and Other</u>
2009	\$ 514	\$ 163
2010	565	168
2011	587	176
2012	617	175
2013	728	181
2014 - 2018	4,372	1,007

During 2008, AMR recorded a settlement charge totaling \$103 million related to lump sum distributions from the Company's defined benefit pension plans to pilots who retired. Statement of Financial Accounting Standards No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits" ("SFAS 88"), requires the use of settlement accounting if, for a given year, the cost of all settlements exceeds, or is expected to exceed, the sum of the service cost and interest cost components of net periodic pension expense for a plan. Under settlement accounting, unrecognized plan gains or losses must be recognized immediately in proportion to the percentage reduction of the plan's projected benefit obligation.

11. Intangible Assets

In April 2007, the United States and the EU approved an “open skies” air services agreement that provides airlines from the United States and EU member states open access to each other’s markets, with freedom of pricing and unlimited rights to fly beyond the United States and any airport in the EU including London’s Heathrow Airport. The provisions of the agreement were effective on March 30, 2008. Under the agreement, every U.S. and EU airline is authorized to operate between airports in the United States and Heathrow. Notwithstanding the open skies agreement, Heathrow is a slot-controlled airport. Only three airlines besides American were previously allowed to provide that Heathrow service. The Company has recorded route acquisition costs (including international routes and slots) of \$828 million and \$846 million as of December 31, 2008 and 2007, respectively, including a significant amount related to operations at Heathrow. The Company considers these assets indefinite life assets under Statement of Financial Accounting Standards No. 142 “Goodwill and Other Intangibles” and as a result, they are not amortized but instead are tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. The Company has completed an impairment analysis and has concluded that no impairment exists.

The following tables provide information relating to the Company’s amortized intangible assets as of December 31 (in millions):

	2008		
	Cost	Accumulated Amortization	Net Book Value
Amortized intangible assets:			
Airport operating rights	\$ 515	\$ 302	\$ 213
Gate lease rights	182	114	68
Total	<u>\$ 697</u>	<u>\$ 416</u>	<u>\$ 281</u>
	2007		
	Cost	Accumulated Amortization	Net Book Value
Amortized intangible assets:			
Airport operating rights	\$ 517	\$ 282	\$ 235
Gate lease rights	182	107	75
Total	<u>\$ 699</u>	<u>\$ 389</u>	<u>\$ 310</u>

Airport operating and gate lease rights are being amortized on a straight-line basis over 25 years to a zero residual value. The Company recorded amortization expense related to these intangible assets of approximately \$28 million for each of the years ended December 31, 2008, 2007 and 2006, respectively. The Company expects to record annual amortization expense of approximately \$27 million in each of the next five years related to these intangible assets.

12. Accumulated Other Comprehensive Income (Loss)

The components of Accumulated other comprehensive income (loss) are as follows (in millions):

	Pension and Retiree Medical Liability	Unrealized Gain/(Loss) on Investments	Derivative Financial Instruments	Income Tax Benefit	Total
Balance at January 1, 2006	\$ (1,206)	\$ 3	\$ 79	\$ 145	\$ (979)
Current year net change	748	-	-	-	748
Reclassification of derivative financial instruments into earnings	-	-	(88)	-	(88)
Change in fair value of derivative financial instruments	-	-	26	-	26
Adjustment resulting from adoption of SFAS 158	(998)	-	-	-	(998)
Balance at December 31, 2006	\$ (1,456)	\$ 3	\$ 17	\$ 145	\$ (1,291)
Current year change	1,723	(6)	-	-	1,717
Amortization of actuarial loss and prior service cost	21	-	-	-	21
Reclassification of derivative financial instruments into earnings	-	-	(158)	-	(158)
Change in fair value of derivative financial instruments	-	-	381	-	381
Balance at December 31, 2007	\$ 288	\$ (3)	\$ 240	\$ 145	\$ 670
Current year change	(2,707)	(7)	-	-	(2,714)
Amortization of actuarial loss and prior service cost	(17)	-	-	-	(17)
Reclassification of derivative financial instruments into earnings	-	-	(378)	-	(378)
Change in fair value of derivative financial instruments	-	-	(738)	-	(738)
Balance at December 31, 2008	<u>\$ (2,436)</u>	<u>\$ (10)</u>	<u>\$ (876)</u>	<u>\$ 145</u>	<u>\$ (3,177)</u>

As of December 31, 2008, the Company estimates that during the next twelve months it will reclassify from Accumulated other comprehensive loss into earnings approximately \$711 million in net losses (based on prices as of December 31, 2008) related to its fuel derivative hedges, including losses from terminated contracts with a bankrupt counterparty and unwound trades as described in Note 7 "Financial Instruments and Risk Management"

13. Earnings (Loss) Per Share

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

	Year Ended December 31,		
	2008	2007	2006
Numerator:			
Net earnings (loss) – numerator for basic earnings (loss) per share	\$ (2,071)	\$ 504	\$ 231
Interest on senior convertible notes	-	27	27
Net earnings (loss) adjusted for interest on senior convertible notes – numerator for diluted earnings per share	<u>\$ (2,071)</u>	<u>\$ 531</u>	<u>\$ 258</u>
Denominator:			
Denominator for basic earnings (loss) per share – weighted average shares	259	245	205
Effect of dilutive securities:			
Senior convertible notes	-	32	32
Employee options and shares	-	34	44
Assumed treasury shares purchased	-	(12)	(17)
Diluted potential common shares	<u>-</u>	<u>54</u>	<u>59</u>
Denominator for diluted earnings loss per share – weighted-average shares	<u>259</u>	<u>299</u>	<u>264</u>
Basic earnings (loss) per share	<u>\$ (7.98)</u>	<u>\$ 2.06</u>	<u>\$ 1.13</u>
Diluted earnings (loss) per share	<u>\$ (7.98)</u>	<u>\$ 1.78</u>	<u>\$ 0.98</u>

For the year ended December 31, 2008 and 2007, approximately 13 million and 7 million shares related to employee stock options were not added to the denominator because the options' exercise prices were greater than the average market price of the common shares. Approximately 36 million shares related to the Company's convertible notes, employee stock options and deferred stock were not added to the denominator for the year ended December 31, 2008 because inclusion of such shares would be antidilutive.

14. Segment Reporting

The Company's operations of American and AMR Eagle are treated as an integrated route network and the route scheduling system maximizes the operating results of the Company. The Company's chief operating decision maker makes resource allocation decisions to maximize the Company's consolidated financial results. Based on the way the Company treats the network and the manner in which resource allocation decisions are made, the Company has only one operating segment for financial reporting purposes consisting of the operations of American and AMR Eagle.

American, AMR Eagle and the AmericanConnection® airlines serve 250 cities in 40 countries with, on average, more than 3,400 daily flights. The combined network fleet numbers approximately 900 aircraft. American is also one of the largest scheduled air freight carriers in the world, providing a wide range of freight and mail services to shippers throughout its system onboard American's passenger fleet. AMR Eagle owns two regional airlines, which do business as "American Eagle" - American Eagle Airlines, Inc. and Executive Airlines, Inc. The American Eagle® carriers provide connecting service from nine of American's high-traffic cities to smaller markets throughout the United States, Canada, Mexico and the Caribbean.

14. Segment Reporting (Continued)

Revenues from other segments are below the quantitative threshold for determining reportable segments and consist primarily of revenues from American Beacon Advisors, Inc. (divested in 2008) and Americas Ground Services, Inc. The difference between the financial information of the Company's one reportable segment and the financial information included in the accompanying consolidated statements of operations and balance sheets as a result of these entities is not material.

In 2008, the Company announced that it had reached a definitive agreement with Lighthouse Holdings, Inc., which is owned by investment funds affiliated with TPG Capital, L.P. and Pharos Capital Group, LLC for the sale of American Beacon Advisors, Inc. (American Beacon), its wholly-owned asset management subsidiary. On September 12, 2008, AMR completed the sale of American Beacon which resulted in a net gain of \$432 million. The gain on the sale is included in Miscellaneous-net in the accompanying consolidated statement of operations. While primarily a cash transaction, the Company also maintained a minority equity stake in American Beacon. As the Company has significant continuing involvement with American Beacon post-sale, AMR does not account for the disposal of American Beacon as discontinued operations.

The Company's operating revenues by geographic region (as defined by the Department of Transportation) are summarized below (in millions):

	Year Ended December 31,		
	2008	2007	2006
DOT Domestic	\$ 14,135	\$ 14,179	\$ 14,159
DOT Latin America	4,927	4,268	4,024
DOT Atlantic	3,671	3,556	3,409
DOT Pacific	1,033	932	971
Total consolidated revenues	<u>\$ 23,766</u>	<u>\$ 22,935</u>	<u>\$ 22,563</u>

The Company attributes operating revenues by geographic region based upon the origin and destination of each flight segment. The Company's tangible assets consist primarily of flight equipment, which are mobile across geographic markets and, therefore, have not been allocated.

15. Quarterly Financial Data (Unaudited)

Unaudited summarized financial data by quarter for 2008 and 2007 (in millions, except per share amounts):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2008				
Operating revenues	\$ 5,697	\$ 6,179	\$ 6,421	\$ 5,469
Operating income (loss)	(187)	(1,290)	(216)	(196)
Net earnings (loss)	(328)	(1,448)	45	(340)
Earnings (loss) per share:				
Basic	(1.32)	(5.77)	0.17	(1.22)
Diluted	(1.32)	(5.77)	0.17	(1.22)
2007				
Operating revenues	\$ 5,427	\$ 5,879	\$ 5,946	\$ 5,683
Operating income (loss)	248	467	319	(69)
Net earnings (loss)	81	317	175	(69)
Earnings (loss) per share:				
Basic	0.35	1.28	0.70	(0.28)
Diluted	0.30	1.08	0.61	(0.28)

The third quarter 2007 results include a charge of \$40 million to correct certain vacation accruals included in Wages, salaries and benefits expense. Of this amount, \$30 million is related to the years 2003 through 2006.

15. Quarterly Financial Data (Unaudited) (Continued)

The fourth quarter 2007 results include the impact of several items, including: a \$138 million gain on the sale of AMR's stake in ARINC included in Other Income, Miscellaneous – net, a \$39 million gain to reflect the positive impact of the change to an 18-month expiration of AAdvantage miles included in Passenger revenue, and a \$63 million charge associated with the retirement of 24 MD-80 aircraft and certain other equipment that previously had been temporarily stored included in Special charges.

The second quarter 2008 results include an impairment charge of \$1.1 billion to write the McDonnell Douglas MD-80 and Embraer RJ-135 fleets and certain related long-lived assets down to their estimated fair values, and a \$55 million accrual for employee severance costs.

The Company's third quarter 2008 results include the sale of American Beacon for total proceeds of \$442 million with a net gain of \$432 million and \$27 million of special charges due to continued capacity reduction effects.

The results of the fourth quarter of 2008 were impacted by a pension settlement charge of \$103 million for one of the Company's defined benefit plans.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. 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, or 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 Securities and Exchange Commission. An evaluation was performed under the supervision and with the participation of the Company's management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of the effectiveness of the Company's disclosure controls and procedures as of December 31, 2008. Based on that evaluation, the Company's management, including the CEO and CFO, concluded that the Company's disclosure controls and procedures were effective as of December 31, 2008. During the quarter ending on December 31, 2008, there was no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting

Management of the Company is responsible for establishing and maintaining effective internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. The Company's internal control over financial reporting is designed 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.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2008 using the criteria set forth in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management believes that, as of December 31, 2008, the Company's internal control over financial reporting was effective based on those criteria.

The effectiveness of internal control over financial reporting as of December 31, 2008, has been audited by Ernst & Young LLP, the independent registered public accounting firm who also audited the Company's consolidated financial statements. Ernst & Young LLP's attestation report on the effectiveness of the Company's internal control over financial reporting appears below.

/s/ Gerard J. Arpey
Gerard J. Arpey
Chairman, President and Chief Executive Officer

/s/ Thomas W. Horton
Thomas W. Horton
Executive Vice President and Chief Financial Officer

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
AMR Corporation

We have audited AMR Corporation's internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). AMR Corporation's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying "Management's Report on Internal Control over Financial Reporting." Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based upon the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, AMR Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of AMR Corporation as of December 31, 2008 and 2007 and the related consolidated statements of operations, stockholders' equity (deficit) and cash flows for each of the three years in the period ended December 31, 2008 of AMR Corporation and related financial statement schedule and our report dated February 18, 2009 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Dallas, Texas
February 18, 2009

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Incorporated herein by reference from the Company's definitive proxy statement for the annual meeting of stockholders on May 20, 2009. Information concerning the executive officers is included in Part I of this report on page 25 and information concerning the Company's code of ethics is included in Part I of this report on page 10.

ITEM 11. EXECUTIVE COMPENSATION

Incorporated herein by reference from the Company's definitive proxy statement for the annual meeting of stockholders on May 20, 2009.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Equity Compensation Plan Information

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)
Equity compensation plans approved by security holders	13,805,948	\$ 23.88	-**
Equity compensation plans not approved by security holders	<u>13,809,992*</u>	<u>\$ 5.66</u>	<u>614,228</u>
Total	<u>27,615,940</u>	<u>\$ 14.77</u>	<u>614,228</u>

* Represents 13,809,992 options granted under the 2003 Employee Stock Incentive Plan (the ESIP). The ESIP was implemented in accordance with the rules of the New York Stock Exchange.

** Additional shares may become available for future use as certain employee stock options are settled as SSARs.

See Note 9 to the consolidated financial statements for additional information regarding the equity compensation plans included above.

The information required by Item 403 of Regulation S-K is incorporated herein by reference from the Company's definitive proxy statement for the annual meeting of stockholders on May 20, 2009.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Incorporated herein by reference from the Company's definitive proxy statement for the annual meeting of stockholders on May 20, 2009.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Incorporated herein by reference from the Company's definitive proxy statement for the annual meeting of stockholders on May 20, 2009.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) (1) The following financial statements and Independent Auditors' Report are filed as part of this report:

	<u>Page</u>
Report of Independent Registered Public Accounting Firm	51
Consolidated Statements of Operations for the Years Ended December 31, 2008, 2007 and 2006	52
Consolidated Balance Sheets at December 31, 2008 and 2007	53-54
Consolidated Statements of Cash Flows for the Years Ended December 31, 2008, 2007 and 2006	55
Consolidated Statements of Stockholders' Equity (Deficit) for the Years Ended December 31, 2008, 2007 and 2006	56
Notes to Consolidated Financial Statements	57-85

(2) The following financial statement schedule is filed as part of this report:

	<u>Page</u>
Schedule II Valuation and Qualifying Accounts and Reserves	103

Schedules not included have been omitted because they are not applicable or because the required information is included in the consolidated financial statements or notes thereto.

- (3) Exhibits required to be filed by Item 601 of Regulation S-K. (Where the amount of securities authorized to be issued under any of AMR's long-term debt agreements does not exceed 10 percent of AMR's assets, pursuant to paragraph (b)(4) of Item 601 of Regulation S-K, in lieu of filing such as an exhibit, AMR hereby agrees to furnish to the Commission upon request a copy of any agreement with respect to such long-term debt.) The exhibits include amendments to the following agreements approved by the Board of Directors of AMR on November 17, 2008, to be effective as of January 1, 2005 (unless otherwise specified), which were amended to ensure compliance with Section 409A of the Internal Revenue Code of 1986, as amended, and other tax regulations: Trust Agreement Under Supplemental Executive Retirement Plan Super Saver Plus Plan, as amended and restated as of June 1, 2007 (filed as Exhibit 10.129), Trust Agreement Under Supplemental Retirement Program for Officers of American Airlines, Inc., as amended and restated as of June 1, 2007 (filed as Exhibit 10.127), Supplemental Employee Retirement Program for Officers of American Airlines Inc., as amended and restated as of January 1, 2005 (filed as Exhibit 10.128), First Amendment to AMR Corporation 2004 Directors Unit Incentive Plan, dated as of January 1, 2005 (filed as Exhibit 10.4), AMR Corporation 2003 Employee Stock Incentive Plan, as amended as of January 1, 2005 (filed as Exhibit 10.151), AMR Corporation Amended and Restated Directors Pension Benefits Plan, effective as of January 1, 2005 (filed as Exhibit 10.149), Amended and Restated Air Transportation Plan for Non-Employee Directors of AMR Corporation, effective as of January 1, 2005 (filed as Exhibit 10.150), AMR Corporation Procedures for Deferral of Board Retainers and Fees (an amendment and restatement of the Directors Stock Equivalent Purchase Plan), as amended and restated as of January 1, 2005 (filed as Exhibit 10.135), AMR Corporation 1998 Long Term Incentive Plan (filed as Exhibit 10.142), First Amendment to AMR Corporation 1994 Directors Stock Incentive Plan, dated as of January 1, 2005 (filed as Exhibit 10.152), Form of Amendment to Career Equity Program Deferred Stock Award Agreement for Employees and Senior Officers, dated as of January 1, 2005 (filed as Exhibit 10.105), Form of Amendment to Career Equity Program Deferred Stock Award Agreement for Employees and Senior Officers, dated as of January 1, 2005 (filed as Exhibit 10.106), Form of Amendment Executive Termination Benefits, dated as of January 1, 2005 (filed as Exhibit 10.124).

Exhibit

- 3.1 Restated Certificate of Incorporation of AMR, incorporated by reference to AMR's Registration Statement on Form S-4, file number 33-55191.
- 3.2 Bylaws of AMR Corporation, amended and restated as of January 20, 2009, incorporated by reference to Exhibit 3.2 to AMR's report on Form 8-K on January 23, 2009.
- 3.3 Amendments to the AMR Corporation Certificate of Incorporation, incorporated by reference to AMR's report on Form 10-Q for the quarterly period ended September 30, 2003.
- 10.1 Compensation and Benefit Agreement relative to the retirement of Robert L. Crandall, between AMR and Robert L. Crandall, dated September 18, 1998, incorporated by reference to Exhibit 10.3 to AMR's report on Form 10-K for the year ended December 31, 1998.
- 10.2 Description of informal arrangement relating to deferral of payment of directors' fees, incorporated by reference to Exhibit 10(c)(11) to American's Registration Statement No. 2-76709.
- 10.3 AMR Corporation 2004 Directors Unit Incentive Plan, as amended, incorporated by reference to Exhibit 10.5 to AMR's report on Form 10-Q for the quarterly period ended June 30, 2005; the successor to the AMR Corporation 1994 Directors Stock Incentive Plan, as amended, incorporated by reference to Exhibit 10.9 to AMR's report on Form 10-K for the year ended December 31, 1996, and the AMR Corporation 1999 Directors' Stock Appreciation Rights Plan, incorporated by reference to Exhibit 10.1 to AMR's report on Form 10-Q for the quarterly period ended March 31, 1999.
- 10.4 First Amendment to AMR Corporation 2004 Directors Unit Incentive Plan, dated as of January 1, 2005.
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- 10.5 Deferred Compensation Agreement, dated as of December 18, 2001 between AMR and John W. Bachmann, incorporated by reference to Exhibit 10.5 to AMR's report on Form 10-Q for the quarterly period ended June 30, 2002, as filed on July 19, 2002.
 - 10.6 Deferred Compensation Agreement, dated as of November 16, 2002 between AMR and John W. Bachmann, incorporated by reference to Exhibit 10.27 to AMR's report on Form 10-K for the year ended December 31, 2002.
 - 10.7 Deferred Compensation Agreement, dated as of January 12, 2004 between AMR and John W. Bachmann, incorporated by reference to Exhibit 10.5 to AMR's report on Form 10-K for the year ended December 31, 2003.
 - 10.8 Deferred Compensation Agreement, dated as of December 8, 2004 between AMR and John W. Bachmann, incorporated by reference to Exhibit 10.7 to AMR's report on Form 10-K for the year ended December 31, 2004.
 - 10.9 Deferred Compensation Agreement, dated as of November 29, 2005 between AMR and John W. Bachmann, incorporated by reference to Exhibit 10.8 to AMR's report on Form 10-K for the year ended December 31, 2005.
 - 10.10 Deferred Compensation Agreement, dated as of November 29, 2006 between AMR and John W. Bachmann, incorporated by reference to Exhibit 10.9 to AMR's report on Form 10-K for the year ended December 31, 2006.
 - 10.11 Deferred Compensation Agreement, dated as of December 4, 2007 between AMR and John W. Bachmann, incorporated by reference to Exhibit 10.10 to AMR's report on Form 10-K for the year ended December 31, 2007.
 - 10.12 Deferred Compensation Agreement, dated as of December 4, 2008 between AMR and John W. Bachmann.
 - 10.13 Deferred Compensation Agreement, dated as of April 30, 2003 between AMR and David L. Boren, incorporated by reference to Exhibit 10.1 to AMR's report on Form 10-Q for the quarterly period ended March 31, 2003.
 - 10.14 Deferred Compensation Agreement, dated as of January 12, 2004 between AMR and David L. Boren, incorporated by reference to Exhibit 10.13 to AMR's report on Form 10-K for the year ended December 31, 2003.
 - 10.15 Deferred Compensation Agreement, dated as of December 8, 2004 between AMR and David L. Boren, incorporated by reference to Exhibit 10.17 to AMR's report on Form 10-K for the year ended December 31, 2004.
 - 10.16 Deferred Compensation Agreement, dated as of November 29, 2005 between AMR and David L. Boren, incorporated by reference to Exhibit 10.20 to AMR's report on Form 10-K for the year ended December 31, 2005.
 - 10.17 Deferred Compensation Agreement, dated as of November 29, 2006 between AMR and David L. Boren, incorporated by reference to Exhibit 10.23 to AMR's report on Form 10-K for the year ended December 31, 2006.
 - 10.18 Deferred Compensation Agreement, dated as of December 4, 2007 between AMR and David L. Boren, incorporated by reference to Exhibit 10.16 to AMR's report on Form 10-K for the year ended December 31, 2007.
 - 10.19 Deferred Compensation Agreement, dated as of December 4, 2008 between AMR and David L. Boren
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- 10.20 Deferred Compensation Agreement, dated as of February 19, 1998, between AMR and Armando M. Codina, incorporated by reference to Exhibit 10.15 to AMR's report on Form 10-K for the year ended December 31, 1997.
 - 10.21 Deferred Compensation Agreement, dated as of January 13, 1999, between AMR and Armando M. Codina, incorporated by reference to Exhibit 10.19 to AMR's report on Form 10-K for the year ended December 31, 1998.
 - 10.22 Deferred Compensation Agreement, dated as of January 12, 2000, between AMR and Armando M. Codina, incorporated by reference to Exhibit 10.20 to AMR's report on Form 10-K for the year ended December 31, 1999.
 - 10.23 Deferred Compensation Agreement, dated as of January 22, 2001, between AMR and Armando M. Codina, incorporated by reference to Exhibit 10.20 to AMR's report on Form 10-K for the year ended December 31, 2000.
 - 10.24 Deferred Compensation Agreement, dated as of December 18, 2001 between AMR and Armando M. Codina, incorporated by reference to Exhibit 10.6 to AMR's report on Form 10-Q for the quarterly period ended June 30, 2002, as filed on July 19, 2002.
 - 10.25 Deferred Compensation Agreement, dated as of December 13, 2002 between AMR and Armando M. Codina, incorporated by reference to Exhibit 10.28 to AMR's report on Form 10-K for the year ended December 31, 2002.
 - 10.26 Deferred Compensation Agreement, dated as of January 12, 2004 between AMR and Armando M. Codina, incorporated by reference to Exhibit 10.20 to AMR's report on Form 10-K for the year ended December 31, 2003.
 - 10.27 Deferred Compensation Agreement, dated as of December 8, 2004 between AMR and Armando M. Codina, incorporated by reference to Exhibit 10.25 to AMR's report on Form 10-K for the year ended December 31, 2004.
 - 10.28 Deferred Compensation Agreement, dated as of November 29, 2005 between AMR and Armando M. Codina, incorporated by reference to Exhibit 10.29 to AMR's report on Form 10-K for the year ended December 31, 2005.
 - 10.29 Deferred Compensation Agreement, dated as of December 21, 2006 between AMR and Armando M. Codina, incorporated by reference to Exhibit 10.33 to AMR's report on Form 10-K for the year ended December 31, 2006.
 - 10.30 Deferred Compensation Agreement, dated as of December 21, 2006 between AMR and Armando M. Codina, incorporated by reference to Exhibit 10.34 to AMR's report on Form 10-K for the year ended December 31, 2006.
 - 10.31 Deferred Compensation Agreement, dated as of December 4, 2007 between AMR and Armando M. Codina, incorporated by reference to Exhibit 10.28 to AMR's report on Form 10-K for the year ended December 31, 2007.
 - 10.32 Deferred Compensation Agreement, dated as of December 4, 2008 between AMR and Armando M. Codina.
 - 10.33 Deferred Compensation Agreement, dated as of April 30, 2003 between AMR and Ann M. Korologos, incorporated by reference to Exhibit 10.3 to AMR's report on Form 10-Q for the quarterly period ended March 31, 2003.
 - 10.34 Deferred Compensation Agreement, dated as of January 12, 2004 between AMR and Ann M. Korologos, incorporated by reference to Exhibit 10.24 to AMR's report on Form 10-K for the year ended December 31, 2003.
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- 10.35 Deferred Compensation Agreement, dated as of December 8, 2004 between AMR and Ann M. Korologos, incorporated by reference to Exhibit 10.31 to AMR's report on Form 10-K for the year ended December 31, 2004.
 - 10.36 Deferred Compensation Agreement, dated as of November 29, 2005 between AMR and Ann M. Korologos, incorporated by reference to Exhibit 10.37 to AMR's report on Form 10-K for the year ended December 31, 2005.
 - 10.37 Deferred Compensation Agreement, dated as of November 29, 2006 between AMR and Ann M. Korologos incorporated by reference to Exhibit 10.44 to AMR's report on Form 10-K for the year ended December 31, 2006.
 - 10.38 Deferred Compensation Agreement, dated as of December 4, 2007 between AMR and Ann M. Korologos, incorporated by reference to Exhibit 10.40 to AMR's report on Form 10-K for the year ended December 31, 2007.
 - 10.39 Deferred Compensation Agreement, dated as of December 4, 2008 between AMR and Ann M. Korologos.
 - 10.40 Deferred Compensation Agreement, dated as of April 30, 2003 between AMR and Michael A. Miles, incorporated by reference to Exhibit 10.4 to AMR's report on Form 10-Q for the quarterly period ended March 31, 2003.
 - 10.41 Deferred Compensation Agreement, dated as of January 12, 2004 between AMR and Michael A. Miles, incorporated by reference to Exhibit 10.26 to AMR's report on Form 10-K for the year ended December 31, 2003.
 - 10.42 Deferred Compensation Agreement, dated as of December 8, 2004 between AMR and Michael A. Miles, incorporated by reference to Exhibit 10.34 to AMR's report on Form 10-K for the year ended December 31, 2004.
 - 10.43 Deferred Compensation Agreement, dated as of November 29, 2005 between AMR and Michael A. Miles, incorporated by reference to Exhibit 10.41 to AMR's report on Form 10-K for the year ended December 31, 2005.
 - 10.44 Deferred Compensation Agreement, dated as of November 29, 2006 between AMR and Michael A. Miles, incorporated by reference to Exhibit 10.49 to AMR's report on Form 10-K for the year ended December 31, 2006.
 - 10.45 Deferred Compensation Agreement, dated as of December 4, 2007 between AMR and Michael A. Miles, incorporated by reference to Exhibit 10.46 to AMR's report on Form 10-K for the year ended December 31, 2007
 - 10.46 Deferred Compensation Agreement, dated as of December 4, 2008 between AMR and Michael A. Miles.
 - 10.47 Deferred Compensation Agreement, dated as of January 19, 2001, between AMR and Philip J. Purcell, incorporated by reference to Exhibit 10.26 to AMR's report on Form 10-K for the year ended December 31, 2000.
 - 10.48 Deferred Compensation Agreement, dated as of December 18, 2001 between AMR and Philip J. Purcell, incorporated by reference to Exhibit 10.7 to AMR's report on Form 10-Q for the quarterly period ended June 30, 2002, as filed on July 19, 2002.
 - 10.49 Deferred Compensation Agreement, dated as of November 15, 2002 between AMR and Philip J. Purcell, incorporated by reference to Exhibit 10.29 to AMR's report on Form 10-K for the year ended December 31, 2002.
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- 10.50 Deferred Compensation Agreement, dated as of January 12, 2004 between AMR and Philip J. Purcell, incorporated by reference to Exhibit 10.30 to AMR's report on Form 10-K for the year ended December 31, 2003.
 - 10.51 Deferred Compensation Agreement, dated as of December 8, 2004 between AMR and Philip J. Purcell, incorporated by reference to Exhibit 10.39 to AMR's report on Form 10-K for the year ended December 31, 2004.
 - 10.52 Deferred Compensation Agreement, dated as of November 29, 2005 between AMR and Philip J. Purcell, incorporated by reference to Exhibit 10.47 to AMR's report on Form 10-K for the year ended December 31, 2005.
 - 10.53 Deferred Compensation Agreement, dated as of November 29, 2006 between AMR and Philip J. Purcell, incorporated by reference to Exhibit 10.56 to AMR's report on Form 10-K for the year ended December 31, 2006.
 - 10.54 Deferred Compensation Agreement, dated as of December 4, 2007 between AMR and Philip J. Purcell, incorporated by reference to Exhibit 10.54 to AMR's report on Form 10-K for the year ended December 31, 2007.
 - 10.55 Deferred Compensation Agreement, dated as of December 4, 2008 between AMR and Philip J. Purcell.
 - 10.56 Deferred Compensation Agreement, dated as of November 29, 2005 between AMR and Ray M. Robinson, incorporated by reference to Exhibit 10.48 to AMR's report on Form 10-K for the year ended December 31, 2005.
 - 10.57 Deferred Compensation Agreement, dated as of November 29, 2006 between AMR and Ray M. Robinson, incorporated by reference to Exhibit 10.58 to AMR's report on Form 10-K for the year ended December 31, 2006.
 - 10.58 Deferred Compensation Agreement, dated as of December 4, 2007 between AMR and Ray M. Robinson, incorporated by reference to Exhibit 10.57 to AMR's report on Form 10-K for the year ended December 31, 2007.
 - 10.59 Deferred Compensation Agreement, dated as of December 4, 2008 between AMR and Ray M. Robinson.
 - 10.60 Deferred Compensation Agreement, dated as of July 16, 1997, between AMR and Judith Rodin, incorporated by reference to Exhibit 10.22 to AMR's report on Form 10-K for the year ended December 31, 1997.
 - 10.61 Deferred Compensation Agreement, dated as of February 19, 1998, between AMR and Judith Rodin, incorporated by reference to Exhibit 10.23 to AMR's report on Form 10-K for the year ended December 31, 1997.
 - 10.62 Deferred Compensation Agreement, dated as of January 7, 1999, between AMR and Judith Rodin, incorporated by reference to Exhibit 10.30 to AMR's report on Form 10-K for the year ended December 31, 1998.
 - 10.63 Deferred Compensation Agreement, dated as of January 12, 2000, between AMR and Judith Rodin, incorporated by reference to Exhibit 10.29 to AMR's report on Form 10-K for the year ended December 31, 1999.
 - 10.64 Deferred Compensation Agreement, dated as of January 22, 2001, between AMR and Judith Rodin, incorporated by reference to Exhibit 10.25 to AMR's report on Form 10-K for the year ended December 31, 2000.
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- 10.65 Deferred Compensation Agreement, dated as of December 18, 2001 between AMR and Judith Rodin, incorporated by reference to Exhibit 10.4 to AMR's report on Form 10-Q for the quarterly period ended June 30, 2002, as filed on July 19, 2002.
- 10.66 Deferred Compensation Agreement, dated as of November 20, 2002 between AMR and Judith Rodin, incorporated by reference to Exhibit 10.26 to AMR's report on Form 10-K for the year ended December 31, 2002.
- 10.67 Deferred Compensation Agreement, dated as of January 12, 2004 between AMR and Judith Rodin, incorporated by reference to Exhibit 10.42 to AMR's report on Form 10-K for the year ended December 31, 2003.
- 10.68 Deferred Compensation Agreement, dated as of December 8, 2004 between AMR and Judith Rodin, incorporated by reference to Exhibit 10.53 to AMR's report on Form 10-K for the year ended December 31, 2004.
- 10.69 Deferred Compensation Agreement, dated as of November 29, 2005 between AMR and Judith Rodin, incorporated by reference to Exhibit 10.64 to AMR's report on Form 10-K for the year ended December 31, 2005.
- 10.70 Deferred Compensation Agreement, dated as of November 29, 2006 between AMR and Judith Rodin, incorporated by reference to Exhibit 10.69 to AMR's report on Form 10-K for the year ended December 31, 2006.
- 10.71 Deferred Compensation Agreement, dated as of December 4, 2007 between AMR and Judith Rodin, incorporated by reference to Exhibit 10.69 to AMR's report on Form 10-K for the year ended December 31, 2007.
- 10.72 Deferred Compensation Agreement, dated as of December 4, 2008 between AMR and Judith Rodin.
- 10.73 Deferred Compensation Agreement, dated as of December 8, 2004 between AMR and Matthew K. Rose, incorporated by reference to Exhibit 10.65 to AMR's report on Form 10-K for the year ended December 31, 2005.
- 10.74 Deferred Compensation Agreement, dated as of November 29, 2005 between AMR and Matthew K. Rose, incorporated by reference to Exhibit 10.66 to AMR's report on Form 10-K for the year ended December 31, 2005.
- 10.75 Deferred Compensation Agreement, dated as of November 29, 2006 between AMR and Matthew K. Rose, incorporated by reference to Exhibit 10.72 to AMR's report on Form 10-K for the year ended December 31, 2006.
- 10.76 Deferred Compensation Agreement, dated as of December 4, 2007 between AMR and Matthew K. Rose, incorporated by reference to Exhibit 10.73 to AMR's report on Form 10-K for the year ended December 31, 2007.
- 10.77 Deferred Compensation Agreement, dated as of December 4, 2008 between AMR and Matthew K. Rose.
- 10.78 Deferred Compensation Agreement, dated as of December 18, 2001 between AMR and Roger T. Staubach, incorporated by reference to Exhibit 10.1 to AMR's report on Form 10-Q for the quarterly period ended June 30, 2002, as filed on July 19, 2002.
- 10.79 Deferred Compensation Agreement, dated as of November 18, 2002 between AMR and Roger T. Staubach, incorporated by reference to Exhibit 10.23 to AMR's report on Form 10-K for the year ended December 31, 2002.
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- 10.80 Deferred Compensation Agreement, dated as of January 12, 2004 between AMR and Roger T. Staubach, incorporated by reference to Exhibit 10.45 to AMR's report on Form 10-K for the year ended December 31, 2003.
- 10.81 Deferred Compensation Agreement, dated as of December 8, 2004 between AMR and Roger T. Staubach, incorporated by reference to Exhibit 10.57 to AMR's report on Form 10-K for the year ended December 31, 2004.
- 10.82 Deferred Compensation Agreement, dated as of November 29, 2005 between AMR and Roger T. Staubach, incorporated by reference to Exhibit 10.71 to AMR's report on Form 10-K for the year ended December 31, 2005.
- 10.83 Deferred Compensation Agreement, dated as of November 29, 2006 between AMR and Roger T. Staubach, incorporated by reference to Exhibit 10.78 to AMR's report on Form 10-K for the year ended December 31, 2006.
- 10.84 Deferred Compensation Agreement, dated as of December 4, 2007 between AMR and Roger T. Staubach, incorporated by reference to Exhibit 10.80 to AMR's report on Form 10-K for the year ended December 31, 2007.
- 10.85 Deferred Compensation Agreement, dated as of December 4, 2008 between AMR and Roger T. Staubach.
- 10.86 Deferred Compensation Agreement, dated as of January 15, 2008 between AMR and Rajat K. Gupta, incorporated by reference to Exhibit 10.81 to AMR's report on Form 10-K for the year ended December 31, 2008.
- 10.87 Deferred Compensation Agreement, dated as of December 4, 2008 between AMR and Rajat K. Gupta.
- 10.88 Deferred Compensation Agreement, dated as of January 15, 2008 between AMR and Alberto Ibargüen, incorporated by reference to Exhibit 10.82 to AMR's report on Form 10-K for the year ended December 31, 2008.
- 10.89 Deferred Compensation Agreement, dated as of December 4, 2008 between AMR and Alberto Ibargüen.
- 10.90 Current form of Stock Option Agreement under the 1998 Long-Term Incentive Plan, as amended, incorporated by reference to Exhibit 10.64 to AMR's report on Form 10-K for the year ended December 31, 2004.
- 10.91 Current form of Stock Option Agreement under the 2003 Employee Stock Incentive Plan, incorporated by reference to Exhibit 10.49 to AMR's report on Form 10-K for the year ended December 31, 2003.
- 10.92 Current form of 2003 Stock Option Agreement under the 1998 Long-Term Incentive Plan, as amended, incorporated by reference to Exhibit 10.1 to AMR's report on Form 10-Q for the quarterly period ended September 30, 2003.
- 10.93 Current form of 2004 Stock Option Agreement under the 1998 Long-Term Incentive Plan, as amended, incorporated by reference to Exhibit 10.64 to AMR's report on Form 10-K for the year ended December 31, 2004.
- 10.94 Current form of 2005 Stock Option Agreement under the 1998 Long-Term Incentive Plan, as amended, incorporated by reference to Exhibit 10.3 to AMR's report on Form 10-Q for the quarterly period ended June 30, 2005.
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- 10.95 Current form of 2003 Stock Option Agreement under the 2003 Employee Stock Incentive Plan, incorporated by reference to Exhibit 10.49 to AMR's report on Form 10-K for the year ended December 31, 2003.
- 10.96 Current form of 2004 Stock Option Agreement under the 2003 Employee Stock Incentive Plan, incorporated by reference to Exhibit 10.66 to AMR's report on Form 10-K for the year ended December 31, 2004.
- 10.97 Current form of 2005 Stock Option Agreement under the 2003 Employee Stock Incentive Plan, incorporated by reference to Exhibit 10.4 to AMR's report on Form 10-Q for the quarterly period ended June 30, 2005.
- 10.98 Current form of Amendment of Stock Option Agreements under the 1998 Long-Term Incentive Plan to Add Stock Appreciation Rights, incorporated by reference to AMR's report on Form 10-Q for the quarterly period ended September 30, 2006.
- 10.99 Current form of Amendment of Stock Option Agreements under the 1998 Long-Term Incentive Plan to Add Stock Appreciation Rights, incorporated by reference to AMR's report on Form 10-Q for the quarterly period ended September 30, 2006.
- 10.100 Career Performance Shares, Deferred Stock Award Agreement between AMR Corporation and Gerard J. Arpey dated as of July 25, 2005, incorporated by reference to Exhibit 10.6 to AMR's report on Form 10-Q for the quarterly period ended June 30, 2005.
- 10.101 Current form of Career Equity Program Deferred Stock Award Agreement for Corporate Officers under the AMR 1998 Long-Term Incentive Plan, incorporated by reference to Exhibit 10.41 to AMR's report on Form 10-K for the year ended December 31, 1998.
- 10.102 Current form of Career Equity Program Deferred Stock Award Agreement for non-officers under the AMR 1998 Long-Term Incentive Plan, incorporated by reference to Exhibit 10.42 to AMR's report on Form 10-K for the year ended December 31, 1998.
- 10.103 Current form of Career Equity Program Deferred Stock Award Agreement for Senior Officers under the AMR 1998 Long-Term Incentive Plan, incorporated by reference to Exhibit 10.42(a) to AMR's report on Form 10-K for the year ended December 31, 1998.
- 10.104 Current form of Career Equity Program Deferred Stock Award Agreement for Employees under the AMR 1998 Long-Term Incentive Plan, incorporated by reference to Exhibit 10.44 to AMR's report on Form 10-K for the year ended December 31, 1999.
- 10.105 Form of amendment to Career Equity Program Deferred Stock Award Agreement for Employees and Senior Officers dated as of January 1, 2005.
- 10.106 Form of amendment to Career Equity Program Deferred Stock Award Agreement for Employees and Senior Officers dated as of January 1, 2005.
- 10.107 Current form of 2006 Deferred Share Award Agreement (with awards to executive officers noted), incorporated by reference to Exhibit 10.3 to AMR's report on Form 10-Q for the quarterly period ended June 30, 2006.
- 10.108 Current form of 2007 Deferred Share Award Agreement (with awards to executive officers noted), incorporated by reference to Exhibit 10.3 to AMR's report on Form 10-Q for the quarterly period ended June 30, 2007.
- 10.109 Current form of 2008 Deferred Share Award Agreement (with awards to executive officers noted), incorporated by reference to Exhibit 99.2 to AMR's report on Form 8-K on May 22, 2008.
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- 10.110 Current form of Stock Appreciation Right Agreement under the 1998 Long Term Incentive Plan, as Amended (with awards to executive officers noted), incorporated by reference to Exhibit 10.1 to AMR's report on Form 10-Q for the quarterly period ended June 30, 2006.
- 10.111 Current form of Stock Appreciation Right Agreement under the 1998 Long Term Incentive Plan, as Amended (with awards to executive officers noted), incorporated by reference to Exhibit 10.2 to AMR's report on Form 10-Q for the quarterly period ended June 30, 2007.
- 10.112 Current form of Stock Appreciation Right Agreement under the 1998 Long Term Incentive Plan, as Amended (with awards to executive officers noted), incorporated by reference to Exhibit 99.1 to AMR's report on Form 8-K for on May 22, 2008.
- 10.113 Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and Gerard J. Arpey, dated May 21, 1998, incorporated by reference to Exhibit 10.61 to AMR's report on Form 10-K for the year ended December 31, 1998.
- 10.114 Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and Peter M. Bowler, dated May 21, 1998, incorporated by reference to Exhibit 10.63 to AMR's report on Form 10-K for the year ended December 31, 1998.
- 10.115 Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and Daniel P. Garton, dated May 21, 1998, incorporated by reference to Exhibit 10.66 to AMR's report on Form 10-K for the year ended December 31, 1998.
- 10.116 Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and Monte E. Ford, dated November 15, 2000, incorporated by reference to Exhibit 10.74 to AMR's report on Form 10-K for the year ended December 31, 2000.
- 10.117 Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and Henry C. Joyner, dated January 19, 2000, incorporated by reference to Exhibit 10.74 to AMR's report on Form 10-K for the year ended December 31, 1999.
- 10.118 Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and William K. Ris, Jr., dated October 20, 1999, incorporated by reference to Exhibit 10.79 to AMR's report on Form 10-K for the year ended December 31, 1999.
- 10.119 Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and Gary F. Kennedy dated February 3, 2003, incorporated by reference to Exhibit 10.55 to AMR's report on Form 10-K for the year ended December 31, 2002.
- 10.120 Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and Robert W. Reding dated May 20, 2003, incorporated by reference to Exhibit 10.71 to AMR's report on Form 10-K for the year ended December 31, 2003.
- 10.121 Employment agreement between AMR, American Airlines and William K. Ris, Jr. dated November 11, 1999, incorporated by reference to Exhibit 10.73 to AMR's report on Form 10-K for the year ended December 31, 2003.
- 10.122 Employment agreement between AMR, American Airlines and Robert W. Reding dated May 21, 2003, incorporated by reference to Exhibit 10.94 to AMR's report on Form 10-K for the year ended December 31, 2004.
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- 10.123 Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and Jeffrey J. Brundage dated April 1, 2004, incorporated by reference to Exhibit 10.5 to AMR's report on Form 10-Q for the quarterly period ended March 31, 2004.
- 10.124 Form of Amendment to Executive Termination Benefits Agreement dated as of January 1, 2005.
- 10.125 Employment agreement between AMR, American Airlines and Thomas W. Horton dated March 29, 2006, incorporated by reference to Exhibit 10.1 to AMR's current report on Form 8-K dated March 31, 2006.
- 10.126 Amendment of employment agreement between AMR, American Airlines and Thomas W. Horton dated July 15, 2008, incorporated by reference to Exhibit 10.5 to AMR's report on Form 10-Q for the quarterly period ended June 30, 2008.
- 10.127 Supplemental Executive Retirement Program for Officers of American Airlines, Inc., as amended and restated as of January 1, 2005.
- 10.128 Trust Agreement Under Supplemental Retirement Program for Officers of American Airlines, Inc., as amended and restated as of June 1, 2007.
- 10.129 Trust Agreement Under Supplemental Executive Retirement Program for Officers of American Airlines, Inc. Participating in the Super Saver Plus Plan, as amended and restated as of June 1, 2007.
- 10.130 Aircraft Purchase Agreement by and between American Airlines, Inc. and The Boeing Company, dated October 31, 1997, incorporated by reference to Exhibit 10.48 to AMR's report on Form 10-K for the year ended December 31, 1997. Confidential treatment was granted as to a portion of this document.
- 10.131 Letter Agreement dated November 17, 2004 and Purchase Agreement Supplements dated January 11, 2005 between the Boeing Company and American Airlines, Inc., incorporated by reference to Exhibit 10.99 to AMR's report on Form 10-K for the year ended December 31, 2004. Confidential treatment was granted as to a portion of these agreements.
- 10.132 Letter Agreement between the Boeing Company and American Airlines, Inc. dated May 5, 2005, incorporated by reference to Exhibit 10.7 to AMR's report on Form 10-Q for the quarterly period ended June 30, 2005. Confidential treatment was granted as to a portion of this agreement.
- 10.133 Aircraft Purchase Agreement by and between AMR Eagle Holding Corporation and Bombardier Inc., dated January 31, 1998, incorporated by reference to Exhibit 10.49 to AMR's report on Form 10-K for the year ended December 31, 1997. Confidential treatment was granted as to a portion of this agreement.
- 10.134 Amended and Restated Credit Agreement dated March 27, 2006, incorporated by reference to Exhibit 10 to AMR's report on Form 10-Q for the quarterly period ended March 31, 2006.
- 10.135 AMR Corporation Procedures for Deferral of Board Retainers and Fees (an amendment and restatement of the Directors Stock Equivalent Purchase Plan), as amended and restated as of January 1, 2005.
- 10.136 Current form of Deferred Share Award Agreement as Amended and Restated March 29, 2006 (with awards to executive officers noted), incorporated by reference to Exhibit 99.7 to AMR's current report on Form 8-K dated March 31, 2006.
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- 10.137 2009 Annual Incentive Plan for American, incorporated by reference to Exhibit 99.1 to AMR's current report on Form 8-K dated February 3, 2009.
- 10.138 Purchase Agreement No. 3219 between American Airlines, Inc. and The Boeing Company, dated as of October 15, 2008. Portions of this Exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request under Rule 24b-2 of the Securities and Exchange Act of 1934, as amended incorporated by reference to Exhibit 10.29 to American Airlines, Inc's report on Form 10-K for the year ended December 31, 2008.
- 10.139 Form of 2006-2008 Performance Share Agreement (with awards to executive officers noted) and 2006-2008 Performance Share Plan for Officers and Key Employees, incorporated by reference to Exhibit 10.4 to AMR's report on Form 10-Q for the quarterly period ended June 30, 2006.
- 10.140 Form of 2007-2009 Performance Share Agreement (with awards to executive officers noted), and 2007-2009 Performance Share Plan for Officers and Key Employees, incorporated by reference to Exhibit 10.1 to AMR's report on Form 10-Q for the quarterly period ended June 30, 2007.
- 10.141 Form of 2008-2010 Performance Share Agreement (with awards to executive officers noted), and 2008-2010 Performance Share Plan for Officers and Key Employees, incorporated by reference to Exhibit 99.3 to AMR's current report on Form 8-K dated May 22, 2008.
- 10.142 AMR Corporation 1998 Long-Term Incentive Plan, as Amended and Restated as of January 1, 2005.
- 10.143 Amendment of Stock Option Agreements Under the 1998 Long-Term Incentive Plan to Add Stock Appreciation Rights, incorporated by reference to Exhibit 10.132 to AMR's report on Form 10-K for the year ended December 31, 2006.
- 10.144 Purchase Agreement Supplement by and between American Airlines, Inc. and The Boeing Company, dated August 17, 2007. Portions of this Exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request under Rule 24b-2 of the Securities and Exchange Act of 1934, as amended, incorporated by reference to Exhibit 10.133 to AMR's report on Form 10-K for the year ended December 31, 2007.
- 10.145 Purchase Agreement Supplement by and between American Airlines, Inc. and The Boeing Company, dated November 20, 2007. Portions of this Exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request under Rule 24b-2 of the Securities and Exchange Act of 1934, as amended, incorporated by reference to Exhibit 10.134 to AMR's report on Form 10-K for the year ended December 31, 2007.
- 10.146 Purchase Agreement Supplement by and between American Airlines, Inc. and The Boeing Company, dated December 10, 2007. Portions of this Exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request under Rule 24b-2 of the Securities and Exchange Act of 1934, as amended, incorporated by reference to Exhibit 10.135 to AMR's report on Form 10-K for the year ended December 31, 2007.
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- 10.147 Purchase Agreement Supplement by and between American Airlines, Inc. and The Boeing Company, dated January 20, 2008. Portions of this Exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request under Rule 24b-2 of the Securities and Exchange Act of 1934, as amended, incorporated by reference to Exhibit 10.136 to AMR's report on Form 10-K for the year ended December 31, 2007.
- 10.148 Purchase Agreement Supplement by and between American Airlines, Inc. and The Boeing Company, dated February 11, 2008. Portions of this Exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request under Rule 24b-2 of the Securities and Exchange Act of 1934, as amended, incorporated by reference to Exhibit 10.137 to AMR's report on Form 10-K for the year ended December 31, 2007.
- 10.149 AMR Corporation Amended and Restated Directors Pension Benefits Plan, effective as of January 1, 2005.
- 10.150 Amended and Restated Air Transportation Plan for Non-Employee Directors of AMR Corporation, effective as of January 1, 2005.
- 10.151 AMR Corporation 2003 Employee Stock Incentive Plan, as amended as of January 1, 2005.
- 10.152 First Amendment to AMR Corporation 1994 Directors Stock Incentive Plan, dated as of January 1, 2005.

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Computation of ratio of earnings to fixed charges for the years ended December 31, 2008, 2007, 2006, 2005 and 2004.

- 21 Significant subsidiaries of the registrant as of December 31, 2008.
- 23 Consent of Independent Registered Public Accounting Firm.
- 31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a).
- 31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a).
- 32 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).
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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

AMR CORPORATION

By: /s/ Gerard J. Arpey
Gerard J. Arpey
Chairman, President and Chief Executive Officer
(Principal Executive Officer)

Date: February 18, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates noted:

/s/ Gerard J. Arpey
Gerard J. Arpey
Director, Chairman and Chief Executive Officer
(Principal Executive Officer)

/s/ Thomas W Horton
Thomas W. Horton
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

/s/ John W. Bachmann
John W. Bachmann, Director

/s/ Michael A. Miles
Michael A. Miles, Director

/s/ David L. Boren
David L. Boren, Director

/s/ Philip J. Purcell
Philip J. Purcell, Director

/s/ Armando M. Codina
Armando M. Codina, Director

/s/ Ray M. Robinson
Ray M. Robinson, Director

/s/ Rajat K. Gupta
Rajat K. Gupta, Director

/s/ Judith Rodin
Judith Rodin, Director

/s/ Alberto Ibargüen
Alberto Ibargüen, Director

/s/ Matthew K. Rose
Matthew K. Rose, Director

/s/ Ann McLaughlin Korologos
Ann McLaughlin Korologos, Director

/s/ Roger T. Staubach
Roger T. Staubach, Director

Date: February 18, 2009

AMR CORPORATION
Schedule II - Valuation and Qualifying Accounts and Reserves
(in millions)

	Balance at beginning of year	Changes charged to statement of operations accounts	Payments	Write-offs (net of recoveries)	Sales, retirements and transfers	Balance at end of year
Year ended December 31, 2008						
Allowance for obsolescence of inventories	\$ 424	\$ 101	\$ -	\$ -	\$ (37)	\$ 488
Allowance for uncollectible accounts	41	6		2		49
Reserves for environmental remediation costs	21	2	(5)	-	-	18
Year ended December 31, 2007						
Allowance for obsolescence of inventories	\$ 411	\$ 27	\$ -	\$ -	\$ (14)	\$ 424
Allowance for uncollectible accounts	45	(1)		(3)		41
Reserves for environmental remediation costs	33	-	(7)	(5)	-	21
Year ended December 31, 2006						
Allowance for obsolescence of inventories	\$ 410	\$ 24	\$ -	\$ -	\$ (23)	\$ 411
Allowance for uncollectible accounts	60	3	-	(25)	7	45
Reserves for environmental remediation costs	40	2	(9)	-	-	33

FIRST AMENDMENT

TO

AMR CORPORATION

2004 DIRECTORS UNIT INCENTIVE PLAN

THIS FIRST AMENDMENT TO AMR CORPORATION 2004 DIRECTORS UNIT INCENTIVE PLAN, is executed this 17th day of November, 2008, by AMR Corporation (the "Company").

PREAMBLE

The purposes of the AMR Corporation 2004 Directors Unit Incentive Plan (the "Plan") are to enable AMR Corporation (the "Company") to attract, retain and motivate the best qualified directors and to enhance a long-term mutuality of interest between the directors and stockholders of the Company by providing the directors with an interest in the economic well-being of the Company as evidenced by the price of the Company's Common Stock. Since the adoption of the Plan, section 409A of the Internal Revenue Code of 1986, as amended (the "Code") has been enacted and requires amendment of the Plan. Such required amendments are accomplished by adoption of this instrument.

AMENDMENTS

1. Section 2(i) of the Plan is hereby amended by the addition of the following language, at the end thereof:

"(i) "Beneficiary" shall mean a person designated by an Eligible Director who is or may be entitled to a benefit under this Plan in the event of the death of the Eligible Director. If no Beneficiary is designated, or if the designated Beneficiary is not then living, benefits will be paid to the Eligible Director's spouse, and if the spouse is not then living, to the Eligible Director's estate. Each Eligible Director shall have the right to designate the Beneficiary selected in writing."

2. Section 6(b) of the Plan is hereby amended by the addition of the following language, at the end thereof:

"Payment shall not be accelerated to an earlier date, except in the case of early termination of the Plan pursuant to Section 10(a) of the Plan. For purposes of this Section 6(b) in the event of death of the Eligible Director, the Eligible Director shall be deemed to have ceased to be a member of the Board as of the date of death. An Eligible Director shall also be deemed to have ceased to be a member of the Board at the end of the Eligible Director's term of office if the Eligible Director is not nominated or elected to another term, or upon the date of resignation or removal from office, without continuing in service as an employee or independent contractor of the Company or any corporation owned in whole or in part by the Company. In the event that an Eligible Director continues in any such service, payment shall be delayed until the former Eligible Director sustains a "separation from service" as defined in Treasury Regulation 1.409A-1(h) or successor guidance thereto."

3. Section 10(a) of the Plan is hereby amended by the addition of the following sentence, at the end thereof:

"Any payment on termination of the Plan shall be made only in accordance with Treasury Regulation 1.409A-3(j)(4)(ix) or successor guidance thereto."

4. Except as specifically amended herein, the Plan as heretofore in effect shall remain in full force and effect.

This First Amendment to AMR Corporation 2004 Directors Unit Incentive Plan is executed this 17th day of November, 2008, and is effective as of January 1, 2005.

AMR CORPORATION

By:

Its: Corporate Secretary

Mr. John W. Bachmann
Edward Jones
12555 Manchester Road
St. Louis, Mo. 63131

Dear John:

This will confirm the following agreement relating to the deferral of your director's retainers and fees for 2009.

1. All director's fees and retainer ("Fees") payable to you in connection with your service on the boards of directors (including committees of such boards) of AMR Corporation and American Airlines, Inc. for the period January 1, 2009 through December 31, 2009, will be deferred and paid to you in accordance with this letter agreement.

2. Fees will be converted to Stock Equivalent Units in accordance with the Procedures for Deferral of Board Retainers and Fees, as amended and restated, a copy of which is attached hereto as Exhibit A (the "Plan").

3. On the 30th business day after the date when you cease to be a Director of AMR Corporation and any affiliates, and cease rendering services, the Stock Equivalent Units accrued pursuant to the Plan will be converted to cash and paid to you in a lump sum by multiplying the number of such Stock Equivalent Units by the arithmetic mean of the high and the low of AMR stock ("fair market value") during the month when you ceased to be a Director of AMR Corporation and any affiliates, and cease rendering services. Payment cannot be accelerated.

4. In the event of your death, the number of Stock Equivalent Units as of your date of death will be multiplied by the fair market value of AMR stock during the calendar month immediately preceding your death, and the amount paid to Katherine Bachmann. The payment contemplated by this paragraph 4 will be made on the 30th business day following the date of your death.

If the foregoing is satisfactory to you, please indicate by signing one of the originals (two are enclosed) and returning it to me.

Very truly yours,

/s/ Kenneth W. Wimberly

Kenneth W. Wimberly
Corporate Secretary

Accepted and agreed:

/s/ John W. Bachmann

John W. Bachmann

Date

December 4, 2007

Mr. David L. Boren
Office of the President
University of Oklahoma
660 Parrington Oval, Room 110
Norman, OK 73019

Dear David:

This will confirm the following agreement relating to the deferral of your director=s fees in 2008.

1. All director=s fees and retainers (AFees@) payable to you in connection with your service on the boards of directors (including committees of such boards) of AMR Corporation and American Airlines, Inc. for the period January 1, 2008 through December 31, 2008 , will be deferred and paid to you in accordance with this letter agreement.

2. Fees will be converted to Stock Equivalent Units in accordance with the Directors' Stock Equivalent Purchase Plan, a copy of which is attached hereto as Exhibit A (the APlan@).

3. On the 30th business day after the date when you cease to be a Director of AMR Corporation and any affiliates, and cease rendering services, the Stock Equivalent Units accrued in 2008 pursuant to the Plan will be converted to cash and paid to you in a lump sum by multiplying the number of such Stock Equivalent Units by the arithmetic mean of the high and the low of AMR stock ("fair market value") during the month when you ceased to be a Director of AMR Corporation and any affiliates, and cease rendering services. Payment cannot be accelerated.

4. In the event of your death, the number of Stock Equivalent Units as of your date of death will be multiplied by the fair market value of AMR stock during the calendar month immediately preceding your death, and the amount paid to Molly Boren. The payment contemplated by this paragraph 4 will be made on the 30th business day following the date of your death.

If the foregoing is satisfactory to you, please indicate by signing one of the originals (two are enclosed) and returning it to me.

Very truly yours,

/s/ Kenneth W. Wimberly

Kenneth W. Wimberly
Corporate Secretary

Accepted and agreed:

/s/ David L. Boren
David L. Boren

December 6, 2007
Date

Mr. Armando M. Codina
Chairman
Flagler Development Group
2855 Lejeune Road, 4th Floor
Coral Gables, FL 33134

Dear Armando:

This will confirm the following agreement relating to the deferral of your director's retainers and fees for 2009.

1. All director's fees and retainer ("Fees") payable to you in connection with your service on the boards of directors (including committees of such boards) of AMR Corporation and American Airlines, Inc. for the period January 1, 2009 through December 31, 2009, will be deferred and paid to you in accordance with this letter agreement.

2. Fees will be converted to Stock Equivalent Units in accordance with the Procedures for Deferral of Board Retainers and Fees, as amended and restated, a copy of which is attached hereto as Exhibit A (the "Plan").

3. On the 30th business day after the date when you cease to be a Director of AMR Corporation and any affiliates, and cease rendering services, the Stock Equivalent Units accrued pursuant to the Plan will be converted to cash and paid to you in a lump sum by multiplying the number of such Stock Equivalent Units by the arithmetic mean of the high and the low of AMR stock ("fair market value") during the month when you ceased to be a Director of AMR Corporation and any affiliates, and cease rendering services. Payment cannot be accelerated.

4. In the event of your death, the number of Stock Equivalent Units as of your date of death will be multiplied by the fair market value of AMR stock during the calendar month immediately preceding your death, and the amount paid to Margarita Codina. The payment contemplated by this paragraph 4 will be made on the 30th business day following the date of your death.

If the foregoing is satisfactory to you, please indicate by signing one of the originals (two are enclosed) and returning it to me.

Very truly yours,

/s/ Kenneth W. Wimberly

Kenneth W. Wimberly
Corporate Secretary

Accepted and agreed:

/s/ Armando M. Codina
Armando M. Codina

Mrs. Ann M. Korologos
3150 South Street, NW, Apt. 2A
Washington, D.C. 20007

Dear Ann:

This will confirm the following agreement relating to the deferral of your director's retainers and fees for 2009.

1. All director's fees and retainer ("Fees") payable to you in connection with your service on the boards of directors (including committees of such boards) of AMR Corporation and American Airlines, Inc. for the period January 1, 2009 through December 31, 2009, will be deferred and paid to you in accordance with this letter agreement.

2. Fees will be converted to Stock Equivalent Units in accordance with the Procedures for Deferral of Board Retainers and Fees, as amended and restated, a copy of which is attached hereto as Exhibit A (the "Plan").

3. On the 30th business day after the date when you cease to be a Director of AMR Corporation and any affiliates, and cease rendering services, the Stock Equivalent Units accrued pursuant to the Plan will be converted to cash and paid to you in a lump sum by multiplying the number of such Stock Equivalent Units by the arithmetic mean of the high and the low of AMR stock ("fair market value") during the month when you ceased to be a Director of AMR Corporation and any affiliates, and cease rendering services. Payment cannot be accelerated.

4. In the event of your death, the number of Stock Equivalent Units as of your date of death will be multiplied by the fair market value of AMR stock during the calendar month immediately preceding your death, and the amount paid to Tom Korologos. The payment contemplated by this paragraph 4 will be made on the 30th business day following the date of your death.

If the foregoing is satisfactory to you, please indicate by signing one of the originals (two are enclosed) and returning it to me.

Very truly yours,

/s/ Kenneth W. Wimberly

Kenneth W. Wimberly
Corporate Secretary

Accepted and agreed:

/s/ Ann M. Korologos

Ann M. Korologos

Date

Mr. Michael A. Miles
1350 Lake Road
Lake Forest, IL 60045

Dear Mike:

This will confirm the following agreement relating to the deferral of your director's retainers and fees for 2009.

1. All director's fees and retainer ("Fees") payable to you in connection with your service on the boards of directors (including committees of such boards) of AMR Corporation and American Airlines, Inc. for the period January 1, 2009 through December 31, 2009, will be deferred and paid to you in accordance with this letter agreement.

2. Fees will be converted to Stock Equivalent Units in accordance with the Procedures for Deferral of Board Retainers and Fees, as amended and restated, a copy of which is attached hereto as Exhibit A (the "Plan").

3. On the 30th business day after the date when you cease to be a Director of AMR Corporation and any affiliates, and cease rendering services, the Stock Equivalent Units accrued pursuant to the Plan will be converted to cash and paid to you in a lump sum by multiplying the number of such Stock Equivalent Units by the arithmetic mean of the high and the low of AMR stock ("fair market value") during the month when you ceased to be a Director of AMR Corporation and any affiliates, and cease rendering services. Payment cannot be accelerated.

4. In the event of your death, the number of Stock Equivalent Units as of your date of death will be multiplied by the fair market value of AMR stock during the calendar month immediately preceding your death, and the amount paid to Pamela Miles. The payment contemplated by this paragraph 4 will be made on the 30th business day following the date of your death.

If the foregoing is satisfactory to you, please indicate by signing one of the originals (two are enclosed) and returning it to me.

Very truly yours,

/s/ Kenneth W. Wimberly

Kenneth W. Wimberly
Corporate Secretary

Accepted and agreed:

/s/ Michael A. Miles
Michael A. Miles

Mr. Philip J. Purcell
227 West Monroe Street
Suite 5045
Chicago, IL 60606

Dear Phil:

This will confirm the following agreement relating to the deferral of your director's retainers and fees for 2009.

1. All director's fees and retainer ("Fees") payable to you in connection with your service on the boards of directors (including committees of such boards) of AMR Corporation and American Airlines, Inc. for the period January 1, 2009 through December 31, 2009, will be deferred and paid to you in accordance with this letter agreement.
2. Fees will be converted to Stock Equivalent Units in accordance with the Procedures for Deferral of Board Retainers and Fees, as amended and restated, a copy of which is attached hereto as Exhibit A (the "Plan").
3. On the 30th business day after the date when you cease to be a Director of AMR Corporation and any affiliates, and cease rendering services, the Stock Equivalent Units accrued pursuant to the Plan will be converted to cash and paid to you in a lump sum by multiplying the number of such Stock Equivalent Units by the arithmetic mean of the high and the low of AMR stock ("fair market value") during the month when you ceased to be a Director of AMR Corporation and any affiliates, and cease rendering services. Payment cannot be accelerated.
4. In the event of your death, the number of Stock Equivalent Units as of your date of death will be multiplied by the fair market value of AMR stock during the calendar month immediately preceding your death, and the amount paid to Anne Purcell. The payment contemplated by this paragraph 4 will be made on the 30th business day following the date of your death.

If the foregoing is satisfactory to you, please indicate by signing one of the originals (two are enclosed) and returning it to me.

Very truly yours,

/s/ Kenneth W. Wimberly

Kenneth W. Wimberly
Corporate Secretary

Accepted and agreed:

/s/ Philip J. Purcell
Philip J. Purcell

Mr. Ray M. Robinson
Citizens Trust Bank
75 Piedmont Avenue
Atlanta, GA 30303

Dear Ray:

This will confirm the following agreement relating to the deferral of your director's retainers and fees for 2009.

1. All director's fees and retainer ("Fees") payable to you in connection with your service on the boards of directors (including committees of such boards) of AMR Corporation and American Airlines, Inc. for the period January 1, 2009 through December 31, 2009, will be deferred and paid to you in accordance with this letter agreement.
2. Fees will be converted to Stock Equivalent Units in accordance with the Procedures for Deferral of Board Retainers and Fees, as amended and restated, a copy of which is attached hereto as Exhibit A (the "Plan").
3. On the 30th business day after the date when you cease to be a Director of AMR Corporation and any affiliates, and cease rendering services, the Stock Equivalent Units accrued pursuant to the Plan will be converted to cash and paid to you in a lump sum by multiplying the number of such Stock Equivalent Units by the arithmetic mean of the high and the low of AMR stock ("fair market value") during the month when you ceased to be a Director of AMR Corporation and any affiliates, and cease rendering services. Payment cannot be accelerated.
4. In the event of your death, the number of Stock Equivalent Units as of your date of death will be multiplied by the fair market value of AMR stock during the calendar month immediately preceding your death, and the amount paid to Arlane Robinson. The payment contemplated by this paragraph 4 will be made on the 30th business day following the date of your death.

If the foregoing is satisfactory to you, please indicate by signing one of the originals (two are enclosed) and returning it to me.

Very truly yours,

/s/ Kenneth W. Wimberly
Kenneth W. Wimberly
Corporate Secretary

Accepted and agreed:

/s/ Ray M. Robinson
Ray M. Robinson

Judith Rodin, PhD.
President
The Rockefeller Foundation
420 Fifth Avenue
New York NY 10018

Dear Judith:

This will confirm the following agreement relating to the deferral of your director's retainers and fees for 2009.

1. All director's fees and retainer ("Fees") payable to you in connection with your service on the boards of directors (including committees of such boards) of AMR Corporation and American Airlines, Inc. for the period January 1, 2009 through December 31, 2009, will be deferred and paid to you in accordance with this letter agreement.
2. Pursuant to the Procedures for Deferral of Board Retainers and Fees, as amended and restated (a copy of which is attached as Exhibit A), interest will be accrued on the amounts to be paid on a deferred basis pursuant to paragraph 1 above, from the date such fees would otherwise have been paid to the date actually paid, at the prime rate which JP Morgan Chase Bank, N.A. from time to time charges in New York for 90-day loans to responsible commercial borrowers, such interest to be compounded monthly.
3. On the 30th business day after the date when you cease to be a Director of AMR Corporation, and any affiliates, and cease rendering services, the total amount to be paid on a deferred basis; plus the aggregate amount of interest accrued thereon will be paid to you in a lump sum distribution. Payment cannot be accelerated.
4. In the event of your death, the amounts outlined in Paragraph 3 above shall be paid to the Trustees under your Revocable Agreement of Trust, dated September 15, 1997, as amended February 20, 2004, Judith Rodin Settlor and Trustee. The payments contemplated by this paragraph 4 will be made on the 30th business day following the date of your death.

If the foregoing is satisfactory to you, please indicate by signing one of the originals (two are enclosed) and returning it to me.

Very truly yours,

/s/ Kenneth W. Wimberly
Kenneth W. Wimberly
Corporate Secretary

Accepted and agreed:

/s/ Judith Rodin
Judith Rodin

Mr. Matthew K. Rose
Chairman
Burlington Northern Santa Fe Corp.
2650 Lou Menk Drive
Fort Worth, TX 76131

Dear Matt:

This will confirm the following agreement relating to the deferral of your director's retainers and fees for 2009.

1. All director's fees and retainer ("Fees") payable to you in connection with your service on the boards of directors (including committees of such boards) of AMR Corporation and American Airlines, Inc. for the period January 1, 2009 through December 31, 2009, will be deferred and paid to you in accordance with this letter agreement.

2. Fees will be converted to Stock Equivalent Units in accordance with the Procedures for Deferral of Board Retainers and Fees, as amended and restated, a copy of which is attached hereto as Exhibit A (the "Plan").

3. On the 30th business day after the date when you cease to be a Director of AMR Corporation and any affiliates, and cease rendering services, the Stock Equivalent Units accrued pursuant to the Plan will be converted to cash and paid to you in a lump sum by multiplying the number of such Stock Equivalent Units by the arithmetic mean of the high and the low of AMR stock ("fair market value") during the month when you ceased to be a Director of AMR Corporation and any affiliates, and cease rendering services. Payment cannot be accelerated.

4. In the event of your death, the number of Stock Equivalent Units as of your date of death will be multiplied by the fair market value of AMR stock during the calendar month immediately preceding your death, and the amount paid to Lisa Rose. The payment contemplated by this paragraph 4 will be made on the 30th business day following the date of your death.

If the foregoing is satisfactory to you, please indicate by signing one of the originals (two are enclosed) and returning it to me.

Very truly yours,

/s/ Kenneth W. Wimberly
Kenneth W. Wimberly
Corporate Secretary

Accepted and agreed:

/s/ Matthew K. Rose
Matthew K. Rose

Mr. Roger T. Staubach
Executive Chairman, Americas
Jones, Lang, LaSalle Inc.
15601 Dallas Parkway
Suite 400
Addison, TX 75001

Dear Roger:

This will confirm the following agreement relating to the deferral of your director's retainers and fees for 2009.

1. All director's fees and retainer ("Fees") payable to you in connection with your service on the boards of directors (including committees of such boards) of AMR Corporation and American Airlines, Inc. for the period January 1, 2009 through December 31, 2009, will be deferred and paid to you in accordance with this letter agreement.

2. Fees will be converted to Stock Equivalent Units in accordance with the Procedures for Deferral of Board Retainers and Fees, as amended and restated, a copy of which is attached hereto as Exhibit A (the "Plan").

3. On the 30th business day after the date when you cease to be a Director of AMR Corporation and any affiliates, and cease rendering services, the Stock Equivalent Units accrued pursuant to the Plan will be converted to cash and paid to you in a lump sum by multiplying the number of such Stock Equivalent Units by the arithmetic mean of the high and the low of AMR stock ("fair market value") during the month when you ceased to be a Director of AMR Corporation and any affiliates, and cease rendering services. Payment cannot be accelerated.

4. In the event of your death, the number of Stock Equivalent Units as of your date of death will be multiplied by the fair market value of AMR stock during the calendar month immediately preceding your death, and the amount paid to Marianne Staubach. The payment contemplated by this paragraph 4 will be made on the 30th business day following the date of your death.

If the foregoing is satisfactory to you, please indicate by signing one of the originals (two are enclosed) and returning it to me.

Very truly yours,

/s/ Kenneth W. Wimberly
Kenneth W. Wimberly
Corporate Secretary

Accepted and agreed:

/s/ Roger T. Staubach
Roger T. Staubach

Rajat K. Gupta
McKinsey & Company, Inc.
3 Landmark Square
Suite 100, 21st Floor
Stamford, CT 06901

Dear Rajat:

This will confirm the following agreement relating to the deferral of your director's retainers and fees for 2009.

1. All director's fees and retainer ("Fees") payable to you in connection with your service on the boards of directors (including committees of such boards) of AMR Corporation and American Airlines, Inc. for the period January 1, 2009 through December 31, 2009, will be deferred and paid to you in accordance with this letter agreement.

2. Fees will be converted to Stock Equivalent Units in accordance with the Procedures for Deferral of Board Retainers and Fees, as amended and restated, a copy of which is attached hereto as Exhibit A (the "Plan").

3. On the 30th business day after the date when you cease to be a Director of AMR Corporation and any affiliates, and cease rendering services, the Stock Equivalent Units accrued pursuant to the Plan will be converted to cash and paid to you in a lump sum by multiplying the number of such Stock Equivalent Units by the arithmetic mean of the high and the low of AMR stock ("fair market value") during the month when you ceased to be a Director of AMR Corporation and any affiliates, and cease rendering services. Payment cannot be accelerated.

4. In the event of your death, the number of Stock Equivalent Units as of your date of death will be multiplied by the fair market value of AMR stock during the calendar month immediately preceding your death, and the amount paid to Anita Mattoo Gupta. The payment contemplated by this paragraph 4 will be made on the 30th business day following the date of your death.

If the foregoing is satisfactory to you, please indicate by signing one of the originals (two are enclosed) and returning it to me.

Very truly yours,

/s/ Kenneth W. Wimberly
Kenneth W. Wimberly
Corporate Secretary

Accepted and agreed:

/s/ Rajat K. Gupta
Rajat K. Gupta

Mr. Alberto Ibargüen
John S. & James L. Knight Foundation
200 S. Biscayne Blvd., Suite 3300
Miami, FL 33131-2349

Dear Alberto:

This will confirm the following agreement relating to the deferral of your director's retainers and fees for 2009.

1. All director's fees and retainer ("Fees") payable to you in connection with your service on the boards of directors (including committees of such boards) of AMR Corporation and American Airlines, Inc. for the period January 1, 2009 through December 31, 2009, will be deferred and paid to you in accordance with this letter agreement.
2. Fees will be converted to Stock Equivalent Units in accordance with the Procedures for Deferral of Board Retainers and Fees, as amended and restated, a copy of which is attached hereto as Exhibit A (the "Plan").
3. On the 30th business day after the date when you cease to be a Director of AMR Corporation and any affiliates, and cease rendering services, the Stock Equivalent Units accrued pursuant to the Plan will be converted to cash and paid to you in a lump sum by multiplying the number of such Stock Equivalent Units by the arithmetic mean of the high and the low of AMR stock ("fair market value") during the month when you ceased to be a Director of AMR Corporation and any affiliates, and cease rendering services. Payment cannot be accelerated.
4. In the event of your death, the number of Stock Equivalent Units as of your date of death will be multiplied by the fair market value of AMR stock during the calendar month immediately preceding your death, and the amount paid to Alberto Ibargüen Revocable Trust. The payment contemplated by this paragraph 4 will be made on the 30th business day following the date of your death.

If the foregoing is satisfactory to you, please indicate by signing one of the originals (two are enclosed) and returning it to me.

Very truly yours,

/s/ Kenneth W. Wimberly
Kenneth W. Wimberly
Corporate Secretary

Accepted and agreed:

/s/ Alberto Ibarguen
Alberto Ibarguen

AMENDMENT TO
CAREER EQUITY PROGRAM
DEFERRED STOCK AWARD AGREEMENT(S)

This Amendment (the "Amendment") to the Career Equity Program Deferred Stock Award Agreement(s) dated **[INSERT DATE(S)]** (as amended, the "Agreement(s)") is made this 17th day of November, 2008.

WHEREAS, AMR Corporation (the "Corporation") and **[NAME]** (the "Employee"), employee number **[EMPLOYEE NUMBER]**, have previously entered into the Agreement(s);

WHEREAS, effective January 1, 2005, the Agreement(s) became subject to certain requirements of section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and the regulations and other guidance issued thereunder;

WHEREAS, pursuant to guidance issued under section 409A of the Code, the Agreement(s) may be amended on or before December 31, 2008, to comply with the requirements of section 409A of the Code and the regulations and other guidance issued thereunder;

WHEREAS, the Corporation and the Employee wish to amend such Agreement(s) to comply with the applicable requirements of section 409A of the Code and the governing regulations and other guidance issued thereunder;

NOW THEREFORE, in order to avoid imposition of the penalties under section 409A of the Code, the Agreement(s) are hereby amended as follows:

1. The last sentence in the Section of the Agreement(s) entitled, "Grant of Award", is deleted in its entirety and substituted in its place is the following:

"To the extent the shares of Stock covered by the Award are not vested (within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code")) as of January 1, 2005 ("Post-409A Shares"), the vesting, payment and deferral of such Post-409A Shares shall be made in accordance with the provisions herein which specifically relate to Post-409A Shares. Such Post-409A Shares shall be comprised of the shares of Stock which the Employee could not receive pursuant to the vesting schedule described herein by virtue of a Normal Retirement or Early Retirement effective as of December 31, 2004. For instance, if the Employee had attained age 57 as of December 31, 2004, and could have retired (by virtue of an Early Retirement) at that time, 9% of the shares of Stock covered by the Award would be treated as Post-409A Shares. Except as otherwise provided in the Section of the Agreements entitled, "Vesting – Change in Control", to the extent the shares of Stock covered by the Award are not Post-409A Shares, the vesting, payment and deferral of such shares shall be made in accordance with the applicable provisions herein, which do not otherwise relate specifically to Post-409A Shares."

2. The following new paragraph is added at the end of the Section of the Agreement(s) entitled, "Vesting – Normal Retirement or Early Retirement", to read as follows:

"The portion of the Employee's Award comprised of Post-409A Shares shall become vested in accordance with the provisions of the preceding paragraphs of this Section; provided that the Employee's Retirement or Early Retirement constitutes a "separation from service" for purposes of Treasury Regulation 1.409A-1(h) or successor guidance thereto. Except as provided in the Section of the Agreement entitled, "Section 409A Compliance", share certificates for the vested portion of the Employee's Award comprised of Post-409A Shares shall be issued and delivered to the Employee not later than the 15th day of the third month of the calendar year immediately following the calendar year in which the Employee's Retirement or Early Retirement occurred."

3. The following new paragraph is added at the end of the Section of the Agreement(s) entitled, "Vesting – Death or Disability", to read as follows:

"The portion of the Employee's Award comprised of Post-409A Shares shall become vested in accordance with the provisions of the preceding paragraph of this Section; provided that, with respect to the issuance and delivery of Post-409A Shares upon the termination of Employee's employment due to Disability, such termination of employment constitutes a "separation from service" for purposes of Treasury Regulation 1.409A-1(h) or successor guidance thereto. Except as provided in the Section of the Agreement entitled, "Section 409A Compliance", share certificates for the vested portion of the Employee's Award comprised of Post-409A Shares, which are payable upon the termination of Employee's employment due to Disability, shall be issued and delivered not later than the 15th day of the third month of the calendar year immediately following the calendar year in which such termination occurred."

4. The following new paragraph is added at the end of the Section of the Agreement(s) entitled, "Vesting – Termination Not for Cause", to read as follows:

"The portion of the Employee's Award comprised of Post-409A Shares shall become vested in accordance with the provisions of the preceding paragraph of this Section; provided that, with respect to the issuance and delivery of Post-409A Shares upon the termination of Employee's employment for reasons described in this Section, the Employee's termination of employment constitutes a "separation from service" for purposes of Treasury Regulation 1.409A-1(h) or successor guidance thereto. Except as provided in the Section of the Agreement entitled, "Section 409A Compliance", share certificates for the vested portion of the Employee's Award comprised of Post-409A Shares shall be issued and delivered to the Employee in accordance with the preceding paragraph of this Section."

5. The Section of the Agreement(s) entitled, "Vesting – Change in Control", is deleted in its entirety and substituted in its place is the following:

"Vesting – Change in Control. In the event of a "Change in Control" (as defined in the Corporation's 1998 Long Term Incentive Plan, as amended, that is in effect as of December 31, 2008, and any successor thereto), shares under the Award (i.e., all Post-409A Shares and non-Post-409A Shares) shall vest in accordance with the 1998 Plan or its successor. Share certificates for the number of shares covered by the vested portion of the Employee's Award comprised of Post-409A Shares shall be issued and delivered to the Employee not later than the 15th day of the third month of the calendar year immediately following the calendar year in which such change in control occurred."

6. The following new paragraph is added at the end of the Section of the Agreement(s) entitled, "Elective Deferrals", to read as follows:

"Notwithstanding the foregoing, the Employee will not be permitted to make any change in the time of payment of the portion of the Employee's Award comprised of Post-409A Shares."

7. The following new paragraph is added at the end of the first paragraph in the Subsection of the Agreement(s) entitled, "Performance Return Payments", to read as follows:

"Notwithstanding the foregoing, for ROI measurement periods ending on or after January 1, 2005, the Payment Date for a particular Performance Return Payment shall occur during the calendar year immediately following the close of the last fiscal year of the particular ROI measurement period that relates to such Performance Return Payment."

8. The following new paragraph is added at the end of the last paragraph in the Subsection of the Agreement(s) entitled, "Performance Return Payments", to read as follows:

"Notwithstanding the foregoing, the Employee may not elect to defer receipt of a Performance Return Payment that relates to a ROI measurement period ending on or after January 1, 2005."

9. The following new paragraph is added at the end of the Subsection of the Agreement(s) entitled, "Dividend Equivalents", to read as follows:

"Notwithstanding the foregoing, dividend equivalent payments occurring on or after January 1, 2005, shall automatically be deferred and treated as additional shares of Deferred Stock, subject to the terms and conditions that apply to the related shares of Deferred Stock with respect to which such dividend equivalents were originally payable."

10. The following new Section is added as the last Section of the Agreement(s) to read as follows:

Section 409A Compliance. The Agreement, as amended, is intended to be exempt from and/or comply with the requirements (and not otherwise be subject to the interest and penalty taxes of) section 409A of the Code and the regulations and other guidance issued thereunder, and shall be interpreted in a manner consistent with that intent. Notwithstanding the foregoing, in the event there is a failure to comply with section 409A of the Code, the Board shall have the discretion to accelerate the issuance and delivery of Post-409A Shares, but only to the extent of the amount required to be included in income as a result of such failure. Amendments to the Agreement may be made by the Corporation, without the Employee's consent, in order to ensure compliance with section 409A of the Code and the regulations and other guidance issued thereunder.

Notwithstanding any provision herein to the contrary, if the Employee is a "specified employee" pursuant to Treasury Regulation 1.409A-1(i) or successor guidance thereto, any payment of Post-409A Shares on account of his/her Normal Retirement, Early Retirement or involuntary termination not for Cause shall be delayed until the earlier of: (i) the six-month anniversary of the date of separation from employment due to Normal Retirement, Early Retirement or involuntary termination not for Cause, or (ii) the date of the Employee's death."

11. The following new sentence is added at the end of the first paragraph of Schedule A of the Agreement(s) to read as follows:

"Notwithstanding the foregoing, effective October 3, 2004, the Chairman or Committee, as the case may be, only shall change such percentage prior to the commencement of a particular ROI measurement period and such change shall apply on a prospective basis to such ROI measurement period and other ROI measurement periods commencing thereafter."

12. The first sentence of the second paragraph of Schedule A of the Agreement(s) is amended by deleting said sentence in its entirety and substituted in its place is the following:

"Notwithstanding the foregoing, effective January 1, 2005, the price of the shares described in this paragraph will be equal to the "Fair Market Value" (as defined in the Corporation's 1998 Long Term Incentive Plan, as amended, that is in effect as of December 31, 2008, and any successor thereto) of the Stock as of the date the ROI is calculated."

13. Except as amended by the Amendment, the remaining terms and provisions of the Agreement(s) shall remain in full force and effect. Nothing in the Amendment shall be deemed to cause a termination of the Agreement(s).

IN WITNESS HEREOF, the Employee and the Corporation have caused Amendment to be executed as of the date first written above.

EMPLOYEE

AMR CORPORATION

[NAME]
Corporate Secretary

Kenneth W. Wimberly

AMENDMENT TO
CAREER EQUITY PROGRAM
DEFERRED STOCK AWARD AGREEMENT(S)

This Amendment (the "Amendment") to the Career Equity Program Deferred Stock Award Agreement(s) dated **[INSERT DATE(S)]** (as amended, the "Agreement(s)") is made this 17th day of November, 2008.

WHEREAS, AMR Corporation (the "Corporation") and **[NAME]** (the "Employee"), employee number **[EMPLOYEE NUMBER]**, have previously entered into the Agreement(s);

WHEREAS, effective January 1, 2005, the Agreement(s) became subject to certain requirements of section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and the regulations and other guidance issued thereunder;

WHEREAS, pursuant to guidance issued under section 409A of the Code, the Agreement(s) must be amended on or before December 31, 2008, to comply with the requirements of section 409A of the Code and the regulations and other guidance issued thereunder;

WHEREAS, the Corporation and the Employee wish to amend such Agreement(s) to comply with the applicable requirements of section 409A of the Code and the governing regulations and other guidance issued thereunder;

NOW THEREFORE, in order to avoid imposition of the penalties under section 409A of the Code, the Agreement(s) are hereby amended as follows:

1. The last sentence in the Section of the Agreement(s) entitled, "Grant of Award", is deleted in its entirety and substituted in its place is the following:

"To the extent the shares of Stock covered by the Award are not vested (within the meaning of section 409A of the Internal Revenue Code of 1986, as amended (the "Code")) as of January 1, 2005 ("Post-409A Shares"), the vesting, payment and deferral of such Post-409A Shares shall be made in accordance with the provisions herein which specifically relate to Post-409A Shares. Such Post-409A Shares shall be comprised of the shares of Stock which the Employee could not receive pursuant to the vesting schedule described herein by virtue of a Normal Retirement or Early Retirement effective as of December 31, 2004. For instance, if the Employee had attained age 57 as of December 31, 2004, and could have retired (by virtue of an Early Retirement) at that time, 9% of the shares of Stock covered by the Award would be treated as Post-409A Shares. Except as otherwise provided in the Section of the Agreements entitled, "Vesting – Change in Control", to the extent the shares of Stock covered by the Award are not Post-409A Shares, the vesting, payment and deferral of such shares shall be made in accordance with the applicable provisions herein, which do not otherwise relate specifically to Post-409A Shares."

2. The following new paragraph is added at the end of the Section of the Agreement(s) entitled, "Vesting – Normal Retirement or Early Retirement", to read as follows:

"The portion of the Employee's Award comprised of Post-409A Shares shall become vested in accordance with the provisions of the preceding paragraphs of this Section; provided that the Employee's Retirement or Early Retirement constitutes a "separation from service" for purposes of Treasury Regulation 1.409A-1(h) or successor guidance thereto. Except as provided in the Section of the Agreement entitled, "Section 409A Compliance", share certificates for the vested portion of the Employee's Award comprised of Post-409A Shares shall be issued and delivered to the Employee not later than the 15th day of the third month of the calendar year immediately following the calendar year in which the Employee's Retirement or Early Retirement occurred."

3. The following new paragraph is added at the end of the Section of the Agreement(s) entitled, "Vesting – Death or Disability", to read as follows:

"The portion of the Employee's Award comprised of Post-409A Shares shall become vested in accordance with the provisions of the preceding paragraph of this Section; provided that, with respect to the issuance and delivery of Post-409A Shares upon the termination of Employee's employment due to Disability, such termination of employment constitutes a "separation from service" for purposes of Treasury Regulation 1.409A-1(h) or successor guidance thereto. Except as provided in the Section of the Agreement entitled, "Section 409A Compliance", share certificates for the vested portion of the Employee's Award comprised of Post-409A Shares, which are payable upon the termination of Employee's employment due to Disability, shall be issued and delivered not later than the 15th day of the third month of the calendar year immediately following the calendar year in which such termination occurred."

4. The following new paragraph is added at the end of the Section of the Agreement(s) entitled, "Vesting – Termination Not for Cause", to read as follows:

"The portion of the Employee's Award comprised of Post-409A Shares shall become vested in accordance with the provisions of the preceding paragraph of this Section; provided that, with respect to the issuance and delivery of Post-409A Shares upon the termination of Employee's employment for reasons described in this Section, the Employee's termination of employment constitutes a "separation from service" for purposes of Treasury Regulation 1.409A-1(h) or successor guidance thereto. Except as provided in the Section of the Agreement entitled, "Section 409A Compliance", share certificates for the vested portion of the Employee's Award comprised of Post-409A Shares shall be issued and delivered to the Employee in accordance with the preceding paragraph of this Section."

5. The Section of the Agreement(s) entitled, "Vesting – Change in Control", is deleted in its entirety and substituted in its place is the following:

"Vesting – Change in Control. In the event of a "Change in Control" (as defined in the Corporation's 1998 Long Term Incentive Plan, as amended, that is in effect as of December 31, 2008, and any successor thereto), shares under the Award (i.e., all Post-409A Shares and non-Post-409A Shares) shall vest in accordance with the 1998 Plan or its successor. Share certificates for the number of shares covered by the vested portion of the Employee's Award comprised of Post-409A Shares shall be issued and delivered to the Employee not later than the 15th day of the third month of the calendar year immediately following the calendar year in which such change in control occurred."

6. The following new paragraph is added at the end of the Section of the Agreement(s) entitled, "Elective Deferrals", to read as follows:

"Notwithstanding the foregoing, the Employee will not be permitted to make any change in the time of payment of the portion of the Employee's Award comprised of Post-409A Shares."

7. The following new Section is added as the last Section of the Agreement(s) to read as follows:

"Section 409A Compliance. The Agreement, as amended, is intended to be exempt from and/or comply with the requirements (and not otherwise be subject to the interest and penalty taxes of) section 409A of the Code and the regulations and other guidance issued thereunder, and shall be interpreted in a manner consistent with that intent. Notwithstanding the foregoing, in the event there is a failure to comply with section 409A of the Code, the Board shall have the discretion to accelerate the issuance and delivery of Post-409A Shares, but only to the extent of the amount required to be included in income as a result of such failure. Amendments to the Agreement may be made by the

Corporation, without the Employee's consent, in order to ensure compliance with section 409A of the Code and the regulations and other guidance issued thereunder.

Notwithstanding any provision herein to the contrary, if the Employee is a "specified employee" in the year of payment pursuant to Treasury Regulation 1.409A-1(i) or successor guidance thereto, any payment of Post-409A Shares on account of his/her Normal Retirement, Early Retirement or involuntary termination not for Cause shall be delayed until the first business day after the earlier of: (i) the six-month anniversary of the date of separation from employment due to Normal Retirement, Early Retirement or involuntary termination not for Cause, or (ii) the date of the Employee's death."

8. Except as amended by the Amendment, the remaining terms and provisions of the Agreement(s) shall remain in full force and effect. Nothing in the Amendment shall be deemed to cause a termination of the Agreement(s).

IN WITNESS HEREOF, the Employee and the Corporation have caused Amendment to be executed as of the date first written above.

EMPLOYEE

AMR CORPORATION

Kenneth W. Wimberly

AMENDMENT TO
EXECUTIVE TERMINATION BENEFITS AGREEMENT

THIS AMENDMENT TO EXECUTIVE TERMINATION BENEFITS AGREEMENT (the "Amendment"), dated as of the 17th day of November, 2008, is by and between AMR CORPORATION, a Delaware corporation, AMERICAN AIRLINES, INC., a Delaware corporation (collectively, and either of, the "Company"), and (the "Executive").

WITNESSETH:

WHEREAS, the Company and the Executive have heretofore entered into an Executive Termination Benefits Agreement, including any amendments thereto (the "Agreement"), addressing issues related to possible Change in Control; and

WHEREAS, subsequent to the execution of the Agreement, section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), has been enacted and requires amendment of the Agreement, which is intended to be accomplished through the execution of this Amendment, which is effective as of January 1, 2005;

NOW THEREFORE, the Company and the Executive agree that the Agreement is hereby amended as follows:

1. Section 1 of the Agreement is hereby amended by the addition of the following language, at the end thereof:

Notwithstanding the above, a Change in Control shall be deemed to have occurred only if the event is also a change in ownership of the Company, or change in effective control of the Company, or change in ownership of a substantial portion of the Company's assets, in each case as defined in Treasury Regulation 1.409A-3(i)(5) or successor guidance thereto. For such purpose the specified percentages in Treasury Regulation 1.409A-3(i)(5)(v), (vi) and (vii) or successor guidance thereto shall be utilized, rather than any elective percentage.

2. Section 3 of the Agreement is hereby amended by the addition of the following sentence, at the end thereof:

"No termination of employment shall be deemed to have occurred under this Agreement unless and until such termination of employment or separation from employment constitutes a "separation from service" under Treasury Regulation 1.409A-1(h) or successor guidance thereto."

3. Section 4(a) of the Agreement is hereby amended by the addition of the following sentence, at the end thereof:

"This payment is subject to section 409A of the Code and to the payment delay provision of Section 4(j), with respect to a "specified employee" as described in section 409A(a)(2)(B)(i) of the Code and Treasury Regulation 1.409A-1(i) or successor guidance thereto."

4. Section 4(b) of the Agreement is hereby amended by the deletion of all language following the first sentence thereof and substituting in lieu thereof the following language:

"The Employee Benefits subject to this Section 4(b) are governed by terms of the applicable Employee Benefit plans not in conflict with this Section 4(b), may not be liquidated or exchanged for any other benefit, and the amount of any such benefits provided in one taxable year of the Executive shall not affect the amount payable in any subsequent taxable year of the Executive. The Company will pay the cost of such Employee Benefits, some portion or all of which may be taxable to the Executive, together with an additional amount such that after payment by the Executive, or his dependents or beneficiaries, as the case may be, of all taxes that may be imposed on the recipient of such Employee Benefits, the recipient retains an amount equal to such taxes. Any amount paid as a cash reimbursement shall be paid not later than the last day of the taxable year of the Executive following the taxable year of the Executive in which the expense was incurred. Any tax reimbursement under this Section 4(b) must be paid not later than the end of the taxable year of the Executive following the taxable year of the Executive in which the Executive paid the relevant taxes. The benefits or cost thereof payable under the applicable Employee Benefit plans will be reduced to the extent comparable welfare benefits are actually received by the Executive from another employer during the Continuation Period (i.e. Company coverage shall be "secondary") and any such benefits actually received by the Executive shall be reported by the Executive to the Company."

5. Section 4(c) of the Agreement is hereby amended and restated in the entirety, to provide as follows:

"Retirement Benefits

If the Executive is not completely vested in the Executive's currently accrued benefits under the Company's applicable Retirement Benefit Plan and Supplemental Executive Retirement Plan ("SERP") in effect as of the date of Change in Control (collectively, the "Plans"), regardless of the Executive's actual vesting service credit thereunder, an amount shall be payable under this Section 4(c). In addition to such amount, the Executive shall be deemed to earn service credit for benefit calculation purposes under the SERP for the Continuation Period described in Section 4(b). The benefits to be paid pursuant to the SERP shall be calculated as though the Executive's compensation rate for each of the 5 years immediately preceding his retirement equaled the sum of Base Pay plus Incentive Pay. Any benefits payable pursuant to this Section 4(c) that are not payable out of the Plans for any reason (including but not limited to any applicable benefit limitations under the Employee Retirement Income Security Act of 1974, as amended, or any restrictions relating to the qualification of the Company's applicable Retirement Benefit Plan under section 401(a) of the Code), shall be paid directly by the Company out of its general assets. Any amount payable under this Section 4(c) that is not paid under the Plans due to the fact the Participant is not fully vested will be calculated as required under the SERP for payment of SERP benefits (including calculation, time and form of payment). If the Executive is a "specified employee", as defined in Treasury Regulation 1.409A-1(i) or successor guidance thereto, on the date of the Executive's separation from employment, payment of the amount described in this Section 4(c) shall be subject to Section 4(j)."

6. Section 4(d) of the Agreement is hereby amended by the by the addition of the following two sentences, at the end thereof:

"Payment under this Section 4(d) for expenses shall be made not later than the last day of the taxable year of the Executive following the taxable year of the Executive in which the expenses were incurred. Payments for tax reimbursement shall be made not later than the end of the first taxable year of the Executive following the year in which the tax payment was made."

7. Section 4(e) of the Agreement is hereby amended by the addition of the following sentence, at the end thereof:

"Payment for such services will be made not later than the end of the taxable year of the Executive following the taxable year of the Executive in which the expenses were incurred."

8. Section 4(f)(ii) of the Agreement is hereby amended by the insertion of the words "or the Company's 2003 Employee Stock Incentive Plan (or any successor plan)" following the reference to the "Company's 1998 Long-Term Incentive Plan (or any successor plan)."

9. Section 4(h)(i) is hereby amended by the addition of the following language, at the end thereof:

“The flight privileges subject to this Section 4(h)(i) are governed by the terms of the applicable flight privilege rules of the Company not in conflict with this Section 4(h)(i), may not be liquidated or exchanged for any other benefit, and the amount of any such benefits provided in one taxable year of the Executive shall not affect the amount payable in any subsequent taxable year of the Executive. Any amount paid as a cash reimbursement shall be paid not later than the last day of the taxable year of the Executive following the taxable year of the Executive in which the expense was incurred.”

10. Section 4(h)(iii) is amended by the addition of the following sentence, at the end thereof:

“Such payment shall be made within 75 days of the date of employment separation, subject to Section 4(j) to the extent applicable.”

11. Section 4(i) of the Agreement is amended by the addition of the following sentence, at the end thereof:

“Payments under this Section 4(i) must be made within 75 days of the end of the calendar year in which the Executive’s termination of employment occurred, subject to Section 4(j) to the extent applicable; provided that this Section 4(i) shall not be effective to the extent it would result in impermissible acceleration of any amounts subject to section 409A of the Code.”

12. Section 4(j) is hereby amended and restated in the entirety, to provide as follows:

“(j) Time of Payment of Certain Benefits.

Payment of amounts under Sections 4(a), 4(c), 4(h)(iii), and 4(i) shall be made in a single lump sum within 75 days following the Executive’s separation from employment, and in any event not later than 75 days after the end of the taxable year of the Executive in which the separation from employment shall occur; provided that if the Executive is a “specified employee”, as defined in Treasury Regulation 1.409A-1(i) or successor guidance thereto, as of the date of termination from employment, any such payments to the extent subject to section 409A(a)(2)(B)(i) of the Code, shall not be made until the first business day following the date of the 6-month anniversary of the Executive’s separation from employment.”

13. The third sentence of Section 5(b) of the Agreement is hereby amended by deletion of the period at the end thereof and insertion of the following language, at the end thereof:

“and in any event not later than the end of the taxable year of the Executive following the taxable year of the Executive in which payment of the relevant tax is made.”

14. Section 5(e) of the Agreement is hereby amended by deletion of the period at the end thereof and insertion of the following language, at the end thereof:

“and in any event not later than the end of the taxable year of the Executive following the taxable year of the Executive in which payment of the relevant tax is made.”

15. The final three sentences of Section 5(h) of the Agreement are hereby deleted in their entirety and are replaced by the following two sentences:

“In the event that any payment or benefit intended to be provided under this Agreement or otherwise is required to be reduced pursuant to this Section 5(h), the severance payment under Section 4(a) shall be the payment subject to such deduction. If further reduction is required, stock based compensation payments shall be subject to such reduction.”

16. Section 7(b) of the Agreement is hereby amended by the addition of the following language, at the end thereof:

“In the event the Executive’s employment is terminated, any payment by the Company or any such trust shall be made pursuant to this Section 7(b) within 75 days following the date of the Executive’s separation from employment. No such transfer to a trust shall be made to the extent it shall trigger the excise tax under section 409A(b)(3) or (4) of the Code.”

17. Section 8 of the Agreement is amended by the addition of a new Section 8(c), at the end thereof:

“(c) The Executive and the Company shall cooperate to assure that payments made under this Agreement do not trigger the excise tax penalties of section 409A of the Code, and, notwithstanding anything to the contrary in this Agreement, if any payment under this Agreement to a “specified employee”, as described in Treasury Regulation 1.409A-1(k) or successor guidance thereto shall constitute “deferred compensation” as defined in Treasury Regulation 1.409A-1(b) or successor guidance thereto, as determined by counsel to the Company, such payment shall be deferred until the first day after the 6 month anniversary of the date of the Executive’s separation from employment, except for payments described in Section 4(b), 4(d), 4(e) and 4(h)(i).”

18. Section 17 of the Agreement is hereby amended by the addition of the following sentence, at the end thereof:

“The provisions of this Agreement specifying payment dates that differ from applicable dates in the Agreement prior to its amendment shall be deemed to constitute a change in time of payment and/or method of payment as permitted under Internal Revenue Service 2006-79 as revised by Internal Revenue Service Notice 2007-86 and shall be interpreted consistently with such guidance, including the requirement that it is not applicable to a payment due in the current taxable year of such change.”

19. Except as amended hereby, the Agreement shall remain in full force and effect. This Amendment is effective as of January 1, 2005.

IN WITNESS WHEREOF, the parties have caused this Amendment be executed and delivered as of the day and year first above set forth.

AMR CORPORATION

By:

Its:

AMERICAN AIRLINES, INC.

By:

Its:

Executive

THE
SUPPLEMENTAL EXECUTIVE RETIREMENT PROGRAM (SERP) FOR OFFICERS
OF
AMERICAN AIRLINES, INC.

AND THE
SERP SUMMARY PLAN DESCRIPTION
AS AMENDED AND RESTATED

THE
SUPPLEMENTAL EXECUTIVE RETIREMENT PROGRAM (SERP) FOR OFFICERS
OF
AMERICAN AIRLINES, INC.

AND THE

SERP SUMMARY PLAN DESCRIPTION

AS AMENDED AND RESTATED

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**ARTICLE I
NAME AND PURPOSE OF THE PLAN**

Section 1.1 Name and Purpose of the Plan.

This Supplemental Executive Retirement Program for Officers of American Airlines, Inc. (the "Plan") provides supplemental retirement benefits to selected officers of American Airlines, Inc. It is amended and restated to comply with section 409A of the Code. Prior to January 1, 2001, the supplemental benefits provided under this Plan consisted only of supplemental retirement benefits in excess of the maximum pension benefits payable under a Participant's Base Defined Benefit Plan and a supplemental retirement benefit based on a Participant's Incentive Compensation and Performance Returns. These continuing benefits are described in Article IV of the Plan. Effective January 1, 2001, certain Participants, who participate in the Super Saver Plus Plan, either because they elected to forego participation in a Base Defined Benefit Plan, or because they were not eligible to elect to participate in a Base Defined Benefit Plan, became eligible to receive benefits under Article V of the Plan.

Effective October 15, 2002, the Plan was amended and restated in the entirety to provide for irrevocable funding of certain benefits through the Trust Agreement under the Supplemental Executive Retirement Program for Officers of American Airlines, Inc. This irrevocable trust funds certain benefits under Article IV of the Plan. The Trust Agreement under Supplemental Executive Retirement Program for Officers of American Airlines, Inc. Participating in the Super Saver Plus Plan was established and funded on September 15, 2005. This irrevocable trust funds certain benefits under Article V of the Plan. Since the most recent amendment of the Plan, section 409A of the Code has been enacted and requires further amendment of the Plan. Accordingly, the Plan is hereby amended and restated in the entirety effective as of January 1, 2005, except as otherwise provided herein.

**ARTICLE II
DEFINITIONS AND CONSTRUCTION**

Section 2.1 Definitions. Throughout this Plan, certain defined terms are used which are identified by initial capitalization. Such terms are defined in this Section 2.1, unless the context in which such terms are used clearly provides otherwise.

(a) Act. The Employee Retirement Income Security Act of 1974, as amended.

(b) Active Funding Participant. A Participant who currently performs active duties of employment while a Participant pursuant to Section 3.1 who is vested in a Funded Accrued Benefit under this Plan.

(c) AMR. AMR Corporation, and any successor thereto.

(d) Annual Defined Benefit Retirement Benefit. The amount determined by subtracting the Base Defined Benefit Plan Benefit from the greatest of (i) the Base Plan Social Security Offset Benefit, (ii) the Final Average Earnings Benefit, or (iii) the Basic Benefit. If the Base Defined Benefit Plan of a Participant is the American Airlines, Inc. Pilot Retirement Benefit Program, the Annual Defined Benefit Retirement Benefit shall be the amount determined by subtracting the Base Defined Benefit Plan Benefit from the amount that would have been payable under the Base Defined Benefit Plan in the absence of the Base Defined Benefit Plan limits on compensation and benefits under the Code, plus the Supplemental Incentive Compensation Retirement Benefit and the Supplemental Performance Return Retirement Benefit (and for such purposes variable benefits shall be disregarded). In determining the Annual Defined Benefit Retirement Benefit under this Plan, any additional pension service or age credit which the Company and/or the Plan is required to provide pursuant to a separate contractual agreement or a employment representation shall be added to Credited Service or age in the determination of the Annual Defined Benefit Retirement Benefit under this Plan, but not added as service or age to be credited under the applicable Base Defined Benefit Plan.

(e) Average Incentive Compensation. An amount calculated as follows:

(1) The sum of a Participant's four highest annual Incentive Compensation awards (or the sum of all such awards if the Participant has fewer than four such awards) paid to a Participant during the time period beginning on or after January 1, 1985, and ending on the first to occur of:

(A) the Participant's actual retirement under the Base Defined Benefit Plan, or under Super Saver if the Participant is not participating in a Base Defined Benefit Plan,

(B) the date of the Participant's death, or

(C) the date of the Participant's retirement.

If a Participant is credited with less than a full year of Credited Service as a Participant in any year in which Incentive Compensation is paid, that portion of the Participant's Incentive Compensation that is taken into account will be prorated based on the Credited Service earned by the Participant for such year.

(2) Divide the sum determined in (1) above, by four (or by the number of such awards if the Participant has fewer than four such awards).

(f) Average Performance Return. An amount calculated as follows:

(1) The sum of a Participant's four highest annual Performance Return awards (or the sum of all such awards if the Participant has fewer than four such awards) paid to the Participant during the Participant's career, and ending on the first to occur of:

(A) the Participant's actual retirement under the Base Defined Benefit Plan, or under Super Saver if the Participant is not participating in a Base Defined Benefit Plan,

(B) the date of the Participant's death, or

(C) the date of the Participant's retirement.

(2) Divide the sum determined in (1) above, by four (or by the number of such awards if the Participant has fewer than four such awards).

(g) Base Defined Benefit Plan. The defined benefit retirement benefit plan (or plans) of the Company which qualifies under section 401 of the Code and under which certain Participants covered under this Plan are eligible to receive benefits.

(h) Base Defined Benefit Plan Benefit. The annual benefit a Participant or Beneficiary is entitled to receive from the Base Defined Benefit Plan upon retirement, disability, death or termination of employment, subject to the Base Defined Benefit Plan provisions which limit such benefit to the maximum amount permitted by the Code.

(i) Base Plan Social Security Offset Benefit. The annual amount of a Participant's or Beneficiary's benefit under any "Social Security Offset Benefit," as defined in the Base Defined Benefit Plan, computed without regard to the Base Defined Benefit Plan limits on compensation and benefits under the Code, plus the Supplemental Incentive Compensation and Performance Return Retirement Benefit.

(j) Basic Benefit. The annual amount of a Participant's or Beneficiary's benefit under any "Basic Benefit," as defined in the Base Defined Benefit Plan, computed without regard to the Base Defined Benefit Plan limits on compensation and benefits under the Code, plus the Supplemental Incentive Compensation and Performance Return Retirement Benefit.

(k) Beneficiary. A person designated by a Participant who, as permitted under the terms of the Plan, is or may be entitled to a benefit under the Plan in the event of the death of the Participant. If no Beneficiary is designated, or if the designated Beneficiary is not then living, benefits will be paid pursuant to Section 6.4.

(l) Board of Directors. The Board of Directors of AMR.

(m) Change in Control. A "Change in Control" as defined in Section 11 of the AMR Corporation 1998 Long Term Incentive Plan, as amended. The determination of the occurrence of a Change in Control shall be made by the Committee, consistent with the definition of such term as contained in Treasury Regulation 1.409A-3(i)(5) or successor guidance thereto and such provisions of the AMR Corporation 1998 Long Term Incentive Plan, as amended.

(n) Code. The Internal Revenue Code of 1986, as amended.

(o) Committee. The administrative committee appointed by the Board of Directors to manage and administer this Plan.

(p) Company. Any subsidiary of American Airlines, Inc. or any subsidiary of AMR, which is designated for inclusion as a participating employer in the Plan, as determined by the Board of Directors.

(q) Credited Service. The term "Credited Service" under this Plan has the same meaning for purposes of this Plan as it has in the applicable Base Defined Benefit Plan, except as provided in Section 2.1(d) with respect to additional age or service credit.

(r) Disabled (or Disability). "Disability" shall have the meaning defined in section 409A(2)(C) of the Code. Determination of Disability shall be made by the Committee consistently with Treasury Regulation 1.409A-3(i)(4)(i) or successor guidance thereto.

(s) Final Average Earnings Benefit. The annual amount of a Participant's or Beneficiary's benefit under any "Final Average Earnings Benefit," as defined in the Base Defined Benefit Plan, computed without regard to the Base Defined Benefit Plan limits on compensation and benefits under the Code, plus the Supplemental Incentive Compensation and Performance Return Retirement Benefit.

(t) Funded Accrued Benefit. The portion of the present value of the vested benefit under Article IV or Article V represented by a credit to a bookkeeping account of a Participant as a Funded Accrued Benefit in a Trust.

(u) Funding Account. A bookkeeping entry maintained under the name of each Active Funding Participant to reflect the amount of Funded Accrued Benefit on account of such Active Funding Participant.

(v) Incentive Compensation. Compensation paid to a Participant on or after January 1, 1985, in accordance with one of the annual incentive compensation plans adopted by the Board of Directors or the Board of Directors of American Airlines, Inc. For purposes of this definition, long-term, multi-year incentive compensation plans shall not be considered to be incentive compensation plans.

(w) Non-Active Funding Participant. A Participant who is not yet vested in a benefit under this Plan, or who is on a Management Leave of Absence under the AMR Management Leave Policy or who is retired or otherwise separated from employment, for whom no Funding Account is maintained.

(x) Non-Funded Accrued Benefit. The portion of the benefit under Article IV and/or Article V not represented by amounts credited to the Funding Account of a Participant as a Funded Accrued Benefit.

(y) Participant. An elected officer of American Airlines, Inc., who is a participant in a Base Defined Benefit Plan or the Super Saver Plus Plan, shall be a Participant. An individual who is an appointed officer of American Airlines, Inc. or a designated officer of another Company may be a Participant only if (i) he or she is a participant in a Base Defined Benefit Plan or the Super Saver Plus Plan and (ii) is designated as a Participant by the Board of Directors or under a writing signed by the Chairman of AMR.

(z) Performance Return. Compensation paid to a Participant pursuant to a specified portion of career equity shares granted to the Participant, as determined by the Board of Directors.

(aa) Plan. The Supplemental Executive Retirement Program of American Airlines, Inc., as amended. The Plan may also be referred to herein as the "SERP". This Plan features a supplement to defined benefit plan benefits as described in Article IV and a supplement to Super Saver Plus Plan benefits, as described in Article V.

(bb) Specified Employee. A "key employee", as defined in section 416(i) of the Code on each December 31. If the key employee is a key employee on December 31 of a calendar year, the key employee shall be deemed to be a Specified Employee for the twelve (12) month period beginning on the first day of the fourth month following such December 31.

(cc) Super Saver. Super Saver, a 401(k) Capital Accumulation Plan for Employees of Participating AMR Corporation Subsidiaries, which qualifies under sections 401(a) and 401(k) of the Code, and under which certain Participants are eligible to receive benefits.

(dd) Super Saver Plus Plan. Super Saver Plus, a Supplement to Super Saver, which describes a program of benefits provided by employer contributions, in addition to those benefits available under the regular provisions of Super Saver.

(ee) Super Saver Plus Plan Account. A bookkeeping entry maintained under the name of each Participant to record the deemed contributions and earnings credited under the name of the Participant pursuant to Article V.

(ff) Super Saver Plus Plan Excess Contribution. A contribution credited to the Participant's Super Saver Plus Plan Account that is equal to the total employer contributions (exclusive of cash or deferred contributions under sections 401(k) and 402(g) of the Code) that would have been credited under the Participant's accounts in the Super Saver Plus Plan, commencing in 2006, based upon the Participant's elections under the Super Saver Plus Plan in effect as of December 31 of the year preceding the calendar year for which the Super Saver Plus Plan Excess Contribution is credited, but for the provisions of sections 401(a)(17), 415 and 402(g) of the Code (or any Code sections replacing such sections with comparable limitations). For 2005, this election must have been in effect as of March 15, 2005. Additionally, the credited Super Saver Plus Plan Excess Contribution shall include the amount that would have been credited to the Participant's account under the Super Saver Plus Plan based on the Participant's contribution rate election in effect as of December 31 of the calendar year preceding the calendar year for which the Super Saver Plus Plan Excess Contribution is credited under Super Saver if Incentive Compensation had constituted compensation subject to deferral under Super Saver and the Super Saver Plus Plan; provided that for 2005, this election must have been in effect as of March 15, 2005.

(gg) Supplemental Incentive Compensation Retirement Benefit. The amount determined by multiplying the Average Incentive Compensation by two percent for each year of Credited Service.

(hh) Supplemental Incentive Compensation and Performance Return Retirement Benefit. The difference between the benefits calculated under any "Social Security Offset Benefit" formula as defined in the Base Defined Benefit Plan, including and excluding Average Incentive Compensation and Average Performance Return, in each case computed without regard to the Base Defined Benefit Plan limits on compensation and benefits under the Code.

(ii) Supplemental Performance Return Retirement Benefit. The amount determined by multiplying the Average Performance Return by two percent for each year of Credited Service.

(jj) Trust (or Trusts). The Trust Agreement Under Supplemental Executive Retirement Program for Officers of American Airlines, Inc. entered into between American Airlines, Inc. and Wachovia Bank National Association, which funds certain vested benefits provided pursuant to Article IV, and/or the Trust Agreement under Supplemental Executive Retirement Program for Officers of American Airlines, Inc. Participating in the Super Saver Plus Plan, which funds certain vested benefits provided pursuant to Article V.

(kk) Trustee. Wachovia Bank, National Association, or any successor thereto.

Section 2.2 Construction. With respect to Active Funding Participants, this Plan is an “employee pension benefit plan” (as defined in section 3(2) of the Act) that is an “individual account plan” and a “defined contribution plan” (as defined in section 3(34) of the Act), and as to all other Participants, the Plan is a plan described in sections 201(2), 301(a)(3) and 401(a)(1) of the Act. The Plan is exempt from Part 3 of Subtitle B of Title I of the Act pursuant to section 301(a)(8) of the Act. Funded Accrued Benefits are intended not to be subject to section 409A of the Code, nor to constitute “deferred compensation” as defined in Treasury Regulation 1.409A-1(b) or successor guidance thereto. With respect to Non-Funded Accrued Benefits, this non-qualified plan shall be, and is intended to be, a plan that is unfunded and maintained by the Company to provide deferred compensation to a select group of management or highly-compensated employees, pursuant to sections 201(2), 301(a)(3), and 401(a)(1) of the Act. Non-Funded Accrued Benefits are intended to be subject to the requirements of section 409A of the Code. The Committee shall have the exclusive discretionary authority to interpret and construe the terms of the Plan and the exclusive discretionary authority to determine eligibility for, and the amount of, all benefits hereunder. Any such determinations or interpretations of the Plan adopted by the Committee shall be final and conclusive and shall bind all parties, subject to Article XII. This Plan shall be construed consistently with the foregoing. This Plan shall be construed insofar as practicable so as to be consistent with the requirements of section 409A of the Code and applicable guidance issued thereunder, to preclude plan failures under section 409A(a)(1)(A) of the Code. All questions pertaining to the construction, validity and effect of the Plan shall be determined in accordance with the laws of the United States and the State of Texas. If any provision of this Plan shall be held by a court of competent jurisdiction to be invalid, the remaining provisions of this Plan shall continue to be fully effective. Words in the singular shall include the plural, and vice versa, where the context permits. Headings and subheadings in the text of this Plan are for reference only and shall not be considered in the construction of this Plan. This document serves as the Plan document and also as the Summary Plan Description, as required by the Act.

ARTICLE III ELIGIBILITY AND PARTICIPATION

Section 3.1 Participation Designation. Elected officers of American Airlines, Inc. who are participants in a Base Defined Benefit Plan or the Super Saver Plus Plan are Participants in the Plan. An appointed officer of American Airlines, Inc. or an officer of another Company may be a Participant only if he or she is a participant in a Base Defined Benefit Plan or the Super Saver Plus Plan and is designated as a Participant by the Board of Directors or under a writing signed by the Chairman of AMR.

Section 3.2 Accrual Under Base Plan. Any Participant in this Plan who was a Participant prior to January 1, 2001, and who ceased to continue to accrue service for benefits under the Base Defined Benefit Plan as of such date pursuant to an election to participate in the Super Saver Plus Plan shall remain eligible for the benefits accrued under Article IV of the Plan for service prior to such date. No further accruals of service for benefits under Article IV of the Plan shall occur, however, after the effective date of the Participant's election to forego participation in the Base Defined Benefit Plan. Such Participants who forego participation in the Base Defined Benefit Plan shall be eligible to receive benefits determined under Article IV with respect to service for periods prior to January 1, 2001, and/or under Article V of the Plan, for periods commencing on and after January 1, 2001.

Section 3.3 Base Defined Benefit Plan Participants. Participants who continue to accrue service for benefits in the Base Defined Benefit Plan after January 1, 2001, or who commence participation thereafter and who do not accrue benefits under Article V of the Plan, shall continue to accrue benefits as provided herein only under Article IV of the Plan.

Section 3.4 Change of Participant Status. A Participant who is elected or appointed as an officer and later becomes a non-officer will have any SERP benefit pursuant to Article V as an officer frozen (subject to adjustment pursuant to Section 5.2 in the case of benefits under Article V) as of the last date the Participant serves as an officer, but such Super Saver Plus Plan Account shall remain payable under this Plan. A Participant who is elected or appointed as an officer and later becomes a non-officer will have any SERP benefit pursuant to Article IV as an officer frozen as of the last date the Participant serves as an officer, but such benefit shall remain payable under this Plan.

ARTICLE IV BENEFITS IN CONNECTION WITH THE BASE DEFINED BENEFIT PLAN

Section 4.1 Base Defined Benefit Retirement Benefit. The Plan will pay an Annual Defined Benefit Retirement Benefit to a Participant who earned benefits under this Plan while participating in the Base Defined Benefit Plan. The portion of any such Annual Defined Benefit Retirement Benefit that was funded by a credit to the Funding Account for an Active Funding Participant shall be paid from, and credited against, the Participant's Funding Account and paid through the Trust.

Section 4.2 No Benefit Payable. Except as provided in this Plan, if no benefit is payable under the Base Defined Benefit Plan, then no benefit will be payable under Article IV of the Plan.

ARTICLE V CONTRIBUTIONS AND EARNINGS CREDITS IN CONNECTION WITH THE SUPER SAVER PLUS PLAN

Section 5.1 Super Saver Plus Plan Benefit. If a Participant in this Plan is participating in the Super Saver Plus Plan, the Committee shall credit annually to the Participant's Super Saver Plus Plan Account a Super Saver Plus Plan Excess Contribution.

Section 5.2 Additional Credits. In addition to the Super Saver Plus Plan Excess Contribution provided for under this Article V pursuant to Section 5.1, the Committee shall periodically, at such times during a calendar year as shall be determined in its sole discretion, credit or debit, as the case may be, to a Participant's Super Saver Plus Plan Account, the earnings or losses that would have accrued to such Super Saver Plus Plan Account if such Super Saver Plus Plan Account were invested in the investment funds elected by the Participant during the relevant computation period, based on the investment elections available under the Super Saver Plus Plan.

Section 5.3 No Benefit Payable. Except as provided in this Plan, if no benefit is payable under the Super Saver Plus Plan, then no benefit will be payable under Article V of the Plan. In making such determination, benefits attributable to contributions under Super Saver, other than under the Super Saver Plus Plan, shall be disregarded, except as provided in Section 6.3. The amount of any Funded Accrued Benefit contribution under this Article V shall be paid to the Trust, and credited to the Participant's Funding Account. Amounts paid to a Participant on account of this Article V from amounts credited to a Funding Account shall be paid from, and credited against, the Participant's Super Saver Plus Plan Account and paid through a Trust.

**ARTICLE VI
PAYMENT OF BENEFITS**

Section 6.1 General Rule. Benefits being paid under the Plan that commenced prior to January 1, 2005, shall, if continuing to be paid on an annuity basis as of October 3, 2004, continue to be paid in accordance with the terms of the Plan in effect prior to January 1, 2005. All benefits payable on and after January 1, 2005, shall be distributed in the form of a single lump-sum distribution. This change in form of payment is made pursuant to section 3.02 of Internal Revenue Service Notice 2006-79, Internal Revenue Service Notice 2007-86, Q&A 19(c) of Internal Revenue Service Notice 2005-1, and section XIB of the Preamble to the Treasury Regulations under section 409A of the Code. In determining the amount of the lump sum distribution, the provisions of the Base Defined Benefit Plan and the Super Saver Plus Plan consistent with this Plan will apply, including, but not limited to, social security offset provisions and early retirement reductions. In calculating the lump sum payment of amounts payable under Article IV, the interest rate used shall be the applicable interest rate promulgated by the Internal Revenue Service under section 417(e)(3) of the Code for the third month preceding the date on which payment is to be made, provided that the application of such rate shall, commencing January 1, 2008, be phased in using the same methodology as employed under the Retirement Benefit Plan of American Airlines, Inc. for Agent, Management, Specialist, Support Personnel and Officers. Prior to 2008, the mortality rate shall be the 1983 GAM male table for male Participants, and the 1983 GAM female table for female Participants. After 2007, the mortality table shall be determined under section 430(h)(3) of the Code.

Section 6.2 Time of Payment. Payment of benefits payable under Article IV shall not be paid prior to the date on which the Participant is entitled to commence early retirement benefits under the applicable Base Retirement Plan (as in effect on January 1, 2005, and assuming that the Participant remained in the employment of the Company until such date of early retirement eligibility). Subject to such limitations, the lump sum payment of benefits under Article IV shall be payable to the Participant not later than sixty (60) days after the earlier of the date on which the Participant:

(a) becomes Disabled, or

(b) terminates from employment with AMR and the Company in a manner constituting a "separation from service" as defined under Treasury Regulation 1.409A-1(h) or successor guidance thereto.

Payment of benefits under Article V, consisting of a lump sum payment of all amounts credited to the Super Saver Plus Plan Account, shall be made not later than sixty (60) days after the earliest date on which the Participant:

(a) becomes Disabled, or

(b) terminates from employment with AMR and the Company in a manner constituting a "separation from service" as defined under Treasury Regulation 1.409A-1(h) or successor guidance thereto.

This change in time of payment is made pursuant to section 3.02 of Internal Revenue Service Notice 2006-79, Internal Revenue Service Notice 2007-86, Q&A 19(c) of Internal Revenue Service Notice 2005-1, and Section XIB of the Preamble to the Treasury Regulations under section 409A of the Code. Notwithstanding the foregoing, no distribution of Non-Funded Accrued Benefits under this Section 6.2 to a Participant who is a Specified Employee shall be made until the earlier of (a) thirty (30) days after the date of death of the Participant or (b) six (6) months after the date of termination of employment of the Participant, unless the payment is made due to Disability or pursuant to Section 6.4 (subject also the early retirement date limitation provided above). Neither the Company, the Committee nor the Participant shall have any right or power to accelerate benefit distribution under this Plan, subject to Sections 6.3, 7.1 and Section 10.1.

Section 6.3 Payment Upon a Change in Control. Upon a Change in Control with respect to AMR or American Airlines, Inc., a Participant will receive a lump sum, one-time payment equal to the present value as of the date of the Change in Control of the Annual Defined Benefit Retirement Benefit to be paid pursuant to Article IV, or the entire amount credited to the Participant's Super Saver Plus Plan Account pursuant to Article V, as applicable. The Change in Control payment shall be computed by assuming that payments under the Base Defined Benefit Plan would commence at the earliest possible retirement age for the Participant, and assuming that the Participant separated from employment as of the Change in Control. With respect to benefits under Article V, the Change in Control payment shall equal the entire Super Saver Plus Plan Account balance under Article V as of the payment date. In the event a Participant is not vested in benefits under the Base Defined Benefit Plan or under the Super Saver Plus Plan, the Participant shall nevertheless be deemed to have satisfied the vesting requirements of the Base Defined Benefit Plan (and of the Super Saver Plus Plan) for purposes of computing the amount of the Change in Control payment. The benefit under this Section 6.3 shall be paid in the calendar year of the Change in Control or within sixty (60) days thereafter.

Section 6.4 Death Benefits. In the event of the death of a Participant for whom a benefit under this Plan is accrued under Article IV and after the Participant is entitled to early retirement benefits under a Base Defined Benefit Plan, if a surviving spouse benefit is payable under the Base Defined Benefit Plan, the Participant's surviving spouse will be entitled to a lump sum equivalent of the spousal benefit that is calculated through the same methodology as used in determination of the Annual Defined Benefit Retirement Benefit, substituting the spousal benefit for the Base Defined Benefit Plan Benefit. In the event of the death of a Participant entitled to a benefit under Article V, the Participant's Beneficiary shall be entitled to receive a lump sum payment of the benefit to which the Participant would have been entitled had the Participant terminated from employment as of the date of death. A Participant who is accruing or has accrued benefits under Article V may designate a Beneficiary or Beneficiaries to receive benefits payable in the event of the Participant's death, if any. Any such designation shall be made in the manner required by the Committee or its delegate, including a requirement for spousal consent, if applicable. If, for any reason, there is no surviving designated Beneficiary for such benefits, benefits will be paid to the Participant's spouse, if then living; if the Participant's spouse is not then living, benefits will be paid in equal shares to each then living child of the Participant; if no such child is then living, the benefits will be payable to the estate of the Participant. Such amounts will be paid in a lump sum within sixty (60) days following the date of the Participant's death.

Section 6.5 Deductions for Benefits. In the event the Participant has any outstanding debt with the Company, such as for payment of taxes, the Company or the Committee may withhold or deduct from any payments to be made to the Participant or Beneficiary under this Plan an amount(s) equal to such outstanding debt.

Section 6.6 Payment of Funded Benefits. Amounts payable to an Active Funding Participant will first be paid from the Trust through amounts credited to such Participant's Funding Account under a Trust. Any remaining amounts payable, and all amounts payable to Non-Active Funding Participants, shall be paid as they become payable from the Company's general assets or through a trust established pursuant to Section 10.2.

**ARTICLE VII
AMENDMENT AND TERMINATION**

Section 7.1 Amendment and Termination. The Board of Directors, or such person or persons, including the Committee, as may be authorized in writing by the Board of Directors, may amend or terminate the Plan at any time. Any termination of the Plan which permits acceleration of payment shall be made only in accordance with Treasury Regulation 1.409A-3(j)(4)(ix) or successor guidance thereto.

Section 7.2 Limitation on Amendment or Termination. No amendment or termination pursuant to Section 7.1 shall adversely affect a benefit payable under this Plan with respect to a Participant's employment by the Company prior to the date of such amendment or termination unless such benefit is or becomes payable under a successor plan or practice adopted by the Board of Directors or its designee.

Section 7.3 Effect of Change in Control. Notwithstanding Sections 7.1 and 7.2 of the Plan, no changes or amendments (including pertaining to termination) of the Plan will be permitted after a Change in Control.

ARTICLE VIII GENERAL CONDITIONS

Section 8.1 No Assignment. The right to receive benefits under the Plan may not be anticipated, alienated, sold, transferred, assigned, pledged, encumbered or subjected to any charge or legal process, and if any attempt is made to do so or a person eligible for any benefit becomes bankrupt, the interest under the Plan of the person affected may be terminated by the Committee and the Committee may in its sole discretion cause the same to be held or applied for the benefit of one or more of the dependents of such person, subject to Section 8.2 of the Plan or in the event of the Participant's death, if a death benefit is then payable under the Plan.

Section 8.2 Exception for Domestic Relations Orders. Notwithstanding the provisions in Section 8.1, upon receipt by the Plan of a "domestic relations order" (as defined in section 206(d)(3)(B)(ii) of the Act) purporting to be a "qualified domestic relations order" (as defined in section 206(d)(3)(B)(i) of the Act), the Committee shall review such order using the domestic relations order review procedures in effect under the Base Defined Benefit Plan or Super Saver, as applicable to benefits under Article IV or Article V, respectively. Upon the determination that a domestic relations order meets the Plan's requirements to be a qualified domestic relations order, the "alternate payee" (as defined in section 206(d)(3)(K) of the Act) shall be eligible to receive benefits payable under the terms of the qualified domestic relations order. Notwithstanding the foregoing, however, an alternate payee under a domestic relations order shall only be eligible to receive benefits from the Plan when the Participant commences receipt of benefits under Section 6.2.

Section 8.3 Force Majeure Events. In the event of any act of God, war, natural disaster, aircraft grounding, revocation of operating certificate, terrorism, strike, lockout, labor dispute, work stoppage, fire, epidemic or quarantine restriction, act of government, critical materials shortage or any other act, whether similar or dissimilar, beyond the control of the Company (each, a "Force Majeure Event"), which Force Majeure Event affects the Company or its subsidiaries or its affiliates, the Board of Directors, at its sole discretion, may suspend, delay, defer or substitute (for such period of time as the Board of Directors may deem necessary) any payments due currently or in the future under the Plan, including, but not limited to, any payments that have accrued to the benefit of a Participant but have not yet been paid, but only to the extent permitted under Treasury Regulation 1.409A-3(d), or successor guidance thereto.

Section 8.4 Plan Administration. American Airlines, Inc., is the sponsor of the Plan and the Committee or its delegate shall be the plan administrator, and shall have authority to manage the operation and administration of the Plan. The Committee may designate one or more individuals to carry out any of its administrative responsibilities in connection with the Plan. The Company may employ one or more persons to render advice to any director, officer or employee of the Company with respect to such individual's responsibilities under the Plan. The Committee may act by majority vote of its members at a meeting or by a signed writing. The Committee may engage agents to assist it and may engage legal counsel who may be legal counsel for the Company. All reasonable expenses incurred by the Committee shall be paid by the Company. In administering the Plan, the Committee may conclusively rely upon the Company's payroll and personnel records and employee benefit plan records maintained in the ordinary course of business. The Company may remove any member of a Committee at any time, and a member may resign by written notice to the Company. The Committee may appoint successors to vacant positions, or such position may be filled by the Company.

ARTICLE IX FUNDING

Section 9.1 Funding. The Company will pay the entire cost of the Plan, through the Trusts directly or under Section 10.2, or by direct payment, as applicable. Any funding of a Trust for a vested benefit accruing for a calendar year after December 31, 2004, as a Funded Accrued Benefit, shall be made only within the calendar year of accrual or by March 15 thereafter and shall not exceed the amount of such vested accrual. In the event of such funding, the amount accrued and so funded shall be a Funded Accrued Benefit and shall not constitute deferred compensation subject to section 409A of the Code. Any accrued benefit not funded through a Funding Account shall be a Non-Funded Account Benefit under this Plan. No contribution shall be made to a Trust during a "restricted period" as defined in section 409A(b)(3)(B) of the Code, to the extent such contribution would cause amounts to be taxable under section 409A of the Code.

ARTICLE X TRUST

Section 10.1 Trust Documents. The Company established an irrevocable trust effective October 14, 2002, pursuant to the Trust Agreement Under Supplemental Executive Retirement Program for Officers of American Airlines, Inc., to fund the anticipated after-tax distributions of Funded Accrued Benefits under Article IV of the Plan, as determined by the Committee, as of October 14, 2002, and as determined from time to time thereafter, and an irrevocable trust effective September 15, 2005, pursuant to the Trust Agreement under Supplemental Executive Retirement Program for Officers of American Airlines, Inc. Participating in the Super Saver Plus Plan, to fund the anticipated after-tax distributions of Funded Benefits under Article V of the Plan, as determined by the Committee. Wachovia Bank, National Association serves as the Trustee of the Trusts and holds the Trust assets for the purpose of accumulating funds to pay Funded Accrued Benefits under the Plan as they become due and payable. The Trusts are so-called "secular trusts" for Federal income tax purposes. The assets of each Trust are not subject to the claims of creditors of the Company or any of its corporate affiliates. Moreover, the contributions to the Trusts and the Trusts' earnings will generally be taxable income to the Participants, although subsequent distributions from the already taxed amounts will be made to Participants free of Federal income tax.

Section 10.2 Trust for Non-Funded Accrued Benefits. To assist in the payment of Non-Funded Accrued Benefits following a Change in Control, the Board of Directors or the Company's General Counsel or the Company's Corporate Secretary may establish a trust, or utilize a separate trust heretofore established, to fund Non-Funded Accrued Benefits under the Plan.

Section 10.3 Requirements for the Separate Trust for Non-Funded Accrued Benefits. The trust which may be established or otherwise utilized pursuant to Section 10.2 will be maintained:

- (a) with a nationally recognized banking institution with experience in serving as a trustee for such matters,
- (b) with the entirety of its assets held in the United States,
- (c) pursuant to such documentation as recommended by outside counsel to the Company, and
- (d) funded so as to enable the trust to pay some or all of the Non-Funded Accrued Benefits contemplated under the Plan, as may be determined by the Company's independent compensation consultant, selected by the Company, in its sole and absolute discretion. Such trust shall be established in a manner not resulting in taxable income pursuant to section 409A(b) of the Code.

Section 10.4 Additional Actions. In addition, the Board of Directors, the Company's General Counsel or the Company's Corporate Secretary may take any additional actions deemed reasonably necessary to accomplish the stated purpose of Section 10.2.

ARTICLE XI ERISA RIGHTS

Section 11.1 Statement of ERISA Rights in Summary Plan Description. As a Participant in any Funded Accrued Benefits under the Plan, you are entitled to certain rights and protections under ERISA. ERISA provides that all Plan participants shall be entitled to:

- Examine, without charge, at the plan administrator's office, all Plan documents, including copies of all documents filed with the U.S. Department of Labor, such as Summary Annual Reports (SARs) and a copy of the latest Form 5500 annual report filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.
- Obtain copies of all Plan documents and other Plan information including copies of the latest Form 5500 annual report and this Plan upon written request to the plan administrator. The plan administrator may charge a reasonable amount for the copies.
- Receive a summary of the Plan's annual financial report (SAR). The plan administrator is required by law to furnish each participant with a SAR.
- Obtain a statement telling you whether you have a right to receive a pension at normal retirement age under the Plan and, if so, what the benefit amount would be at normal retirement age if you were to stop working now. This statement must be requested in writing and is not required to be given more often than once a year. This statement must be provided free of charge.

In addition to creating rights for Plan participants, ERISA imposes duties upon the people responsible for the Plan's operation. The people who supervise the Plan's operation, called "Fiduciaries," have a duty to do their jobs prudently and solely in the interest of you and other Plan participants and beneficiaries. Fiduciaries who violate ERISA may be removed and required to make good any losses they have caused the Plan. No one, including your employer or any other person may fine you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

The plan administrator has the sole discretionary authority to interpret the terms of the Plan and to determine eligibility for and entitlement to Plan benefits in accordance with the terms of the Plan. Any interpretation or determination made pursuant to such discretionary authority shall be given full force and effect under the Plan.

If a claim for a benefit is denied or ignored in whole or in part, you must receive a written explanation of the reason for the denial. You have the right to have the plan administrator review and reconsider the claim. No one, including an employer or any other person, may fire you or discriminate against you in any way to prevent you from obtaining a benefit from the Plan or exercising your rights under ERISA.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request materials from the plan administrator and do not receive them within thirty (30) days, you may sue in federal court. The court may require the plan administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the plan administrator's control. If you have a claim for benefits that is denied or ignored, in whole or in part, you may file suit in a state or federal court. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in federal court.

If the Plan's Fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay those costs and fees. If you lose (i.e., if the court finds your claim frivolous), the court may order you to pay these costs and fees.

If you have any questions about the Plan, contact the plan administrator. If there are any questions about this section or about your rights under ERISA, you should contact the nearest office of the Employee Benefits Security Administration of the U.S. Department of Labor listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W. Washington, D.C 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

ARTICLE XII CLAIMS PROCEDURES

Section 12.1 Claims. A claim for retirement benefits under the Plan must be submitted to the plan administrator at the time and in the manner prescribed by the plan administrator.

If the plan administrator determines that you are not entitled to receive all or part of the benefits you claim, a notice will be provided to you within a reasonable period of time, but no later than 90 days from the day your claim was received by the plan administrator. This notice (which will be provided to you in writing by mail or hand delivery or through email) will describe:

- The plan administrator's determination,
- The basis for the determination (along with appropriate references to pertinent Plan provisions on which the denial is based),
- A description of any additional material or information necessary to perfect the claim and an explanation of why such material is necessary, and
- The procedure you must follow to obtain a review of the determination, including a description of the appeals procedure and your right to bring a cause of action for benefits under section 502(a) of ERISA. This notice will also, if appropriate, explain how you may properly complete your claim and why the submission of additional information may be necessary.

In certain instances, the plan administrator may not be able to make a determination within ninety (90) days from the day your claim for benefits was submitted. In such situations, the plan administrator, in its sole and absolute discretion, may extend the ninety (90) day period for up to one hundred eighty (180) days, as long as the plan administrator provides you with a written notice within the initial ninety (90) day period that explains:

- The reason for the extension, and
- The date on which a decision is expected.

Section 12.2 Claim Appeals. If your claim for benefits is denied, either in whole or in part, you may appeal the plan administrator's denial by requesting a review of your claim by the Committee (or its delegate). Your written request for an appeal must be received by the plan administrator within sixty (60) days of the date you received your notice that the plan administrator denied your claim.

As part of your appeal, you may submit written comments, documents, records and other information relating to your claim for benefits. You may also request reasonable access to, and copies of, all documents, records, and other information relevant to your claim. You will not be charged for this information. The Committee's (or its delegate's) review of the plan administrator's adverse determination will take into account all comments, documents, records and other information you submitted, without regard to whether such information was submitted and considered in the plan administrator's initial determination of your claim.

If, after reviewing your appeal and any further information that you have submitted, the Committee (or its delegate) denies your claim, either in whole or in part, a notice (which will be provided to you in writing by mail or hand delivery, or through email) will be provided to you within a reasonable period of time, but not later than sixty (60) days from the day your request for a review was received by the plan administrator. In the event that an extension of time for processing is required, you will be provided a written notice of the extension not later than sixty (60) days from the day your request for a review was received by the plan administrator. In such situations, the Committee (or its delegate), in its sole and absolute discretion, may extend the sixty (60) day period for up to one hundred twenty (120) days, as long as the Committee (or its delegate) provides you with a written notice within the initial sixty (60) day period that explains:

- The reason for the extension, and
- The date on which a decision is expected.
- The notice describing the Committee's (or its delegate's) decision will describe:
- The specific reason or reasons for its decision, including any adverse determinations;
- References to the specific Plan, Base Defined Benefit Plan or Super Saver Plus Plan provisions on which the Committee (or its delegate) based its determination;
- Your right to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to your claim;
- A description of any voluntary appeals procedures, if any, and your right to obtain information about such procedures, and
- Your right to bring a cause of action for benefits under section 502(a) of ERISA.

ARTICLE XIII FINALITY OF DECISIONS OR ACTS

Section 13.1 Determination is Final. The Committee has the express authority to elect the actuarial assumptions to be used in funding any benefits payable under the Plan and, except as specified hereunder in Section 7.3 and in Article XII, to interpret any provision of this Plan and to determine, at its sole discretion, the meaning and application of any such provision as to each Participant or Beneficiary under the Plan in accordance with the facts and circumstances of each particular claim. Except for the right of a Participant or Beneficiary to appeal the denial of a claim, any decision or action of the Committee, within its scope of authority, shall be final and binding on all persons claiming a right to benefits under the Plan. No benefit shall be payable that the Committee does not deem is payable under the terms of the Plan.

**ARTICLE XIV
GENERAL INFORMATION ABOUT YOUR PLAN**

Plan Name: The Supplemental Executive Retirement Program (SERP) for Officers of American Airlines, Inc.

Plan Sponsor: American Airlines, Inc.
P O Box 619616
MD 5146
DFW International Airport, Texas 75261-9616

Employer ID No.: 13-1502798

Plan Number: 888

Type of Plan: As described in Section 2.2

Plan Administrator: Administrative Committee
American Airlines, Inc.
4333 Amon Carter Blvd.
Fort Worth, TX 76155
Attn: Corporate Secretary
Telephone: 817-963-1234

Legal Agent: CT Corporation

Trustee: Wachovia Bank National Association

Trustee(s) Address: Wachovia Bank National Association
Attn: Executive Services
One West Fourth Street
Winston-Salem, NC 27150

Funding Arrangement: Company Liability for Non Funded Accrued Benefits
Trusts for Funded Accrued Benefits

Plan Year: January 1 to December 31

AS AMENDED AND RESTATED EFFECTIVE AS OF JANUARY 1, 2005.

American Airlines, Inc.

By:

Its:

**TRUST AGREEMENT
UNDER
SUPPLEMENTAL EXECUTIVE RETIREMENT PROGRAM
FOR OFFICERS OF AMERICAN AIRLINES, INC.**

Amended and Restated effective June 1, 2007

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TRUST AGREEMENT

UNDER

SUPPLEMENTAL EXECUTIVE RETIREMENT PROGRAM

FOR OFFICERS OF AMERICAN AIRLINES, INC.

THIS AGREEMENT (the or this "Agreement") was adopted effective as of the 14th day of October, 2002, by and between AMERICAN AIRLINES, INC. (the "Corporation"), a corporation organized and existing under the laws of the State of Delaware, and WACHOVIA BANK, NATIONAL ASSOCIATION (the "Trustee"), a national association organized and existing under the laws of the United States, and the individuals constituting the Committee described in Section 10.1 (the "Committee"). By this instrument the Corporation hereby amends and restates the Agreement in the entirety, effective as of June 1, 2007 (the "Effective Date").

RECITALS

WHEREAS, in January 1985, the Board of Directors of AMR Corporation established the Supplemental Executive Retirement Program for Officers of American Airlines, Inc., as subsequently amended (the "Plan"), for the purpose of paying retirement benefits to certain officers of American Airlines, Inc. (the "Participants") in excess of the amount payable under the Corporation's defined benefit plan; and

WHEREAS, the Corporation has established an irrevocable trust to fund certain retirement benefits of the Participants of the Plan; and

WHEREAS, the Corporation desires the Trustee to continue to undertake the responsibility for the protection and conservation of the assets of the Trust, under the terms of the Agreement; the Trustee is willing to continue such responsibility and the Corporation has delivered assets to the Trustee to hold in trust for the purpose of accumulating funds to pay benefits under the Plan as they become due and payable; and

WHEREAS, the Corporation desires that the Committee under the Plan be responsible for the administration of the Trust, and the Committee has undertaken the responsibility and duties of the Committee pursuant to the terms of the Agreement; and

WHEREAS, the Corporation intends the Trust to operate as a secular trust for Federal income tax purposes, whereby the Participants will be subject to current taxation on the funds held in the Trust; and

WHEREAS, the trust established by this Agreement is not intended to be a "grantor trust" pursuant to sections 671 through 679 of the Internal Revenue Code of 1986, as amended (the "Code"), but is intended to be a taxable trust pursuant to sections 641 *et seq.* of the Code; and

WHEREAS, subsequently to the Effective Date, Revenue Ruling 2007-48 has been issued by the U.S. Treasury Department, and the Corporation desires to update the Agreement so that the Trust continues to operate as a secular trust for Federal income tax purposes;

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the Corporation, the Trustee and the Committee hereby amend and restate the Agreement in the entirety, to provide as follows:

ARTICLE I

DEFINITIONS

Each word or phrase used herein which is in quotations shall have the meaning set forth in this Article I, unless a different meaning is clearly required by context.

Section 1.1. Account. "Account" means the separate account established and maintained under the Fund with respect to each Participant to provide a source of funds for the benefits payable by the Corporation to, or with respect to, each such Participant under the Plan.

Section 1.2. Actuary. "Actuary" means the then acting actuary or firm of actuaries employed by the Corporation to advise the Corporation with respect to contributions to be made under the Plan. The initial Actuary shall be Towers, Perrin, Forster & Crosby, Inc. and Subsidiaries.

Section 1.3. Beneficiary. "Beneficiary" holds the identical definition of the term as defined in the Plan.

Section 1.4. Code. "Code" means the Internal Revenue Code of 1986, as amended.

Section 1.5. Committee. "Committee" means the committee of persons to whom the Corporation has delegated the responsibility of the Trust's administration.

Section 1.6. Compensation Committee. "Compensation Committee" means the compensation Committee of the Board of Directors of AMR Corporation.

Section 1.7. Corporation. "Corporation" means American Airlines, Inc. and any successor thereto, or to the business thereof, by whatever form or manner resulting.

Section 1.8. Expense Account. A separate account of the Fund whereby the Corporation may make contributions to be utilized by the Trustee to pay the compensation, fees and expenses of the Trustee and the Committee and other expenses of the Trust.

Section 1.9. Fund. "Fund" means the money and property held by the Trustee under this Agreement.

Section 1.10. Investment Manager. "Investment Manager" means the then acting manager of all or any of the assets of the Fund that is appointed by the Committee to exercise investment responsibility with respect to all or such portion of the Fund as determined by the Committee.

Section 1.11. Participant. "Participant" means an "Active Funding Participant" in the Plan as defined at Section 2.1(b) of the Plan.

Section 1.12. Plan. "Plan" means the Supplemental Executive Retirement Program for Officers of American Airlines, Inc. originally effective January 1, 1985, and as amended from time to time, including certain retirement benefits heretofore authorized and which may hereafter be authorized to be payable to certain employees of the Corporation.

Section 1.13.

Trust. "Trust" means the trust provided for under this Agreement.

Section 1.14.

Association.

Trustee. "Trustee" means the then acting trustee of the Trust. The initial trustee of the Trust is Wachovia Bank, National

Section 1.15.

Valuation Date. "Valuation Date" means (i) the last business day of each calendar quarter; (ii) in the case of a Participant who retires or whose employment with the Corporation is terminated for any reason, the last business day of the calendar month coincident with or immediately preceding the date of such retirement or termination; and (iii) each other date or dates specified by the Committee to the Trustee for the valuation of the Fund and adjustment of Accounts.

ARTICLE II

CREATION, PURPOSE AND

ADMINISTRATION OF THE TRUST

Section 2.1.

Purpose of the Trust; Separate Trust. This Trust is established by the Corporation, the Trustee and the Committee for the purpose of accumulating funds to pay benefits under the Plan. Payments from the Fund to Participants or their Beneficiaries shall be in discharge of the Corporation's liability under the terms of the Plan to such Participants to the extent such benefits are paid from the Fund. The Corporation intends that each Account established pursuant to Article III be treated as a separate trust designed to satisfy, in whole or in part, the Corporation's liability under the Plan to the Participant with respect to whom such Account is maintained.

Section 2.2.

Administration of the Trust. The Committee shall be solely responsible for the administration of the Trust. The Committee shall, upon request of the Trustee, furnish the Trustee with such reasonable information as is necessary or appropriate for the Trustee to carry out its responsibilities under this Agreement, and the Trustee shall be entitled to rely conclusively on the information received from the Committee. The Corporation shall be responsible for the administration of the Plan. The Corporation shall, upon request of either the Committee or the Trustee, furnish each of the Committee and the Trustee with such reasonable information as each of the Committee or the Trustee shall deem necessary or appropriate to carry out the intent and purposes of the Trust, and each of the Committee and the Trustee shall be entitled to rely conclusively on the information received from the Corporation, unless, in the case of the Trustee, the Committee has informed the Trustee in writing not to rely on such information.

Section 2.3.

Irrevocable; Not Subject to Creditor Claims. Subject to the provisions of Section 9.2 hereof, this Trust shall be irrevocable. In addition, the Fund shall not be subject to the claims of the creditors of the Corporation in a bankruptcy or other insolvency proceeding under Federal or state law, but shall be maintained for the exclusive purpose of providing benefits to Participants under the Plan. The right to receive benefits under the Plan through this Agreement may not be anticipated, alienated, sold, transferred, assigned, pledged, encumbered or subjected to any charge or legal process, and the non-alienation provisions of Sections 8.1 and 8.2 of the Plan are hereby incorporated in the entirety by this reference.

Section 2.4.

Secured Interest; Separate Account. Each Participant shall have a secured interest in the Account maintained in the Fund with respect to the benefits payable under the Plan. Each Participant's Account will be maintained as a "separate account" within the meaning of section 404(a)(5) of the Code. The Corporation agrees that during the existence of the Trust, the Corporation shall not permit or cause, or amend this Agreement to permit or cause, the Fund, or any part thereof, to be used for or diverted to purposes other than the payment of benefits under the Plan to Participants and their Beneficiaries.

ARTICLE III

ACCOUNTS

Section 3.1.

Fund and Accounts.

(a) The Fund under this Trust shall consist of such sums of money or other property (and the earnings thereon) as shall from time to time be paid or delivered to the Trustee and held by it pursuant to the terms of this Agreement.

(b) Contributions to the Trust with respect to the benefits of Participants shall be credited to Accounts as provided in Section 3.4. At the time the Corporation makes an initial contribution to the Trust with respect to the benefits of a Participant, it shall notify the Trustee of such fact and an Account shall be established by the Trustee under the Fund. The Corporation shall provide the Trustee with such information or reports as are necessary to credit contributions to the Account maintained with respect to each Participant in accordance with Section 4.3 hereof.

Section 3.2.

Written Certifications Provided by Corporation to the Trustee. Subject to this Section 3.2, the Trustee shall have responsibility for the maintenance of Account records, including, without limitation, the responsibility for making determinations regarding the adjustment of such Accounts under Section 3.4. The Corporation shall provide the Trustee from time to time, but not less frequently than annually, with written certifications pursuant to Section 4.3 hereof concerning the amount and form of benefits payable to each Participant under the Plan and the time or times when such benefits shall become payable. Each such certification shall state that it is made in accordance with the terms of the Plan, is binding on the Trustee, and may not be modified, amended or rescinded in any manner whatsoever, except by a subsequent certification which complies with the requirements of Section 4.3. The Trustee shall not be bound by, and shall ignore, any such certification which does not comply with the requirements of Section 4.3. The Trustee shall make payments to Participants and Beneficiaries strictly in accordance with the terms of Section 4.4 hereof and shall have no responsibility or duty to evaluate such certifications or other reports with respect to their validity, accuracy or completeness or to make any inquiry regarding the data or information contained therein. If the Corporation does not provide the Trustee with the information necessary to establish an Account pursuant to this Section 3.2 and Section 4.3 herein, the Trustee shall deposit any contributions for which it has not received information into the Trustee's Expense Account, and shall maintain the contributions in its Expense Account until it has received such information.

Section 3.3.

Benefits Payable. Any benefits becoming payable under the Plan to a Participant or Beneficiary shall be paid from the Fund and charged against the Account maintained with respect to the benefits of such Participant. No payment shall be made from the Fund to or with respect to a Participant to the extent that such payment would exceed the balance then remaining credited in the Account maintained with respect to such Participant.

Section 3.4.

Account Adjustment. As of each Valuation Date, and based upon the results of its valuation of the Fund as of such Valuation Date, the Committee shall direct the Trustee to adjust Accounts to reflect realized and unrealized gains, income and losses and chargeable expenses of the Fund on an accrual basis since the preceding Valuation Date, in accordance with the provisions of this Section 3.4. The Account will be adjusted to reflect payment of taxes paid by the Trust with respect to such contributions. The amount creditable to the Account of a Participant as of a Valuation Date selected by the Committee after payment of any benefits and/or applicable withholding taxes shall not exceed the Participant's vested accrued benefit under the Plan as of such date, as determined by the Committee, in its sole and absolute discretion. The allocation of any amounts creditable as contributions, income, losses and realized or unrealized appreciation to the Account of the Participant shall be limited so that the balance as of such Valuation Date does not exceed the Participant's accrued benefit under the Plan. Any excess shall rather be allocable to other known or reasonably anticipated liabilities arising under the Plan and/or the Trust. The Trustee shall be under no obligation to question such allocation adjustment.

Section 3.5.

Maintenance of Accounts. Once established, an Account shall be maintained with respect to the benefits of each Participant until it has been liquidated through distribution to the Participant, or a Beneficiary thereof.

Section 3.6.

Taxability of the Trust and the Participants.

(a) It is intended that the Trust not constitute a “grantor trust” under sections 671 through 679 of the Code, and, notwithstanding any provision of this Agreement to the contrary, the Corporation, as the grantor of the Trust, shall not possess any power under this Agreement that would cause the Trust to constitute a “grantor trust.” It is intended that the Trust constitute a taxable entity under sections 641 *et. seq.* of the Code. Accordingly, the Trustee acknowledges and agrees that the Corporation is not the owner of the Trust for Federal income tax purposes. Notwithstanding any provision of this Agreement to the contrary, none of the powers granted to the Trustee shall be construed to enable the Corporation, the Trustee or anyone else, to buy, exchange or otherwise deal with the Fund for less than adequate and full consideration in money or money’s worth, or to enable the Corporation, the Trustee or any entity in which the Corporation, the Trustee, or both, have a substantial interest, to borrow from the Fund, directly or indirectly, without adequate interest or security; no one but the Trustee (or the Investment Manager) may vote or direct the vote of any corporate shares or other securities of the Trust, or control the Trust’s investments or reinvestments by substituting other property of equal value; the Trustee is not required to surrender Trust assets upon being tendered substitute assets, regardless of the relative values of the assets involved.

(b) The Trust is a funded trust, and, as such, it is intended that each Participant in respect of whom an Account is maintained be taxed in accordance with section 402(b) of the Code. Consequently, contributions to the Trust by the Corporation shall be taxable to the Participants in accordance with section 402(b)(1) of the Code. (The Corporation shall take a deduction for the amount of such contributions, for United States Federal income tax purposes in accordance with section 404(a) (5) of the Code.) Except as is necessary to satisfy any Trust obligation, if any, to withhold taxes and to pay over such withheld amounts to the appropriate taxing authorities, the Trust shall not have any obligation or liability for the payment of any income, estate, gift or employment taxes payable by a Participant or Beneficiary, or the estate of a Participant or Beneficiary, with respect to benefits payable under the Plan. The Trustee shall have the responsibility to file any tax returns, reports or other information as may be required by any Federal, state, local or other taxing or governmental authority with respect to the Trust, its income and distribution and withholding therefrom. Pursuant to Internal Revenue Service Revenue Ruling 2007-48 or successor guidance thereto, the Corporation, if required to withhold employment taxes at the time of contribution, shall withhold and transmit such taxes. The Corporation and the Trustee shall comply as required by law to achieve proper reporting in connection with tax reporting requirements.

Section 3.7. Accumulation/Distribution of Trust Income. All of the income and gain derived from the Fund shall be accumulated and allocated to the Accounts of the Participants pursuant to Section 3.4 hereof; provided, however, that the Committee shall have the right, in its sole and absolute discretion, to instruct the Trustee to distribute all or a portion of such income and gain credited to the Participants’ respective Accounts to the Participants.

Section 3.8. Contributions by the Corporation for Income Taxes. If the income and gain derived by the Trust in any taxable year is subject to United States Federal, state or local income tax (e.g., because the Committee has elected not to distribute such income and gain to the Participants) the Trustee shall pay such income taxes from the Fund except to the extent that the Corporation contributes to the Trust an amount to enable the Trustee to pay such income taxes. To the extent such taxes are paid from the Fund, the Accounts shall be reduced on a pro-rata basis, subject to Section 3.4. An amount contributed for such purpose shall be allocated to each respective applicable Account and the payment shall be charged against such applicable Account.

ARTICLE IV

CONTRIBUTIONS, CERTIFICATIONS AND DISTRIBUTIONS

Section 4.1. Contributions to the Trust. The Corporation may make such contributions to the Trust as it shall determine in its sole and absolute discretion, are necessary to provide benefits to the Participants under the Plan and for the Trust to pay any income taxes due on its income and gain (as provided in Section 3.8 of this Agreement). Notwithstanding anything to the contrary contained herein, no person, including, without limitation, the Trustee, the Actuary, any Participant or former Participant, or any Beneficiary thereof, shall have the right to require the Corporation to make any contribution to the Trust or to question the accuracy or correctness of any amounts so contributed.

Section 4.2. Provision of Benefits is Binding Obligation of Corporation. Except to the extent that benefits to which a Participant, or the Beneficiary thereof, is entitled under the Plan are actually paid from the Fund, nothing contained in this Agreement shall relieve the Corporation of its obligations under the Plan to or with respect to such Participant.

Section 4.3. Provision of Reports and Written Certifications by the Corporation to the Trustee. The Corporation shall maintain, and furnish the Trustee with, such reports, documents, and information as shall be required by the Trustee to carry out its obligations under this Agreement, including, without limitation, written reports setting forth the identity of Participants with respect to whose benefits contributions are made to the Trust and the amount of such contributions, and the written certifications regarding Participants’ benefits described below. At or about the time an Account is established with respect to the benefits of a Participant, the Corporation shall furnish the Trustee with a written certification which includes the amount of the Participant’s benefits, the time or times as of which such benefits shall become payable, the present value of such benefits as of a specific date or dates, any conditions which must be satisfied in order for the Participant to become entitled to such benefits, and the identity of the Participant’s Beneficiary and the specific conditions under which benefits shall become payable to such Beneficiary. Such certifications may be revised by the Corporation at any time, and from time to time, to reflect, among other things, entitlement of the Participant to increased benefits or an earlier time of payment under the Plan and to reflect changes in Beneficiary designations by the Participant. No certification shall be revised, nor shall the Trustee be bound by or honor any such revision, to decrease the benefits of a Participant or to impose additional or more stringent conditions with respect to a Participant’s eligibility for benefits. The Trustee shall rely on the most recent reports, documents, information, and certifications furnished to it by the Corporation which comply with the preceding sentence.

Section 4.4. Distributions to Participants. At such time as a Participant, or the Beneficiary thereof, is entitled to the receipt of benefits from the Plan, he or she shall be entitled to receive from the Account maintained with respect to such Participant the amount in cash or property, as the case may be, to which he or she is entitled under the terms of the Plan taking into account any prior distributions made to the Participant under the Plan. The Trustee also shall make payments from the Fund to each Participant or Beneficiary entitled thereto under the Plan in accordance with Section 3.7 hereof upon direction from the Committee. All distributions made by the Trust shall be in accordance with the most recent certification filed with the Trustee pursuant to and in compliance with Section 4.3 promptly upon receipt of written direction from the Corporation or upon receipt of evidence submitted by the Participant satisfactory to the Trustee that the Participant has retired or otherwise terminated his employment with the Corporation, voluntarily or otherwise. The Trustee shall not be required to engage in its own independent investigation regarding any such payment, but shall provide the Corporation with written confirmation of the fact and amount of such payment after it is made.

ARTICLE V

ACTUARY

Section 5.1. Determination of Corporation’s Fund Contributions by Actuary. The Actuary shall calculate from time to time the amount of the contributions that it estimates should be made to the Fund by the Corporation for the purpose to accumulate funds to provide benefits under the Plan; provided, however that, pursuant to Section 4.1 hereof, the Committee may determine, in its sole and absolute discretion, whether, and to what extent, the Corporation shall be required to make contributions to the Fund.

Section 5.2. Resignation/Removal of Actuary. The Actuary may resign at any time by delivery of written notice of resignation to the Corporation. Such resignation shall take effect as of a future date specified in the notice of resignation, which date shall not be earlier than the date ninety (90) days after the day on which the notice is received. The Actuary may be removed by the Corporation at any time by delivery of written notice of such removal to the Actuary. Such removal shall take effect as of a future date specified in the notice of removal, which date shall not be earlier than the date sixty (60) days after the day on which the notice is received, or such earlier date as may be agreed to by the Actuary and the Corporation. Notwithstanding the foregoing, in no event will any such resignation or removal be effective until a successor Actuary has been appointed upon such resignation or removal. Upon the Corporation’s receipt of notice of such resignation or removal, the Corporation shall appoint a

successor Actuary, by written instrument, to serve commencing on the effective date of the former Actuary's resignation or removal. If a successor is not appointed by the Corporation within sixty (60) days after the issuance of notice of the Actuary's resignation or removal, the Committee shall appoint the successor Actuary.

ARTICLE VI

INVESTMENTS AND POWERS OF THE TRUSTEE

Section 6.1. Fund Held in Trust. The Fund shall be held in trust by the Trustee. The sole responsibilities, powers and duties of the Trustee with respect to the Trust and the Fund shall be as set forth in this Agreement. The Trustee shall be a directed trustee only, with no discretionary authority or responsibility, with respect to the Fund except to the extent that it has discretion within investment guidelines provided to it in writing by the Committee.

Section 6.2. Types of Investments.

(a) Except as otherwise provided in Section 6.4, the Trustee shall invest and reinvest the assets of the Trust, without distinction between principal and income, pursuant to investment guidelines delivered to it in a manner which has the primary purpose of preservation of principal and liquidity of the Fund and, secondarily, to the extent consistent with the goal to preserve principal and liquidity of the Fund, which maximizes the income of the Fund. The Trustee is expressly authorized to invest the Fund, or any portion thereof, in any property, real, personal or mixed, wherever situated, and whether or not productive of income or consisting of wasting assets, including, without limitation, common and preferred stocks, mutual funds, bonds, notes, debentures, securities convertible into common stock, leaseholds, mortgages (including, without limitation, any collective or part interest in any bond and mortgage or note and mortgage), interest bearing accounts and certificates of deposit, oil, mineral or gas properties, royalties, interests or rights (including equipment pertaining thereto), equipment trust certificates, investment trust certificates, savings bank deposits, and commercial paper, provided that the assets of the Trust shall at no time be invested in the equity or debt securities, whether secured or unsecured, of the Corporation, its affiliates or its trades or businesses except to the extent such security may be held in a mutual fund. Pending such investment and reinvestment, the Trustee may temporarily invest and reinvest the funds, at its discretion, in any marketable short and medium term fixed income securities, United States Treasury Bills, other short and medium term government obligations, commercial paper, other money market instruments and part interests in any one or more of the foregoing or money market mutual funds, or may maintain cash balances consistent with the liquidity needs of the Trust as determined by the Trustee.

(b) The Trustee shall, at the direction of the Committee, purchase life insurance and/or annuity contracts providing flexible funding or similar vehicles or for the investment of assets in separate accounts invested in any securities and other property including real estate, regardless of whether or not the insurance carrier shall have assumed any contractual or other liability as to the benefits to be provided thereunder, the value thereof, or the return therefrom. Such life insurance and/or annuity contracts shall be considered investments of the Trust and all rights, privileges, options and elections contained therein shall vest in the Trustee but shall be exercised, assigned or otherwise disposed of as directed by the Committee. The insurance carrier under any such contract shall have full responsibility for the management and control of the assets held thereunder.

Section 6.3. Powers and Authority of Trustee. In addition to the powers elsewhere conferred upon the Trustee under this Agreement and subject to Sections 6.2 and 6.4, the Trustee shall be authorized and empowered, in its discretion, to exercise any and all of the following rights, powers and privileges with respect to any cash, securities or other properties held by the Trustee in trust hereunder, acting in accordance with written instructions received from the Committee:

(a) To sell any such property at such time and upon such terms and conditions as the Trustee deems appropriate. Such sales may be public or private, for cash or credit, and may be made without notice or advertisement of any kind.

(b) To exchange, mortgage, pledge or lease any such property and to convey, transfer or dispose of any such property on such terms and conditions as the Trustee deems appropriate.

(c) To grant options for the sale, transfer, exchange or disposal of any such property.

(d) To exercise all voting rights pertaining to any securities; to consent to or request any action on the part of the issuer of any such securities; and to give general or special proxies or powers of attorney with or without power of substitution.

(e) To consent to or participate in amalgamations, reorganizations, recapitalizations, consolidations, mergers, liquidations or similar transactions with respect to any securities, and to accept and to hold any other securities issued in connection therewith.

(f) To exercise any subscription rights or conversion privileges with respect to any securities held in the Fund.

(g) To collect and receive any and all money and other property of whatsoever kind or nature due or owing or belonging to the Fund and to give full discharge and acquittance therefor; and to extend the time of payment of any obligation at any time owing to the Fund, as long as such extension is for a reasonable period and continues to bear reasonable interest.

(h) To cause any securities or other property to be registered in, or transferred to, the individual name of the Trustee or in the name of one or more of its nominees, or one or more nominees of any system for the centralized handling of securities, but the books and records of the Trust shall at all times show that all such investments are a part of the Fund.

(i) To organize under the laws of any state a corporation for the purpose of acquiring and holding title to any property which the Trustee is authorized to acquire under this Agreement and to exercise with respect thereto any or all of the powers set forth in this Agreement.

(j) To manage, operate, repair, improve, develop, preserve, mortgage or lease for any period any real property or any oil, mineral or gas properties, royalties, interest or rights held by it directly or through any corporation, either alone or by joining with others, using other Trust assets for any of such purposes; to modify, extend, renew, waive or otherwise adjust any or all of the provisions of any such mortgage or lease; and to make provision for amortization of the investment in or depreciation of the value of such property.

(k) To settle, compromise, or submit to arbitration any claims, debts or damages due or owing to or from the Trust; to commence or defend suits or legal proceedings whenever, in its judgment, any interest of the Trust requires it; and to represent the Trust in all suits or legal proceedings in any court of law or equity or before any other body or tribunal, insofar as such suits or proceedings relate to any property forming part of the Fund or to the administration of the Fund.

(l) To borrow money from itself or others for the purposes of the Trust.

(m) To purchase, hold and sell interests or units of participation in any collective or common trust fund established by the Trustee, including any such funds which may be established in the future.

(n) Generally to do all acts, whether or not expressly authorized which the Trustee deems necessary or appropriate to perform its duties and discharge its responsibilities under this Agreement.

(o) To retain the services of outside legal counsel and/or other professionals as may be necessary to assist it in connection with the administration of the Trust and/or management or conservation of the Fund's assets, including defending the Trust from attack, claims or litigation regarding its assets.

(p) To pay expenses of the Trust that are incurred in connection with the administration of the Trust and/or the management of the Fund's assets.

Section 6.4. Investment of Fund by Investment Manager.

(a) Appointment of Investment Manager. The Committee may appoint one or more Investment Managers, which may be the Trustee or an affiliate of the Trustee, to manage (including the power to acquire and dispose of) all or any of the assets of the Fund. In the event of such appointment, the Committee shall establish the portion of the assets of the Fund that shall be subject to the management of any such Investment Manager and shall notify the Trustee in writing of such appointment and the assets subject to the Investment Manager's discretion. If there shall be more than one Investment Manager, the portion of the Fund to be invested by each such Investment Manager shall be held in a separate account and the powers and authority of each such Investment Manager shall be divided as set forth in the instruments appointing such Investment Managers. To the maximum extent permitted by law, the Trustee shall be protected in assuming that the appointment of an Investment Manager remains in effect until it is otherwise notified by the Committee in writing. With respect to the assets over which an Investment Manager has investment responsibility, the Investment Manager shall possess all of the investment powers and responsibilities granted to the Committee hereunder, and the Trustee shall invest and reinvest such assets pursuant to the direction of the Investment Manager. Notwithstanding the foregoing, to the extent so provided in the document by which the Investment Manager accepts its appointment, the Committee may:

- (i) Direct the Investment Manager that certain investments or types of investments shall be made or liquidated;
- (ii) Direct the Investment Manager that certain investments or types of investments not be made; and
- (iii) Require that the Investment Manager obtain approval from the Committee prior to acquiring or disposing of all or any assets under its control.

(b) Successor Investment Manager. The Committee may terminate its appointment of an Investment Manager at any time and shall in writing notify the Trustee of such termination, and may thereafter appoint a successor Investment Manager in the same manner as provided in this Section 6.4. Such successor Investment Manager shall thereafter, until its appointment shall be terminated, be deemed to be an Investment Manager for all purposes of this Agreement. In the event that a Committee does not exist, the Trustee shall terminate any Investment Manager that is not an affiliate of the Trustee and shall immediately appoint its affiliate, Evergreen Investments, as Investment Manager.

(c) Effect of Appointment of Investment Manager on Trustee. So long as an Investment Manager (other than the Trustee or one of its affiliates) is serving as such, the Trustee shall be under no duty or obligation to review the assets comprising any portion of the Fund managed by the Investment Manager, to make any recommendations with respect to the investment or reinvestment thereof, or to determine whether any direction received from any Investment Manager is proper or within the terms of this Agreement or to monitor the activities of any Investment Manager. The Trustee shall have no liability or responsibility to the Corporation, the Committee or any persons claiming any interest in the Fund for acting without question on the direction of, or for failing to act in the absence of any direction from, the Committee or any Investment Manager unless the Trustee participated knowingly in, or knowingly undertook to conceal, an act or omission of the Committee or of any Investment Manager constituting a breach of its duties hereunder, knowing such act or omission was a breach of such duties; provided, however, that the Trustee shall not be deemed to have "participated" in a breach (i) by the Committee or to have "knowledge" of any such breach as a result of accepting any property contributed to the Trust in the Corporation's discretion or retaining such property as an investment for the Fund at the Committee's direction; and (ii) by the Committee or any Investment Manager for the purposes of this undertaking solely as a result of the performance by the Trustee or its officers, employees or agents of any custodial, reporting, recording, and bookkeeping functions with respect to any assets of the Fund managed by any Investment Manager, or with respect to which the Trustee has received directions from the Committee, or solely as a result of settling purchase and sale transactions entered into or directed by any Investment Manager or the Committee, or to have "knowledge" of any such breach solely as a result of the information received by the Trustee or its officers, employees or agents in the normal course in performing such functions, or settling such transactions. If the Trustee has actual knowledge of a breach committed by an Investment Manager, it shall promptly notify the Committee in writing thereof, and the Trustee, except as required by applicable law, shall thereafter have no responsibility to remedy such breach.

Section 6.5. Making Benefit Payments. Upon receipt of direction from the Corporation consistent with certifications theretofore delivered to the Trustee pursuant to Section 4.3, the Trustee shall promptly make benefit payments. All returns, records and forms required to be filed with the Federal, state and local taxing authorities or delivered to each Participant and Beneficiary shall be filed by the Corporation and/or Trustee in accordance with applicable law for periods commencing with the Effective Date. Except as provided in this Agreement, all income taxes required to be paid by each Participant (and any returns, records and forms required with respect to such taxes) shall be the sole responsibility of such Participant.

Section 6.6. Deposit of Contributions by Trustee. The Trustee shall accept for deposit in the Fund all contributions in cash made by the Corporation under this Agreement and shall promptly acknowledge receipt of same. The Trustee shall have no responsibility to determine or to question the accuracy or correctness of any amounts so contributed.

Section 6.7. Dealings with the Trustee. Persons dealing with the Trustee shall be under no obligation to see to the proper application of any money paid or property delivered to the Trustee or to inquire into the Trustee's authority as to any transaction.

Section 6.8. Use of Fund Assets to Pay Trust Expenses. If the amount in the Expense Account is insufficient to pay the expenses of the Trust, the Trustee may, in its discretion or at the discretion of the Committee, use assets of the Fund (other than those deposited in the Expense Account) to pay the expenses of the Trust, including, without limitation, any (i) legal or other professional expenses incurred in connection with the management, protection or conservation of the assets of the Fund and (ii) insurance premiums that may be incurred with respect to any fiduciary liability insurance that may be obtained by the Trust to cover potential claims for indemnification that may be made by members of the Committee pursuant to Section 10.3 of this Agreement.

ARTICLE VII

DUTIES OF THE TRUSTEE

Section 7.1. General Duties of the Trustee.

(a) It shall be the duty of the Trustee to protect and conserve all property received by it hereunder which, together with the income and gains therefrom and additions thereto, shall constitute the Fund. The Trustee shall manage, invest and reinvest the Fund, collect the income thereof, and make payments therefrom, all as herein provided.

(b) The Trustee shall discharge its duties with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, and, in accordance with the documents and instruments governing the Plan and the Trust.

Section 7.2. Valuation of Fund. The Trustee shall value the Fund as of each Valuation Date at current fair market value and shall report the results of such valuation to the Committee. The Trustee shall value the assets of the Trust at market and on such other basis or bases (including, without limitation, cost) as the Committee shall reasonably request. The market value of the assets shall be equal to the market value of the securities and other assets in the Fund, plus cash, interest, dividends and other sums received and accrued but not yet invested. The market value of the securities and other assets in the Fund shall be based on such market quotations and other information as are available to the Trustee and as may in the Trustee's discretion be appropriate.

Section 7.3. Reports and Records. The Trustee shall:

(a) Keep accurate and detailed accounts of all investments, receipts, disbursements and other transactions in the Fund as it shall deem necessary and proper with respect to its administration of the Trust, and permit inspection of such accounts, records and assets of the Trust by any duly authorized representative of the Corporation, the members of the Committee or the Participants during regular business hours.

(b) Within sixty (60) days (or such shorter period of time as the Corporation shall reasonably request) following the close of the accounting year, and at such other intervals as are mutually agreed to by the Trustee, the Corporation and the Committee, the Trustee shall file with the Corporation, the Committee and, unless the Corporation otherwise directs in writing, the Participants a written account with respect to the transactions effected by the Trustee during such accounting year or other period. The Corporation and the Committee shall file written objections, if any, with respect to the propriety of the Trustee's acts and transactions shown in such account within a period of ninety (90) days from the date of filing such annual or other account. If within ninety (90) days after the receipt of the account or any amended account the Corporation or the Committee has not signed and returned a counterpart to the Trustee, nor filed with the Trustee notice of any objection to any act or transaction of the Trustee, the account or amended account shall become an account settled as between the Trustee and the Corporation and/or the Committee. If any objection has been filed, and if the Corporation and/or the Committee are satisfied that it should be withdrawn or if the account is adjusted to their satisfaction, the Corporation and/or the Committee shall in writing filed with the Trustee signify their approval of the account, and the account shall become an account settled as between the Trustee and the Corporation and the Committee.

When an account becomes an account settled, such account shall be finally settled, and the Trustee shall be completely discharged and released, as if such account had been settled and allowed by a judgment or decree of a court of competent jurisdiction in an action or proceeding in which the Trustee, the Corporation, the Committee and all persons having or claiming to have any interest in the Fund or under the Plan were parties.

The Trustee, the Corporation or the Committee shall have the right to apply at any time to a court of competent jurisdiction for judicial settlement of any account of the Trustee not previously settled as hereinabove provided. In any such action or proceeding it shall be necessary to join as parties only the Trustee, the Corporation and the Committee (although the Trustee may also join other parties as it deems appropriate), and any judgment or decree entered therein shall be conclusive.

(c) Make such periodic reports to the Corporation and the Committee as may be mutually agreed to by the Trustee, the Corporation and the Committee, as applicable.

(d) Prepare and timely file such tax returns and such other reports and documents, together with supporting data and schedules, as may be required of the Trustee by law, with any taxing authority or any other government authority, whether local, state or Federal.

(e) Provide the Participants with copies of all such reports, returns, filings and documents required by law, and cooperate with the Corporation in the filing of tax reports and returns required to be filed by applicable law.

Section 7.4. No Duty to Advance Funds or to Administer the Plan. The Trustee shall have no obligation to advance its own funds for the purpose of fulfilling its responsibilities under this Agreement, and its obligation to incur expenses shall at all times be limited to amounts in the Trust available to be applied toward such expenses. The Trustee shall not be responsible in any respect for administering the Plan.

Section 7.5. Resignation/Removal of Trustee. The Trustee may resign at any time by delivery of written notice of resignation to the Committee. Such resignation shall take effect as of a future date specified in the notice of resignation, which date shall not be earlier than the date ninety (90) days after the day on which the notice is received, or such earlier date as may be agreed to by the Trustee and the Committee. In addition, the Trustee may be removed by the Committee at any time by delivery of written notice of such removal to the Trustee. Such removal shall take effect as of a future date specified in the notice of removal, which date shall not be earlier than the date sixty (60) days after the day on which the notice is received, or such earlier date as may be agreed to by the Trustee and the Committee.

Upon the Committee's receipt of notice of such resignation or removal, the Committee shall appoint a successor Trustee by written instrument, to serve commencing on the effective date of the former Trustee's resignation or removal. If a successor is not appointed by the Committee within sixty (60) days after the issuance of notice of the Trustee's resignation or removal, the Trustee may apply to a court of competent jurisdiction for the appointment of his or its successor. All expenses of the Trustee in connection with the proceeding shall be allowed as an administration expense of the Trust. The Trustee shall continue to serve until a successor accepts the Trust and receives delivery of the Fund. The appointment of a successor Trustee shall be effective when accepted in writing by the new Trustee. Upon the successor Trustee's acceptance of appointment and after the final account of the former Trustee has been settled, the former Trustee shall transfer and deliver the Fund to such successor. The former Trustee shall exercise any instrument necessary or reasonably required by the Committee or the successor Trustee to evidence the transfer. Moreover, the former Trustee shall deliver to the successor Trustee the originals of all reports, records, documents, and other written information in its possession regarding the Plan, the Fund, and the Participants and shall deliver copies thereof to the Committee and to a person designated by a majority of the persons who are Participants (or the Beneficiary of a deceased Participant) on the date of such resignation or removal, and thereupon shall be entitled to all unpaid compensation, fees and reimbursements to which it is entitled under this Agreement and shall be relieved of all responsibilities and duties under this Agreement.

All of the provisions set forth herein with respect to the Trustee shall relate to each successor with the same force and effect as if such successor had been originally named as a Trustee hereunder. Any successor Trustee shall have the same powers, rights and duties as its predecessor and shall have the same title to the Fund as its predecessor.

The successor Trustee need not examine the records and accounts of any prior Trustee. The successor Trustee shall not be responsible for, and the Corporation shall indemnify and defend the successor Trustee from, any claim or liability resulting from any action or inaction of any prior Trustee or from any other past event, or any condition existing at the time it becomes successor Trustee.

ARTICLE VIII

COMPENSATION, IMMUNITIES

AND INDEMNITY OF THE TRUSTEE

Section 8.1. Trustee Compensation and Expenses. The Trustee shall be entitled to such compensation and fees for its services under this Agreement as shall be agreed upon from time to time with the Corporation. Likewise, the Corporation shall reimburse the Trustee for any expenses incurred by it, including, but not limited to, all proper charges and disbursements of the Trustee, and reasonable fees for legal services rendered to the Trustee (whether or not rendered in connection with a judicial or administrative proceeding). Such compensation, fees and reimbursement shall be paid to the Trustee pursuant to the terms set forth at Section 8.2 of this Agreement. The Trustee's entitlement to compensation, fees or reimbursement hereunder shall not be affected by the resignation or removal of the Trustee or the termination of the Trust.

Section 8.2. Expense Account. The Corporation may from time to time make contributions to the Fund to be held in an Expense Account and to be utilized to pay the compensation, fees and expenses of the Trustee and the Committee and other expenses of the Trust. To the extent that there are monies in the Expense Account, the Trustee shall utilize such Expense Account for payment of the compensation, fees and expenses of the Trustee and the Committee, for payment of the indemnities referred to in Section 8.4 and 10.3, and for other expenses of the Trust, and, in the absence of sufficient monies, shall seek reimbursement from the Corporation. In the event that the Corporation shall fail or refuse to make such reimbursement within sixty (60) days of demand, the Trustee may satisfy such obligations out of the other assets of the Fund in such manner as the Trustee deems to be reasonable in the circumstances, taking into account the amount of liquid assets, the anticipated needs to make distributions to Participants (or the Beneficiaries thereof), and such other factors as the Trustee deems relevant. If the Trustee satisfies any obligations of the Corporation to pay fees and expenses from other Fund assets, the Corporation shall immediately upon demand by the Trustee deposit into the Trust an amount of cash equal to the amount paid from such assets if, at that time, the Trustee could not replace such shares or assets with a cash amount equal to the liquidation value of such shares or assets. If such funds are not deposited or assets replaced within sixty (60) days of such demand, the Trustee may, in its sole and absolute discretion, commence legal action against the Corporation for recovery of the amount paid out of the Fund. Notwithstanding anything herein to the contrary, no amount held in the Expense Account shall be used for purposes other than paying the compensation, fees and expenses of the Trustee and the Committee and other expenses of the Trust, and shall not be distributed to or for the benefit of the Participants (or the Beneficiaries thereof).

Section 8.3. Immunities. The Trustee shall have the following privileges and immunities:

(a) The Corporation and the Committee shall furnish the Trustee with instruments evidencing individuals designated by the Corporation or the Committee, as the case may be, who are empowered to give directions, statements, or certificates to the Trustee. A written direction, statement or certificate to the Trustee signed by any such individual shall be deemed to be the direction, statement or certificate of the Corporation or the Committee, as the case may be, and the Trustee may rely upon such directions, statements, or certificates to the extent not prohibited by law. The Corporation and the Committee shall furnish the Trustee from time to time with instruments evidencing the termination of such designated individuals or the appointment of new such designated individuals and the Trustee shall be entitled to rely upon such instruments as evidence of the identity and authority of such designated individuals and shall not be charged with notice of any change with respect thereto until the Corporation or the Committee, as the case may be, has furnished the Trustee with instruments relative to such change.

(b) The Trustee is authorized to seek the advice of, and consult with, legal counsel with respect to any matter involving the Trust. Such counsel may, but need not, be legal counsel to the Corporation. The Trustee shall be entitled to rely on the advice of legal counsel with respect to any matter involving the Trust. The Trustee may also from time to time employ agents and expert assistants and delegate to them such ministerial duties it may see fit. In the event that the Trustee does delegate such ministerial duties, it shall periodically review the performance of the person to whom these duties have been delegated. The Trustee shall be reimbursed by the Corporation for all costs arising from the employ of legal counsel, agents and expert assistants pursuant to the terms set forth at Section 8.2 of this Agreement.

Section 8.4. Indemnity of the Trustee.

(a) The Corporation hereby indemnifies and holds the Trustee harmless from and against any and all losses, damages, costs, expenses or liabilities, including reasonable fees for legal services and other costs of litigation, to which the Trustee may become subject pursuant to, arising out of, occasioned by, incurred in connection with, or in any way associated with this Agreement, including any reasonable discretionary action which the Trustee may take under the Trust, except for any act or omission constituting gross negligence or willful misconduct of the Trustee. If one or more liabilities shall arise, or if the Corporation fails to indemnify the Trustee as provided herein, or both, then the Trustee may engage counsel of the Trustee's choice, but at the Corporation's expense, either to conduct the defense against such liabilities, or to conduct such actions as may be necessary to obtain the indemnity provided for herein, or to take both such actions. The Trustee shall notify the Corporation within fifteen (15) days after the Trustee has engaged counsel of the name and address of such counsel.

(b) If the Trustee shall be entitled to indemnification by the Corporation pursuant to this Section 8.4, and the Corporation shall not provide such indemnification upon demand, the Trustee may apply the assets of the Fund in full satisfaction of the obligations for indemnity by the Corporation, and any legal proceeding by the Trustee against the Corporation for such indemnification shall be in behalf of the Trust.

Section 8.5. Determination of Interests in the Fund; Enforcement of Trust and Legal Proceedings. The interest of the Participants (and the Beneficiaries thereof) in the Fund shall be determined in accordance with the terms of the Plan. The Trustee shall have no duty to question any direction given by the Corporation or the Committee to the Trustee, including any direction advising the Trustee as to such interests under the Plan. The Corporation and the Committee shall have authority to enforce this Agreement. To protect the Fund from the expenses which might otherwise be incurred, no person other than the Corporation or the Committee may institute or maintain any action or proceeding against the Trustee or the Fund, or join in any such action or proceeding, in the absence of written authorization by the Corporation or the Committee. Except as otherwise provided in this Section 8.5, in any action or proceeding affecting the Fund, the only necessary parties shall be the Corporation, the Committee and the Trustee, and no other person shall be entitled to any notice or process.

ARTICLE IX

AMENDMENT AND TERMINATION OF THE TRUST

Section 9.1. Amendment of Agreement. By a duly executed, written instrument delivered to the Trustee and acknowledged in the same form as this Agreement, the Corporation shall have the right at any time and from time to time to amend this Agreement in whole or in part, except that (i) the duties and responsibilities of the Trustee or the Committee shall not be increased, and the protections afforded to the Trustee or the Committee shall not be impaired without the written consent of the Trustee or the Committee, as the case may be; (ii) the protection afforded with respect to obligations payable to or on behalf of the Participants hereunder may not be impaired without the unanimous written consent of the Participants; and (iii) the Corporation shall not have the power to revoke this Trust or to re-vest title in itself to the assets comprising the Fund. Any such amendment shall be effective upon (a) delivery of such amendment to the Trustee and the Committee, together with a certified copy of the resolution of the Board of Directors of the Corporation or of its Compensation Committee, as the case may be; and (b) endorsement by each the Trustee and the Committee on such instrument upon receipt thereof, together with any required consent or consents thereto. No such amendment shall adversely affect any benefits accrued under the Plan with respect to the Participants. All instruments amending this Agreement shall be noted upon or kept attached to the executed original of this Agreement.

Section 9.2. Termination of Agreement. This Agreement may not be terminated until the liability of the Corporation for the payment of all benefits to all Participants, and the Beneficiaries thereof, has been satisfied in full or until such time as no funds remain on deposit in the Fund pursuant to this Agreement; provided, however, that with the written consent of a Participant, or the Beneficiary thereof, the Committee may terminate this Agreement at any time with respect to such consenting Participant or Beneficiary. Notwithstanding anything herein to the contrary, this Trust shall terminate no later than twenty-one (21) years after the death of the last survivor of all of the Participants included in the original list of Participants as constituted prior to this Restated and Amended Agreement, and those persons now living who have been designated as Beneficiaries of such Participants in accordance with the terms of the Plan.

ARTICLE X

THE COMMITTEE

Section 10.1. Membership and Actions of the Committee.

(a) The Committee shall at all times consist of a minimum of three (3) individuals, all of whom shall be Participants. Any member of the Committee may resign upon thirty (30) days prior written notice to the Corporation. Moreover, any member of the Committee may be removed at any time by the Corporation.

(b) In the event of a vacancy on the Committee, the other member(s) of the Committee shall appoint a successor. In the event that there is at any time no member of the Committee then in office, successor members shall be appointed by the Corporation.

(c) Any action by the Committee shall require the written approval of at least a majority of the members of the Committee. A Committee member shall not be liable hereunder for any act taken, or omitted to be taken, in good faith, except for any act or omission constituting gross negligence or willful misconduct by such Committee member.

(d) All of the provisions set forth herein with respect to a member of the Committee shall relate to each successor with the same force and effect as if such successor had been originally named as a member of the Committee.

(e) The Committee is authorized to seek the advice of, and consult with, legal counsel with respect to any matter involving the Trust. Such counsel may, but need not, be legal counsel to the Corporation. The Committee shall be entitled to rely on the advice of legal counsel with respect to any matter involving the Trust. The Committee may also from time to time employ agents and expert assistants and delegate to them such ministerial duties as it may see fit. In the event that the Committee does delegate such ministerial duties, it shall periodically review the performance of the person to whom these duties have been delegated. The Committee members shall be reimbursed by the Corporation for all costs arising from the employ of legal counsel, agents and expert assistants pursuant to the terms set forth at Section 8.2 of this Agreement

Section 10.2. Committee Compensation and Expenses. The Committee members shall be entitled to such compensation and fees for their services under this Agreement as shall be agreed upon from time to time with the Corporation. Likewise, the Corporation shall reimburse the Committee members for any expenses incurred by them, including, but not limited to, all proper charges and disbursements of the Committee members, and reasonable fees for legal services rendered to the Committee (whether or not rendered in connection with a judicial or administrative proceeding). Such compensation, fees and reimbursement shall be paid to the Committee members pursuant to the terms set forth at Section 8.2 of this Agreement. The Committee members' entitlement to compensation, fees or reimbursement hereunder shall not be affected by the resignation or removal of any member or members of the Committee or the termination of the Trust.

Section 10.3. Indemnity of Committee.

(a) The Corporation hereby indemnifies and holds each member of the Committee harmless from and against any and all liabilities, including reasonable fees for legal services and other costs of litigation, to which each such member of the Committee may become subject pursuant to, arising out of, occasioned by, incurred in connection with, or in any way associated with this Trust or Agreement, except for any act or omission constituting gross negligence or willful misconduct of such member of the Committee. If one or more liabilities shall arise, or if the Corporation fails to indemnify such member of the Committee as provided herein, or both, then the Committee member may engage counsel of the Committee member's choice, but at the Corporation's expense, either to conduct the defense against such liabilities, or to conduct such actions as may be necessary to obtain the indemnity provided for herein, or to take both such actions. The Committee member shall notify the Corporation within fifteen (15) days after the Committee member has so engaged counsel of the name and address of such counsel.

(b) If a Committee member shall be entitled to indemnification pursuant to this Section 10.3, and the Corporation shall not provide such indemnification upon demand, the Trustee shall satisfy any indemnity to a Committee member pursuant to this Section 10.3 out of the assets of the Fund in full satisfaction of the obligations for indemnity by the Corporation, and any legal proceeding by the Committee member against the Corporation for such indemnification shall be in behalf of the Trust.

ARTICLE XI

MISCELLANEOUS

Section 11.1. Governing Law. This Trust is created and accepted in the State of Delaware. All questions pertaining to the validity or construction of this Agreement and the acts and transactions of the parties hereto and their respective successors shall be determined in accordance with the laws of the State of Texas, except as to matters governed by Federal law.

Section 11.2. No Effect on Employment. Nothing contained in this Agreement shall create, or be construed or interpreted to create, any new or additional obligations on the part of the Corporation or its affiliates to retain any person in its employ or interfere in any way with the right of the Corporation to discharge any employee.

Section 11.3. Successors. This Agreement shall be binding upon, and the powers herein granted to the Corporation and the Trustee, respectively, shall be exercisable by, the respective successors and assigns of the Corporation and the Trustee.

Section 11.4. Severability. Should any provision of this Agreement be determined by a court of competent jurisdiction to be unlawful or unenforceable, such determination shall not adversely affect the remaining provisions of this Agreement, unless it shall make impossible the maintenance or operation of the Trust for its intended purposes. To the extent any provision of this Agreement is determined to be unlawful or unenforceable, this Agreement shall be construed to be carried out to the fullest extent possible in a lawful and enforceable manner.

Section 11.5. Incorporation of Plan as Part of Agreement. The Plan is expressly incorporated herein and made a part hereof with the same force and effect as if fully set forth. The Corporation shall deliver to the Trustee a copy of all amendments to the Plan hereafter adopted.

Section 11.6. Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be considered an original and said counterparts shall constitute but one and the same instrument.

Section 11.7. Effect of Divisions and Captions. The division of this Agreement into articles, paragraphs, sections and subsections and the use of captions are solely for convenience and shall have no legal effect in construing the provisions of this Agreement.

Section 11.8. Gender and Number. Whenever the masculine, feminine, or neuter gender is used inappropriately in this Agreement, this Agreement shall be read as if the appropriate gender was used, and, unless the context otherwise requires, the singular shall include the plural, and vice versa.

Section 11.9. Mistake of Fact. A misstatement or other mistake of fact relating to this Agreement shall be corrected when it becomes known, and the Committee shall make such adjustment on account thereof as it considers equitable and practicable; provided that no adjustment under this Section 11.9 shall be made which violates any provision of section 409A of the Code or any guidance issued thereunder.

IN WITNESS WHEREOF, the Corporation, the Trustee and the Committee have entered in to this Agreement as of NOVEMBER 17, 2008, effective as of the Effective Date.

CORPORATION:

AMERICAN AIRLINES, INC.,
a Delaware corporation

Attest: By: 0;
Kenneth W. Wimberly, Corporate Secretary

TRUSTEE:

WACHOVIA BANK, NATIONAL ASSOCIATION

Attest: By: 0;

Name:

Title:

COMMITTEE:

Attest: By: 0;
Gerard J. Arpey

Attest: By: 0;
Thomas W. Horton

Attest: By: 0;
Jeffrey J. Brundage

Attest: By: 0;
Gary F. Kennedy

**TRUST AGREEMENT
UNDER
SUPPLEMENTAL EXECUTIVE RETIREMENT PROGRAM
FOR OFFICERS OF AMERICAN AIRLINES, INC.
PARTICIPATING IN THE SUPER SAVER PLUS PLAN**

**Amended and Restated effective June 1, 2007
ARTICLE I**

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ARTICLE I

**TRUST AGREEMENT
UNDER
SUPPLEMENTAL EXECUTIVE RETIREMENT PROGRAM
FOR OFFICERS OF AMERICAN AIRLINES, INC.
PARTICIPATING IN THE SUPER SAVER PLUS PLAN**

THIS AGREEMENT (the or this "Agreement") was made and adopted effective as of the 15th day of September, 2005, by and between AMERICAN AIRLINES, INC. (the "Corporation"), a corporation organized and existing under the laws of the State of Delaware, and WACHOVIA BANK, NATIONAL ASSOCIATION (the "Trustee"), a national association organized and existing under the laws of the United States, and the individuals constituting the Committee described in Section 10.1 (the "Committee"). By this instrument, the Corporation hereby amends and restates the Agreement in the entirety, effective as of June 1, 2007 (the "Effective Date").

RECITALS

WHEREAS, in January 1985, the Board of Directors of AMR Corporation established the Supplemental Executive Retirement Program for Officers of American Airlines, Inc., as subsequently amended (the "Plan"), for the purpose of paying retirement benefits to certain officers of the Corporation who are participants in the Plan (the "Participants"), and the Plan was subsequently amended to provide retirement benefits to certain officers of the Corporation who are participants in the Plan (the "Participants") and in the Super Saver Plus Plan (the "Super Saver Plus Plan"); and

WHEREAS, the Corporation has established an irrevocable trust to fund certain retirement benefits of the Participants of the Plan who are participants in the Super Saver Plus Plan; and

WHEREAS, the Corporation desires the Trustee to continue to undertake the responsibility for the protection and conservation of the assets of the Trust, under the terms of the Agreement; the Trustee is willing to continue such responsibility, and the Corporation has delivered assets to the Trustee to hold in trust for the purpose of accumulating funds to pay benefits under the Plan as they become due and payable; and

WHEREAS, the Corporation desires that the Committee under the Plan be responsible for the administration of the Trust, and the Committee has undertaken the responsibility and duties of the Committee pursuant to the terms of the Agreement; and

WHEREAS, the Corporation intends the Trust to operate as a secular trust for Federal income tax purposes, whereby the Participants will be subject to current taxation on the funds held in the Trust; and

WHEREAS, the trust established by this Agreement is not intended to be a "grantor trust" pursuant to sections 671 through 679 of the Internal Revenue Code of 1986, as amended (the "Code"), but is intended to be a taxable trust pursuant to section 641 *et seq.* of the Code; and

WHEREAS, subsequently to the Effective Date, Revenue Ruling 2007-48 has been issued by the U.S. Treasury Department, and the Corporation desires to update the Agreement so that the Trust continues to operate as a secular trust for Federal income tax purposes;

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the Corporation, the Trustee and the Committee hereby amend and restate the Agreement in the entirety, to provide as follows:

ARTICLE I

DEFINITIONS

Each word or phrase used herein which is in quotations shall have the meaning set forth in this Article I, unless a different meaning is clearly required by context.

Section 1.1. Account. "Account" means the separate account established and maintained under the Fund with respect to each Participant to provide a source of funds for the benefits payable by the Corporation to, or with respect to, each such Participant under the Plan who is also a participant under the Super Saver Plus Plan.

Section 1.2. Actuary. "Actuary" means the then acting actuary or firm of actuaries employed by the Corporation to advise the Corporation with respect to contributions to be made under the Plan. The initial Actuary shall be Towers, Perrin, Forster & Crosby, Inc. and Subsidiaries.

Section 1.3. Beneficiary. "Beneficiary" holds the identical definition of the term as defined in the Plan.

Section 1.4. Code. "Code" means the Internal Revenue Code of 1986, as amended.

Section 1.5. Committee. "Committee" means the committee of persons to whom the Corporation has delegated the responsibility of the Trust's administration.

Section 1.6. Compensation Committee. "Compensation Committee" means the compensation committee of the Board of Directors of AMR Corporation.

Section 1.7. Corporation. "Corporation" means American Airlines, Inc. and any successor thereto, or to the business thereof, by whatever form or manner resulting.

Section 1.8. Expense Account. "Expense Account" means a separate account of the Fund whereby the Corporation may make contributions to be utilized by the Trustee to pay the compensation, fees and expenses of the Trustee and the Committee and other expenses of the Trust.

Section 1.9. Fund. "Fund" means the money and property held by the Trustee under this Agreement.

Section 1.10. Investment Manager. "Investment Manager" means the then acting manager of all or any of the assets of the Fund that is appointed by the Committee to exercise investment responsibility with respect to all or such portion of the Fund as determined by the Committee.

Section 1.11. Participant. "Participant" means an "Active Funding Participant" in the Plan (as defined at Section 2.1(b) of the Plan) who is a Participant in the Super Saver Plus Plan.

Section 1.12. Plan. "Plan" means the Supplemental Executive Retirement Program for Officers of American Airlines, Inc. originally effective January 1, 1985, and as amended from time to time, including certain retirement benefits heretofore authorized and which may hereafter be authorized to be payable to certain

employees of the Corporation.

Section 1.13. Super Saver Plus Plan. "Super Saver Plus Plan" means Supplement 9 of the Super Saver A 401(k) Capital Accumulation Plan for Employees of Participating AMR Corporation Subsidiaries originally effective July 1, 1988, and as amended from time to time.

Section 1.14. Trust. "Trust" means the trust provided for under this Agreement.

Section 1.15. Trustee. "Trustee" means the then acting trustee of the Trust. The initial trustee of the Trust is Wachovia Bank, National Association.

Section 1.16. Valuation Date. "Valuation Date" means (i) the last business day of each calendar quarter; (ii) in the case of a Participant who retires or whose employment with the Corporation is terminated for any reason, the last business day of the calendar month coincident with or immediately preceding the date of such retirement or termination; and (iii) each other date or dates specified by the Committee to the Trustee for the valuation of the Fund and adjustment of Accounts.

ARTICLE II

CREATION, PURPOSE AND

ADMINISTRATION OF THE TRUST

Section 2.1. Purpose of the Trust; Separate Trust. This Trust is established by the Corporation, the Trustee and the Committee for the purpose of accumulating funds to pay benefits under the Plan. Payments from the Fund to Participants or their Beneficiaries shall be in discharge of the Corporation's liability under the terms of the Plan to such Participants, to the extent such benefits are paid from the Fund. The Corporation intends that each Account established pursuant to Article III be treated as a separate trust designed to satisfy, in whole or in part, the Corporation's liability under the Plan to each Participant with respect to whom such Account is maintained.

Section 2.2. Administration of the Trust. The Committee shall be solely responsible for the administration of the Trust. The Committee shall, upon request of the Trustee, furnish the Trustee with such reasonable information as is necessary or appropriate for the Trustee to carry out its responsibilities under this Agreement, and the Trustee shall be entitled to rely conclusively on the information received from the Committee. The Corporation shall be responsible for the administration of the Plan. The Corporation shall, upon request of either the Committee or the Trustee, furnish each of the Committee and the Trustee with such reasonable information as each of the Committee or the Trustee shall deem necessary or appropriate to carry out the intent and purposes of the Trust, and each of the Committee and the Trustee shall be entitled to rely conclusively on the information received from the Corporation, unless, in the case of the Trustee, the Committee has informed the Trustee in writing not to rely on such information.

Section 2.3. Irrevocable; Not Subject to Creditor Claims. Subject to the provisions of Section 9.2 hereof, this Trust shall be irrevocable. In addition, the Fund shall not be subject to the claims of the creditors of the Corporation in a bankruptcy or other insolvency proceeding under Federal or state law, but shall be maintained for the exclusive purpose of providing benefits to Participants under the Plan who are participants in the Super Saver Plus Plan. The right to receive benefits under the Plan through this Agreement may not be anticipated, alienated, sold, transferred, assigned, pledged, encumbered or subjected to any charge or legal process, and the non-alienation provisions of Sections 8.1 and 8.2 of the Plan are hereby incorporated in the entirety by this reference.

Section 2.4. Secured Interest; Separate Account. Each Participant shall have a secured interest in the Account maintained in the Fund with respect to the benefits payable under the Plan. Each Participant's Account will be maintained as a "separate account" within the meaning of section 404(a)(5) of the Code. The Corporation agrees that during the existence of the Trust, the Corporation shall not permit or cause, or amend this Agreement to permit or cause, the Fund, or any part thereof, to be used for or diverted to purposes other than the payment of benefits under the Plan for Participants and their Beneficiaries.

ARTICLE III

ACCOUNTS

Section 3.1. Fund and Accounts.

(a) The Fund under this Trust shall consist of such sums of money or other property (and the earnings thereon) as shall from time to time be paid or delivered to the Trustee and held by it pursuant to the terms of this Agreement.

(b) Contributions to the Trust with respect to the benefits of Participants shall be credited to Accounts as provided in Section 3.4. At the time the Corporation makes an initial contribution to the Trust with respect to the benefits of a Participant, it shall notify the Trustee of such fact and an Account shall be established by the Trustee under the Fund. The Corporation shall provide the Trustee with such information or reports as are necessary to credit contributions to the Account maintained with respect to each Participant in accordance with Section 4.3 hereof.

Section 3.2. Written Certifications Provided by Corporation to the Trustee. Subject to this Section 3.2, the Trustee shall have responsibility for the maintenance of Account records, including, without limitation, the responsibility for making determinations regarding the adjustment of such Accounts under Section 3.4 hereof. The Corporation shall provide the Trustee from time to time, but not less frequently than annually, with written certifications pursuant to Section 4.3 hereof concerning the amount and form of benefits payable to each Participant under the Plan and the time or times when such benefits shall become payable. Each such certification shall state that it is made in accordance with the terms of the Plan, is binding on the Trustee, and may not be modified, amended or rescinded in any manner whatsoever, except by a subsequent certification which complies with the requirements of Section 4.3 hereof. The Trustee shall not be bound by, and shall ignore, any such certification which does not comply with the requirements of Section 4.3 hereof. The Trustee shall make payments to Participants and Beneficiaries strictly in accordance with the terms of Section 4.4 hereof and shall have no responsibility or duty to evaluate such certifications or other reports with respect to their validity, accuracy or completeness or to make any inquiry regarding the data or information contained therein. If the Corporation does not provide the Trustee with the information necessary to establish an Account pursuant to this Section 3.2 and Section 4.3 herein, the Trustee shall deposit any contributions for which it has not received information into the Expense Account, and shall maintain the contributions in the Expense Account until it has received such information.

Section 3.3. Benefits Payable. Any benefits becoming payable to a Participant or Beneficiary under the Plan shall be paid from the Fund and charged against the Account maintained with respect to the benefits of such Participant. No payment shall be made from the Fund to or with respect to a Participant to the extent that such payment would exceed the balance then remaining credited in the Account maintained with respect to such Participant.

Section 3.4. Account Adjustment. As of each Valuation Date, and based upon the results of its valuation of the Fund as of such Valuation Date, the Committee shall direct the Trustee to adjust Accounts to reflect realized and unrealized gains, income and losses and chargeable expenses of the Fund on an accrual basis since the preceding Valuation Date, in accordance with the provisions of this Section 3.4. The Account will be adjusted to reflect payment of taxes paid by the Trust with respect to such contributions. The amount creditable to the Account of a Participant as of a Valuation Date selected by the Committee after payment of any benefits and/or applicable withholding taxes shall not exceed the Participant's vested accrued benefit under the Plan as of such date, as determined by the Committee, in its sole and absolute discretion. The allocation of any amounts creditable as contributions, income, losses and realized or unrealized appreciation to the Account of the Participant shall be limited so that the balance as of such Valuation Date does not exceed the Participant's accrued benefit under the Plan. Any excess shall rather be allocable to other known or reasonably anticipated liabilities arising under the Plan and/or the Trust. The Trustee shall be under no obligation to question such allocation adjustment.

Section 3.5. Maintenance of Accounts. Once established, an Account shall be maintained with respect to the benefits of each Participant until it has been liquidated through distribution to the Participant, or a Beneficiary thereof.

Section 3.6. Taxability of the Trust and the Participants.

(a) It is intended that the Trust not constitute a “grantor trust” under sections 671 through 679 of the Code, and, notwithstanding any provision of this Agreement to the contrary, the Corporation, as the grantor of the Trust, shall not possess any power under this Agreement that would cause the Trust to constitute a “grantor trust.” It is intended that the Trust constitute a taxable entity under sections 641 *et. seq.* of the Code. Accordingly, the Trustee acknowledges and agrees that the Corporation is not the owner of the Trust for Federal income tax purposes. Notwithstanding any provision of this Agreement to the contrary, none of the powers granted to the Trustee shall be construed to enable the Corporation, the Trustee or anyone else, to buy, exchange or otherwise deal with the Fund for less than adequate and full consideration in money or money’s worth, or to enable the Corporation, the Trustee or any entity in which the Corporation, the Trustee, or both, have a substantial interest, to borrow from the Fund, directly or indirectly, without adequate interest or security; no one but the Trustee (or the Investment Manager) may vote or direct the vote of any corporate shares or other securities of the Trust, or control the Trust’s investments or reinvestments by substituting other property of equal value; the Trustee is not required to surrender Trust assets upon being tendered substitute assets, regardless of the relative values of the assets involved.

(b) The Trust is a funded trust and, as such, it is intended that each Participant in respect of whom an Account is maintained be taxed in accordance with section 402(b) of the Code. Consequently, contributions to the Trust by the Corporation shall be taxable to the Participants in accordance with section 402(b)(1) of the Code. (The Corporation shall take a deduction for the amount of such contributions, for United States Federal income tax purposes, in accordance with section 404(a)(5) of the Code.) Except as is necessary to satisfy any Trust obligation, if any, to withhold taxes and to pay over such withheld amounts to the appropriate taxing authorities, the Trust shall not have any obligation or liability for the payment of any income, estate, gift or employment taxes payable by a Participant or Beneficiary, or the estate of a Participant or Beneficiary, with respect to benefits payable under the Plan. The Trustee shall have the responsibility to file any tax returns, reports or other information as may be required by any Federal, state, local or other taxing or governmental authority with respect to the Trust, its income and distributions and withholding therefrom. Pursuant to Internal Revenue Service Revenue Ruling 2007-48 or successor guidance thereto, the Corporation, if required to withhold employment taxes at the time of contribution, shall withhold and transmit such taxes. The Corporation and the Trustee shall comply as required by law to achieve proper reporting in connection with tax reporting requirements.

Section 3.7. Accumulation/Distribution of Trust Income. All of the income and gain derived from the Fund shall be accumulated and allocated to the Accounts of the Participants pursuant to Section 3.4 hereof; provided, however, that the Committee shall have the right, in its sole and absolute discretion, to instruct the Trustee in writing to distribute all or a portion of such income and gain credited to the Participants’ respective Accounts to the Participants.

Section 3.8. Contributions by the Corporation for Income Taxes. If the income and gain derived by the Trust in any taxable year is subject to United States Federal, state or local income tax (e.g., because the Committee has elected not to distribute such income and gain to the Participants) the Trustee shall pay such income taxes from the Fund except to the extent that the Corporation contributes to the Trust an amount to enable the Trustee to pay such income taxes. To the extent such taxes are paid from the Fund, the Accounts shall be reduced on a pro rata basis, subject to Section 3.4. An amount contributed for such purpose shall be allocated to each respective applicable Account and the payment shall be charged against such applicable Account.

ARTICLE IV

CONTRIBUTIONS, CERTIFICATIONS AND DISTRIBUTIONS

Section 4.1. Contributions to the Trust. The Corporation may make such contributions to the Trust as it shall determine in its sole and absolute discretion, are necessary to provide benefits to the Participants under the Plan and for the Trust to pay any income taxes due on its income and gain (as provided in Section 3.8 hereof). Notwithstanding anything to the contrary contained herein, no person, including, without limitation, the Trustee, the Actuary, any Participant or former Participant, or any Beneficiary thereof, shall have the right to require the Corporation to make any contribution to the Trust or to question the accuracy or correctness of any amounts so contributed.

Section 4.2. Provision of Benefits is Binding Obligation of Corporation. Except to the extent that benefits to which a Participant, or the Beneficiary thereof, is entitled under the Plan are actually paid from the Fund, nothing contained in this Agreement shall relieve the Corporation of its obligations under the Plan to or with respect to such Participant.

Section 4.3. Provision of Reports and Written Certifications by the Corporation to the Trustee. The Corporation shall maintain, and furnish the Trustee with, such reports, documents, and information as shall be required by the Trustee to carry out its obligations under this Agreement, including, without limitation, written reports setting forth the identity of Participants with respect to whose benefits contributions are made to the Trust and the amount of such contributions, and the written certifications regarding Participants’ benefits described below. At or about the time an Account is established with respect to the benefits of a Participant, the Corporation shall furnish the Trustee with a written certification which includes the amount of the Participant’s benefits, the time or times as of which such benefits shall become payable, the present value of such benefits as of a specific date or dates, any conditions which must be satisfied in order for the Participant to become entitled to such benefits, and the identity of the Participant’s Beneficiary and the specific conditions under which benefits shall become payable to such Beneficiary. Such certifications may be revised by the Corporation at any time, and from time to time, to reflect, among other things, entitlement of the Participant to increased benefits or an earlier time of payment under the Plan and to reflect changes in Beneficiary designations by the Participant. No certification shall be revised, nor shall the Trustee be bound by or honor any such revision, to decrease the benefits of a Participant or to impose additional or more stringent conditions with respect to a Participant’s eligibility for benefits. The Trustee shall rely on the most recent reports, documents, information, and certifications furnished to it by the Corporation which comply with the preceding sentence.

Section 4.4. Distributions to Participants. At such time as a Participant, or the Beneficiary thereof, is entitled to the receipt of benefits from the Plan, he or she shall be entitled to receive from the Account maintained with respect to such Participant the amount in cash or property, as the case may be, to which he or she is entitled under the terms of the Plan taking into account any prior distributions made to the Participant under the Plan. The Trustee also shall make payments from the Fund to each Participant or Beneficiary entitled thereto under the Plan in accordance with Section 3.7 hereof upon written direction from the Committee. All distributions made by the Trust shall be in accordance with the most recent certification filed with the Trustee pursuant to and in compliance with Section 4.3 hereof promptly upon receipt of written direction from the Corporation or upon receipt of evidence submitted by the Participant satisfactory to the Trustee that the Participant has retired or otherwise terminated his employment with the Corporation, voluntarily or otherwise. The Trustee shall not be required to engage in its own independent investigation regarding any such payment, but shall provide the Corporation with written confirmation of the fact and amount of such payment after it is made.

ARTICLE V

ACTUARY

Section 5.1. Determination of Corporation’s Fund Contributions by Actuary. The Actuary shall calculate from time to time the amount of the contributions that it estimates should be made to the Fund by the Corporation for the purpose to accumulate funds to provide benefits under the Plan; provided, however that, pursuant to Section 4.1 hereof, the Committee may determine, in its sole and absolute discretion, whether, and to what extent, the Corporation shall be required to make contributions to the Fund.

Section 5.2. Resignation/Removal of Actuary. The Actuary may resign at any time by delivery of written notice of resignation to the Corporation. Such resignation shall take effect as of a future date specified in the notice of resignation, which date shall not be earlier than the date ninety (90) days after the day

on which the notice is received. The Actuary may be removed by the Corporation at any time by delivery of written notice of such removal to the Actuary. Such removal shall take effect as of a future date specified in the notice of removal, which date shall not be earlier than the date sixty (60) days after the day on which the notice is received, or such earlier date as may be agreed to by the Actuary and the Corporation. Notwithstanding the foregoing, in no event will any such resignation or removal be effective until a successor Actuary has been appointed upon such resignation or removal. Upon the Corporation's receipt of notice of such resignation or removal, the Corporation shall appoint a successor Actuary, by written instrument, to serve commencing on the effective date of the former Actuary's resignation or removal. If a successor is not appointed by the Corporation within sixty (60) days after the issuance of notice of the Actuary's resignation or removal, the Committee shall appoint the successor Actuary.

ARTICLE VI

INVESTMENTS AND POWERS OF THE TRUSTEE

Section 6.1. Fund Held in Trust. The Fund shall be held in trust by the Trustee. The sole responsibilities, powers and duties of the Trustee with respect to the Trust and the Fund shall be as set forth in this Agreement. The Trustee shall be a directed trustee only, with no discretionary authority or responsibility, with respect to the Fund except to the extent that it has discretion within investment guidelines provided to it in writing by the Committee.

Section 6.2. Types of Investments.

(a) Except as otherwise provided in Section 6.4 hereof, the Trustee shall invest and reinvest the assets of the Trust, without distinction between principal and income, pursuant to investment guidelines delivered to it in a manner which has the primary purpose of preservation of principal and liquidity of the Fund and, secondarily, to the extent consistent with the goal to preserve principal and liquidity of the Fund, which maximizes the income of the Fund. The Trustee is expressly authorized to invest the Fund, or any portion thereof, in any property, real, personal or mixed, wherever situated, and whether or not productive of income or consisting of wasting assets, including, without limitation, common and preferred stocks, mutual funds, bonds, notes, debentures, securities convertible into common stock, leaseholds, mortgages (including, without limitation, any collective or part interest in any bond and mortgage or note and mortgage), interest-bearing accounts and certificates of deposit, oil, mineral or gas properties, royalties, interests or rights (including equipment pertaining thereto), equipment trust certificates, investment trust certificates, savings bank deposits, and commercial paper, provided that the assets of the Trust shall at no time be invested in the equity or debt securities, whether secured or unsecured, of the Corporation, its affiliates or its trades or businesses except to the extent such security may be held in a mutual fund. Pending such investment and reinvestment, the Trustee may temporarily invest and reinvest the funds, at its discretion, in any marketable short and medium term fixed-income securities, United States Treasury Bills, other short and medium term government obligations, commercial paper, other money market instruments and part interests in any one or more of the foregoing or money market mutual funds, or may maintain cash balances consistent with the liquidity needs of the Trust as determined by the Trustee.

(b) The Trustee shall, at the direction of the Committee, purchase life insurance and/or annuity contracts providing flexible funding or similar vehicles or for the investment of assets in separate accounts invested in any securities and other property including real estate, regardless of whether or not the insurance carrier shall have assumed any contractual or other liability as to the benefits to be provided thereunder, the value thereof, or the return therefrom. Such life insurance and/or annuity contracts shall be considered investments of the Trust and all rights, privileges, options and elections contained therein shall vest in the Trustee but shall be exercised, assigned or otherwise disposed of as directed by the Committee. The insurance carrier under any such contract shall have full responsibility for the management and control of the assets held thereunder.

Section 6.3. Powers and Authority of Trustee. In addition to the powers elsewhere conferred upon the Trustee under this Agreement and subject to Sections 6.2 and 6.4 hereof, the Trustee shall be authorized and empowered, in its discretion, to exercise any and all of the following rights, powers and privileges with respect to any cash, securities or other properties held by the Trustee in trust hereunder, acting in accordance with written instructions received from the Committee:

(a) To sell any such property at such time and upon such terms and conditions as the Trustee deems appropriate. Such sales may be public or private, for cash or credit, and may be made without notice or advertisement of any kind.

(b) To exchange, mortgage, pledge or lease any such property and to convey, transfer or dispose of any such property on such terms and conditions as the Trustee deems appropriate.

(c) To grant options for the sale, transfer, exchange or disposal of any such property.

(d) To exercise all voting rights pertaining to any securities; to consent to or request any action on the part of the issuer of any such securities; and to give general or special proxies or powers of attorney with or without power of substitution.

(e) To consent to or participate in amalgamations, reorganizations, recapitalizations, consolidations, mergers, liquidations or similar transactions with respect to any securities, and to accept and to hold any other securities issued in connection therewith.

(f) To exercise any subscription rights or conversion privileges with respect to any securities held in the Fund.

(g) To collect and receive any and all money and other property of whatsoever kind or nature due or owing or belonging to the Fund and to give full discharge and acquittance therefor; and to extend the time of payment of any obligation at any time owing to the Fund, as long as such extension is for a reasonable period and continues to bear reasonable interest.

(h) To cause any securities or other property to be registered in, or transferred to, the individual name of the Trustee or in the name of one or more of its nominees, or one or more nominees of any system for the centralized handling of securities, but the books and records of the Trust shall at all times show that all such investments are a part of the Fund.

(i) To organize under the laws of any state a corporation for the purpose of acquiring and holding title to any property which the Trustee is authorized to acquire under this Agreement and to exercise with respect thereto any or all of the powers set forth in this Agreement.

(j) To manage, operate, repair, improve, develop, preserve, mortgage or lease for any period any real property or any oil, mineral or gas properties, royalties, interest or rights held by it directly or through any corporation, either alone or by joining with others, using other Trust assets for any of such purposes; to modify, extend, renew, waive or otherwise adjust any or all of the provisions of any such mortgage or lease; and to make provision for amortization of the investment in or depreciation of the value of such property.

(k) To settle, compromise, or submit to arbitration any claims, debts or damages due or owing to or from the Trust; to commence or defend suits or legal proceedings whenever, in its judgment, any interest of the Trust requires it; and to represent the Trust in all suits or legal proceedings in any court of law or equity or before any other body or tribunal, insofar as such suits or proceedings relate to any property forming part of the Fund or to the administration of the Fund.

(l) To borrow money from itself or others for the purposes of the Trust.

(m) To purchase, hold and sell interests or units of participation in any collective or common trust fund established by the Trustee, including any such funds which may be established in the future.

(n) Generally to do all acts, whether or not expressly authorized which the Trustee deems necessary or appropriate to perform its duties and discharge its responsibilities under this Agreement.

(o) To retain the services of outside legal counsel and/or other professionals as may be necessary to assist it in connection with the administration of the Trust and/or management or conservation of the Fund's assets, including defending the Trust from attack, claims or litigation regarding its assets.

(p) To pay expenses of the Trust that are incurred in connection with the administration of the Trust and/or the management of the Fund's assets.

Section 6.4. Investment of Fund by Investment Manager.

(a) Appointment of Investment Manager. The Committee may appoint one or more Investment Managers, which may be the Trustee or an affiliate of the Trustee, to manage (including the power to acquire and dispose of) all or any of the assets of the Fund. In the event of such appointment, the Committee shall establish the portion of the assets of the Fund that shall be subject to the management of any such Investment Manager and shall notify the Trustee in writing of such appointment and the assets subject to the Investment Manager's discretion. If there shall be more than one Investment Manager, the portion of the Fund to be invested by each such Investment Manager shall be held in a separate account and the powers and authority of each such Investment Manager shall be divided as set forth in the instruments appointing such Investment Managers. To the maximum extent permitted by law, the Trustee shall be protected in assuming that the appointment of an Investment Manager remains in effect until it is otherwise notified by the Committee in writing. With respect to the assets over which an Investment Manager has investment responsibility, the Investment Manager shall possess all of the investment powers and responsibilities granted to the Committee hereunder, and the Trustee shall invest and reinvest such assets pursuant to the direction of the Investment Manager. Notwithstanding the foregoing, to the extent so provided in the document by which the Investment Manager accepts its appointment, the Committee may:

- (i) Direct the Investment Manager that certain investments or types of investments shall be made or liquidated;
- (ii) Direct the Investment Manager that certain investments or types of investments not be made; and
- (iii) Require that the Investment Manager obtain approval from the Committee prior to acquiring or disposing of all or any assets under its control.

(b) Successor Investment Manager. The Committee may terminate its appointment of an Investment Manager at any time and shall in writing notify the Trustee of such termination, and may thereafter appoint a successor Investment Manager in the same manner as provided in this Section 6.4. Such successor Investment Manager shall thereafter, until its appointment shall be terminated, be deemed to be an Investment Manager for all purposes of this Agreement. In the event that a Committee does not exist, the Trustee shall terminate any Investment Manager that is not an affiliate of the Trustee and shall immediately appoint its affiliate, Evergreen Investments, as Investment Manager.

(c) Effect of Appointment of Investment Manager on Trustee. So long as an Investment Manager (other than the Trustee or one of its affiliates) is serving as such, the Trustee shall be under no duty or obligation to review the assets comprising any portion of the Fund managed by the Investment Manager, to make any recommendations with respect to the investment or reinvestment thereof, or to determine whether any direction received from any Investment Manager is proper or within the terms of this Agreement or to monitor the activities of any Investment Manager. The Trustee shall have no liability or responsibility to the Corporation, the Committee or any persons claiming any interest in the Fund for acting without question on the direction of, or for failing to act in the absence of any direction from, the Committee or any Investment Manager unless the Trustee participated knowingly in, or knowingly undertook to conceal, an act or omission of the Committee or of any Investment Manager constituting a breach of its duties hereunder, knowing such act or omission was a breach of such duties; provided, however, that the Trustee shall not be deemed to have "participated" in a breach (i) by the Committee or to have "knowledge" of any such breach as a result of accepting any property contributed to the Trust in the Corporation's discretion or retaining such property as an investment for the Fund at the Committee's direction; and (ii) by the Committee or any Investment Manager for the purposes of this undertaking solely as a result of the performance by the Trustee or its officers, employees or agents of any custodial, reporting, recording, and bookkeeping functions with respect to any assets of the Fund managed by any Investment Manager, or with respect to which the Trustee has received directions from the Committee, or solely as a result of settling purchase and sale transactions entered into or directed by any Investment Manager or the Committee, or to have "knowledge" of any such breach solely as a result of the information received by the Trustee or its officers, employees or agents in the normal course in performing such functions, or settling such transactions. If the Trustee has actual knowledge of a breach committed by an Investment Manager, it shall promptly notify the Committee in writing thereof, and the Trustee, except as required by applicable law, shall thereafter have no responsibility to remedy such breach.

Section 6.5. Making Benefit Payments. Upon receipt of direction from the Corporation consistent with certifications theretofore delivered to the Trustee pursuant to Section 4.3, the Trustee shall promptly make benefit payments. All returns, records and forms required to be filed with the Federal, state and local taxing authorities or delivered to each Participant and Beneficiary shall be filed by the Corporation and/or Trustee in accordance with applicable law for periods commencing with the Effective Date. Except as provided in this Agreement, all income taxes required to be paid by each Participant (and any returns, records and forms required with respect to such taxes) shall be the sole responsibility of such Participant.

Section 6.6. Deposit of Contributions by Trustee. The Trustee shall accept for deposit in the Fund all contributions in cash made by the Corporation under this Agreement and shall promptly acknowledge receipt of same. The Trustee shall have no responsibility to determine or to question the accuracy or correctness of any amounts so contributed.

Section 6.7. Dealings with the Trustee. Persons dealing with the Trustee shall be under no obligation to see to the proper application of any money paid or property delivered to the Trustee or to inquire into the Trustee's authority as to any transaction.

Section 6.8. Use of Fund Assets to Pay Trust Expenses. If the amount in the Expense Account is insufficient to pay the expenses of the Trust, the Trustee may, in its discretion or at the discretion of the Committee, use assets of the Fund (other than those deposited in the Expense Account) to pay the expenses of the Trust, including, without limitation, any (i) legal or other professional expenses incurred in connection with the management, protection or conservation of the assets of the Fund and (ii) insurance premiums that may be incurred with respect to any fiduciary liability insurance that may be obtained by the Trust to cover potential claims for indemnification that may be made by members of the Committee pursuant to Section 10.3 of this Agreement.

ARTICLE VII

DUTIES OF THE TRUSTEE

Section 7.1. General Duties of the Trustee.

(a) It shall be the duty of the Trustee to protect and conserve all property received by it hereunder which, together with the income and gains therefrom and additions thereto, shall constitute the Fund. The Trustee shall manage, invest and reinvest the Fund, collect the income thereof, and make payments therefrom, all as herein provided.

(b) The Trustee shall discharge its duties with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, and, in accordance with the documents and instruments governing the Plan and the Trust.

Section 7.2. Valuation of Fund. The Trustee shall value the Fund as of each Valuation Date at current fair market value and shall report the results of such valuation to the Committee. The Trustee shall value the assets of the Trust at market and on such other basis or bases (including, without limitation, cost) as the Committee shall reasonably request. The market value of the assets shall be equal to the market value of the securities and other assets in the Fund, plus cash, interest, dividends and other sums received and accrued but not yet invested. The market value of the securities and other assets in the Fund shall be based on such market quotations and other information as are available to the Trustee and as may in the Trustee's discretion be appropriate.

Section 7.3. Reports and Records. The Trustee shall:

(a) Keep accurate and detailed accounts of all investments, receipts, disbursements and other transactions in the Fund as it shall deem necessary and proper with respect to its administration of the Trust, and permit inspection of such accounts, records and assets of the Trust by any duly authorized representative of the Corporation, the members of the Committee or the Participants during regular business hours.

(b) Within sixty (60) days (or such shorter period of time as the Corporation shall reasonably request) following the close of the accounting year, and at such other intervals as are mutually agreed to by the Trustee, the Corporation and the Committee, the Trustee shall file with the Corporation, the Committee and, unless the Corporation otherwise directs in writing, the Participants a written account with respect to the transactions effected by the Trustee during such accounting year or other period. The Corporation and the Committee shall file written objections, if any, with respect to the propriety of the Trustee's acts and transactions shown in such account within a period of ninety (90) days from the date of filing such annual or other account. If within ninety (90) days after the receipt of the account or any amended account the Corporation or the Committee has not signed and returned a counterpart to the Trustee, nor filed with the Trustee notice of any objection to any act or transaction of the Trustee, the account or amended account shall become an account settled as between the Trustee and the Corporation and/or the Committee. If any objection has been filed, and if the Corporation and/or the Committee are satisfied that it should be withdrawn or if the account is adjusted to their satisfaction, the Corporation and/or the Committee shall in writing filed with the Trustee signify their approval of the account, and the account shall become an account settled as between the Trustee and the Corporation and the Committee.

When an account becomes an account settled, such account shall be finally settled, and the Trustee shall be completely discharged and released, as if such account had been settled and allowed by a judgment or decree of a court of competent jurisdiction in an action or proceeding in which the Trustee, the Corporation, the Committee and all persons having or claiming to have any interest in the Fund or under the Plan were parties.

The Trustee, the Corporation or the Committee shall have the right to apply at any time to a court of competent jurisdiction for judicial settlement of any account of the Trustee not previously settled as hereinabove provided. In any such action or proceeding it shall be necessary to join as parties only the Trustee, the Corporation and the Committee (although the Trustee may also join other parties as it deems appropriate), and any judgment or decree entered therein shall be conclusive.

(c) Make such periodic reports to the Corporation and the Committee as may be mutually agreed to by the Trustee, the Corporation and the Committee, as applicable.

(d) Prepare and timely file such tax returns and such other reports and documents, together with supporting data and schedules, as may be required of the Trustee by law, with any taxing authority or any other government authority, whether local, state or Federal.

(e) Provide the Participants with copies of all such reports, returns, filing and documents required by law, and cooperate with the Corporation in the filing of tax reports and returns required to be filed by applicable law.

Section 7.4. No Duty to Advance Funds or to Administer the Plan. The Trustee shall have no obligation to advance its own funds for the purpose of fulfilling its responsibilities under this Agreement, and its obligation to incur expenses shall at all times be limited to amounts in the Trust available to be applied toward such expenses. The Trustee shall not be responsible in any respect for administering the Plan.

Section 7.5. Resignation/Removal of Trustee. The Trustee may resign at any time by delivery of written notice of resignation to the Committee. Such resignation shall take effect as of a future date specified in the notice of resignation, which date shall not be earlier than the date ninety (90) days after the day on which the notice is received, or such earlier date as may be agreed to by the Trustee and the Committee. In addition, the Trustee may be removed by the Committee at any time by delivery of written notice of such removal to the Trustee. Such removal shall take effect as of a future date specified in the notice of removal, which date shall not be earlier than the date sixty (60) days after the day on which the notice is received, or such earlier date as may be agreed to by the Trustee and the Committee.

Upon the Committee's receipt of notice of such resignation or removal, the Committee shall appoint a successor Trustee by written instrument, to serve commencing on the effective date of the former Trustee's resignation or removal. If a successor is not appointed by the Committee within sixty (60) days after the issuance of notice of the Trustee's resignation or removal, the Trustee may apply to a court of competent jurisdiction for the appointment of his or its successor. All expenses of the Trustee in connection with the proceeding shall be allowed as an administration expense of the Trust. The Trustee shall continue to serve until a successor accepts the Trust and receives delivery of the Fund. The appointment of a successor Trustee shall be effective when accepted in writing by the new Trustee. Upon the successor Trustee's acceptance of appointment and after the final account of the former Trustee has been settled, the former Trustee shall transfer and deliver the Fund to such successor. The former Trustee shall exercise any instrument necessary or reasonably required by the Committee or the successor Trustee to evidence the transfer. Moreover, the former Trustee shall deliver to the successor Trustee the originals of all reports, records, documents, and other written information in its possession regarding the Plan, the Fund, and the Participants and shall deliver copies thereof to the Committee and to a person designated by a majority of the persons who are Participants (or the Beneficiary of a deceased Participant) on the date of such resignation or removal, and thereupon shall be entitled to all unpaid compensation, fees and reimbursements to which it is entitled under this Agreement and shall be relieved of all responsibilities and duties under this Agreement.

All of the provisions set forth herein with respect to the Trustee shall relate to each successor with the same force and effect as if such successor had been originally named as a Trustee hereunder. Any successor Trustee shall have the same powers, rights and duties as its predecessor and shall have the same title to the Fund as its predecessor.

The successor Trustee need not examine the records and accounts of any prior Trustee. The successor Trustee shall not be responsible for, and the Corporation shall indemnify and defend the successor Trustee from, any claim or liability resulting from any action or inaction of any prior Trustee or from any other past event, or any condition existing at the time it becomes successor Trustee.

ARTICLE VIII

COMPENSATION, IMMUNITIES

AND INDEMNITY OF THE TRUSTEE

Section 8.1. Trustee Compensation and Expenses. The Trustee shall be entitled to such compensation and fees for its services under this Agreement as shall be agreed upon from time to time with the Corporation. Likewise, the Corporation shall reimburse the Trustee for any expenses incurred by it, including, but not limited to, all proper charges and disbursements of the Trustee, and reasonable fees for legal services rendered to the Trustee (whether or not rendered in connection with a judicial or administrative proceeding). Such compensation, fees and reimbursement shall be paid to the Trustee pursuant to the terms set forth at Section 8.2 of this Agreement. The Trustee's entitlement to compensation, fees or reimbursement hereunder shall not be affected by the resignation or removal of the Trustee or the termination of the Trust.

Section 8.2. Expense Account. The Corporation may from time to time make contributions to the Fund to be held in an Expense Account and to be utilized to pay the compensation, fees and expenses of the Trustee and the Committee and other expenses of the Trust. To the extent that there are monies in the Expense Account, the Trustee shall utilize such Expense Account for payment of the compensation, fees and expenses of the Trustee and the Committee, for payment of the indemnities referred to in Sections 8.4 and 10.3 hereof, and for other expenses of the Trust, and, in the absence of sufficient monies, shall seek reimbursement from the Corporation. In the event that the Corporation shall fail or refuse to make such reimbursement within sixty (60) days of demand, the Trustee may satisfy such obligations out of the other assets of the Fund in such manner as the Trustee deems to be reasonable in the circumstances, taking into account the amount of liquid assets, the anticipated needs to make distributions to Participants (or the Beneficiaries thereof), and such other factors as the Trustee deems relevant. If the Trustee satisfies any obligations of the Corporation to pay fees and expenses from other Fund assets, the Corporation shall immediately upon demand by the Trustee deposit into the Trust an amount of cash equal to the amount paid from such Fund assets if, at that time, the Trustee could not replace such assets with a cash amount equal to the liquidation value of such assets. If such funds are not deposited within sixty (60) days of such demand, the Trustee may, in its sole and absolute discretion, commence legal action against the Corporation for recovery of the amount paid out of the Fund. Notwithstanding anything herein to the contrary, no amount held in the Expense Account shall be used for purposes other than paying the compensation, fees and expenses of the Trustee and the Committee and other expenses of the Trust, and shall not be distributed to or for the benefit of the Participants (or the Beneficiaries thereof).

Section 8.3. Immunities. The Trustee shall have the following privileges and immunities:

(a) The Corporation and the Committee shall furnish the Trustee with instruments evidencing individuals designated by the Corporation or the Committee, as the case may be, who are empowered to give directions, statements or certificates to the Trustee. A written direction, statement or certificate to the Trustee signed by any such individual shall be deemed to be the direction, statement or certificate of the Corporation or the Committee, as the case may be, and the Trustee may rely upon such directions, statements or certificates to the extent not prohibited by law. The Corporation and the Committee shall furnish the Trustee from time to time with instruments evidencing the termination of such designated individuals or the appointment of new such designated individuals and the Trustee shall be entitled to rely upon such instruments as evidence of the identity and authority of such designated individuals and shall not be charged with notice of any change with respect thereto until the Corporation or the Committee, as the case may be, has furnished the Trustee with instruments relative to such change.

(b) The Trustee is authorized to seek the advice of, and consult with, legal counsel with respect to any matter involving the Trust. Such counsel may, but need not, be legal counsel to the Corporation. The Trustee shall be entitled to rely on the advice of legal counsel with respect to any matter involving the Trust. The Trustee may also from time to time employ agents and expert assistants and delegate to them such ministerial duties it may see fit. In the event that the Trustee does delegate such ministerial duties, it shall periodically review the performance of the person to whom these duties have been delegated. The Trustee shall be reimbursed by the Corporation for all costs arising from the employ of legal counsel, agents and expert assistants pursuant to the terms set forth at Section 8.2 hereof.

Section 8.4. Indemnity of the Trustee.

(a) The Corporation hereby indemnifies and holds the Trustee harmless from and against any and all losses, damages, costs, expenses or liabilities, including reasonable fees for legal services and other costs of litigation, to which the Trustee may become subject pursuant to, arising out of, occasioned by, incurred in connection with, or in any way associated with this Agreement, including any reasonable discretionary action which the Trustee may take under the Trust, except for any act or omission constituting gross negligence or willful misconduct of the Trustee. If one or more liabilities shall arise, or if the Corporation fails to indemnify the Trustee as provided herein, or both, then the Trustee may engage counsel of the Trustee's choice, but at the Corporation's expense, either to conduct the defense against such liabilities, or to conduct such actions as may be necessary to obtain the indemnity provided for herein, or to take both such actions. The Trustee shall notify the Corporation within fifteen (15) days after the Trustee has engaged counsel of the name and address of such counsel.

(b) If the Trustee shall be entitled to indemnification by the Corporation pursuant to this Section 8.4, and the Corporation shall not provide such indemnification upon demand, the Trustee may apply the assets of the Fund in full satisfaction of the obligations for indemnity by the Corporation, and any legal proceeding by the Trustee against the Corporation for such indemnification shall be in behalf of the Trust.

Section 8.5. Determination of Interests in the Fund; Enforcement of Trust and Legal Proceedings. The interest of the Participants (and the Beneficiaries thereof) in the Fund shall be determined in accordance with the terms of the Plan. The Trustee shall have no duty to question any direction given by the Corporation or the Committee to the Trustee, including any direction advising the Trustee as to such interests under the Plan. The Corporation and the Committee shall have authority to enforce this Agreement. To protect the Fund from the expenses which might otherwise be incurred, no person other than the Corporation or the Committee may institute or maintain any action or proceeding against the Trustee or the Fund, or join in any such action or proceeding, in the absence of written authorization by the Corporation or the Committee. Except as otherwise provided in this Section 8.5, in any action or proceeding affecting the Fund, the only necessary parties shall be the Corporation, the Committee and the Trustee, and no other person shall be entitled to any notice or process.

ARTICLE IX

AMENDMENT AND TERMINATION OF THE TRUST

Section 9.1. Amendment of Agreement. By a duly executed, written instrument delivered to the Trustee and acknowledged in the same form as this Agreement, the Corporation shall have the right at any time and from time to time to amend this Agreement in whole or in part, except that: (i) the duties and responsibilities of the Trustee or the Committee shall not be increased, and the protections afforded to the Trustee or the Committee shall not be impaired without the written consent of the Trustee or the Committee, as the case may be; (ii) the protection afforded with respect to obligations payable to or on behalf of the Participants hereunder may not be impaired without the unanimous written consent of the Participants; and (iii) the Corporation shall not have the power to revoke this Trust or to revest title in itself to the assets comprising the Fund. Any such amendment shall be effective upon (a) delivery of such amendment to the Trustee and the Committee, together with a certified copy of the resolution of the Board of Directors of the Corporation or of its Compensation Committee, as the case may be; and (b) endorsement by each the Trustee and the Committee on such instrument upon receipt thereof, together with any required consent or consents thereto. No such amendment shall adversely affect any benefits accrued under the Plan with respect to the Participants. All instruments amending this Agreement shall be noted upon or kept attached to the executed original of this Agreement.

Section 9.2. Termination of Agreement. This Agreement may not be terminated until the liability of the Corporation for the payment of all benefits to all Participants, and the Beneficiaries thereof, has been satisfied in full or until such time as no funds remain on deposit in the Fund pursuant to this Agreement; provided, however, that with the written consent of a Participant, or the Beneficiary thereof, the Committee may terminate this Agreement at any time with respect to such consenting Participant or Beneficiary. Notwithstanding anything herein to the contrary, this Trust shall terminate no later than twenty-one (21) years after the death of the last survivor of all of the Participants included in the original list of Participants of this Agreement as constituted prior to this Restated and Amended Agreement, and those persons now living who have been designated as Beneficiaries of such Participants in accordance with the terms of the Plan.

ARTICLE X

THE COMMITTEE

Section 10.1. Membership and Actions of the Committee.

(a) The Committee shall at all times consist of a minimum of three (3) individuals, all of whom shall be Participants of the Plan. Any member of the Committee may resign upon thirty (30) days prior written notice to the Corporation. Moreover, any member of the Committee may be removed at any time by the Corporation.

(b) In the event of a vacancy on the Committee, the other member(s) of the Committee shall appoint a successor. In the event that there is at any time no member of the Committee then in office, successor members shall be appointed by the Corporation.

(c) Any action by the Committee shall require the written approval of at least a majority of the members of the Committee. A Committee member shall not be liable hereunder for any act taken, or omitted to be taken, in good faith, except for any act or omission constituting gross negligence or willful misconduct by such Committee member.

(d) All of the provisions set forth herein with respect to a member of the Committee shall relate to each successor with the same force and effect as if such successor had been originally named as a member of the Committee.

(e) The Committee is authorized to seek the advice of, and consult with, legal counsel with respect to any matter involving the Trust. Such counsel may, but need not, be legal counsel to the Corporation. The Committee shall be entitled to rely on the advice of legal counsel with respect to any matter involving the Trust. The Committee may also from time to time employ agents and expert assistants and delegate to them such ministerial duties as it may see fit. In the event that the Committee does delegate such ministerial duties, it shall periodically review the performance of the person to whom these duties have been delegated. The Committee members shall be reimbursed by the Corporation for all costs arising from the employ of legal counsel, agents and expert assistants pursuant to the terms set forth at Section 8.2 of this Agreement.

Section 10.2. Committee Compensation and Expenses. The Committee members shall be entitled to such compensation and fees for their services under this Agreement as shall be agreed upon from time to time with the Corporation. Likewise, the Corporation shall reimburse the Committee members for any expenses incurred by them, including, but not limited to, all proper charges and disbursements of the Committee members, and reasonable fees for legal services rendered to the Committee (whether or not rendered in connection with a judicial or administrative proceeding). Such compensation, fees and reimbursement shall be paid to the Committee members pursuant to the terms set forth at Section 8.2 hereof. The Committee members' entitlement to compensation, fees or reimbursement hereunder shall not be affected by the resignation or removal of any member or members of the Committee or the termination of the Trust.

Section 10.3. Indemnity of Committee.

(a) The Corporation hereby indemnifies and holds each member of the Committee harmless from and against any and all liabilities, including reasonable fees for legal services and other costs of litigation, to which each such member of the Committee may become subject pursuant to, arising out of, occasioned by, incurred in connection with, or in any way associated with this Trust or Agreement, except for any act or omission constituting gross negligence or willful misconduct of such member of the Committee. If one or more liabilities shall arise, or if the Corporation fails to indemnify such member of the Committee as provided herein, or both, then the Committee member may engage counsel of the Committee member's choice, but at the Corporation's expense, either to conduct the defense against such liabilities, or to conduct such actions as may be necessary to obtain the indemnity provided for herein, or to take both such actions. The Committee member shall notify the Corporation within fifteen (15) days after the Committee member has so engaged counsel of the name and address of such counsel.

(b) If a Committee member shall be entitled to indemnification pursuant to this Section 10.3, and the Corporation shall not provide such indemnification upon demand, the Trustee shall satisfy any indemnity to a Committee member pursuant to this Section 10.3 out of the assets of the Fund in full satisfaction of the obligations for indemnity by the Corporation, and any legal proceeding by the Committee member against the Corporation for such indemnification shall be in behalf of the Trust.

ARTICLE XI

MISCELLANEOUS

Section 11.1. Governing Law. This Trust is created and accepted in the State of Delaware. All questions pertaining to the validity or construction of this Agreement and the acts and transactions of the parties hereto and their respective successors shall be determined in accordance with the laws of the State of Texas, except as to matters governed by Federal law.

Section 11.2. No Effect on Employment. Nothing contained in this Agreement shall create, or be construed or interpreted to create, any new or additional obligations on the part of the Corporation or its affiliates to retain any person in its employ or interfere in any way with the right of the Corporation or its affiliates to discharge any employee.

Section 11.3. Successors. This Agreement shall be binding upon, and the powers herein granted to the Corporation and the Trustee, respectively, shall be exercisable by, the respective successors and assigns of the Corporation and the Trustee.

Section 11.4. Severability. Should any provision of this Agreement be determined by a court of competent jurisdiction to be unlawful or unenforceable, such determination shall not adversely affect the remaining provisions of this Agreement, unless it shall make impossible the maintenance or operation of the Trust for its intended purposes. To the extent any provision of this Agreement is determined to be unlawful or unenforceable, this Agreement shall be construed to be carried out to the fullest extent possible in a lawful and enforceable manner.

Section 11.5. Incorporation of Plan as Part of Agreement. The Plan is expressly incorporated herein and made a part hereof with the same force and effect as if fully set forth. The Corporation shall deliver to the Trustee a copy of all amendments to the Plan hereafter adopted.

Section 11.6. Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be considered an original and said counterparts shall constitute but one and the same instrument.

Section 11.7. Effect of Divisions and Captions. The division of this Agreement into articles, paragraphs, sections and subsections and the use of captions are solely for convenience and shall have no legal effect in construing the provisions of this Agreement.

Section 11.8. Gender and Number. Whenever the masculine, feminine, or neuter gender is used inappropriately in this Agreement, this Agreement shall be read as if the appropriate gender was used, and, unless the context otherwise requires, the singular shall include the plural, and vice versa.

Section 11.9. Mistake of Fact. A misstatement or other mistake of fact relating to this Agreement shall be corrected when it becomes known, and the Committee shall make such adjustment on account thereof as it considers equitable and practicable; provided that no adjustment under this Section 11.9 shall be made which violates any provision of section 409A of the Code or any guidance issued thereunder.

IN WITNESS WHEREOF, the Corporation, the Trustee and the Committee have entered in to this Agreement as of NOVEMBER 17, 2008, effective as of the Effective Date.

CORPORATION:

AMERICAN AIRLINES, INC.,
a Delaware corporation

Attest: _____

Kenneth W. Wimberly, Corporate Secretary

0; By:

TRUSTEE:

WACHOVIA BANK, NATIONAL ASSOCIATION

Attest: _____

Name:

Title:

0; By:

COMMITTEE:

Attest: _____

Gerard J. Arpey

0; By:

Attest: _____

Thomas W. Horton

0; By:

Attest: _____

Jeffrey J. Brundage

0; By:

Attest: _____

Gary F. Kennedy

0; By:

PROCEDURES FOR DEFERRAL OF BOARD RETAINERS AND FEES

(AN AMENDMENT AND RESTATEMENT

OF THE

DIRECTORS' STOCK EQUIVALENT PLAN)

ARTICLE I

PURPOSE OF THESE PROCEDURES

Section 1.1 Purpose of these Procedures. This document is effective January 1, 2005, except as otherwise expressly provided. It is an amendment and restatement in the entirety of the Directors' Stock Equivalent Purchase Plan (the "Plan") for deferral of retainer and fees by active and former members of the Board of Directors of AMR Corporation. The Plan is amended and restated by these procedures to comply with section 409A of the Internal Revenue Code of 1986, as amended (defined in Section 2.1 as the "Code"). These procedures control the terms and provisions of all elective deferred compensation agreements deferring retainers and fees remaining outstanding with such Board members on and after January 1, 2005, and shall govern the terms and conditions of such elective deferrals. These procedures shall prevail over the terms of any separate agreement made pursuant to this Plan which is in conflict with this Plan, and replace the document entitled "Director's Stock Equivalent Purchase Plan", for deferrals subject to these procedures.

ARTICLE II

DEFINITIONS

Section 2.1 Definitions. Throughout this document, certain defined terms are used which are identified by initial capitalization. Such terms are defined in this Section 2.1, unless the context in which such terms are used clearly provides otherwise.

(a) "AMR". AMR Corporation and any successor corporation thereto.

(b) "Beneficiary". A person designated by a Participant who, as permitted under the terms of these procedures, is or may be entitled to a benefit under these procedures in the event of the death of the Participant. If no Beneficiary is designated, or if the designated Beneficiary is not then living, benefits will be paid pursuant to Section 9.2.

(c) "Board". The Board of Directors of AMR Corporation.

(d) "Change in Control". A change in ownership of AMR, or change in effective control of AMR, or change in ownership of a substantial portion of AMR's assets, in each case as defined in Treasury Regulation 1.409A-3(i)(5) or successor guidance thereto. For such purpose the specified percentages in Treasury Regulation 1.409A-3(i)(5)(v), (vi) and (vii) or successor guidance thereto shall be utilized, rather than any elective percentage.

(e) "Code". The Internal Revenue Code of 1986, as amended.

(f) "Committee". The Nominating/Corporate Governance Committee of the Board, unless the Board, by majority vote of its members, elects to serve as the Committee hereunder. In the event the Board determines to assume the administrative duties under these procedures, references hereunder to the "Committee" shall be references to the Board.

(g) "Deferred Compensation Agreement". A written agreement between AMR or American Airlines, Inc. and a Participant pursuant to which a Participant consents to participation and makes a deferral of compensation hereunder.

(h) "Disabled" or "Disability". "Disabled" or "Disability" shall be determined pursuant to section 409A(a)(2)(C) of the Code. Determination of Disability shall be made by the Committee consistently with Treasury Regulation 1.409A-3(i)(4)(i) or successor guidance thereto.

(i) "Participant". A member or former member of the Board who has electively deferred retainers and fees under these procedures shall be a Participant and shall remain a Participant until he or she or his or her Beneficiary has received payment of all amounts deferred hereunder. A Participant who is an employee of AMR or American Airlines, Inc., is not eligible to participate while in employee status.

ARTICLE III

ADMINISTRATION

Section 3.1 Administration. This Plan shall be administered by the Committee. The Committee shall have the power and the duty to take all actions necessary and proper to carry out the provisions of these procedures.

ARTICLE IV

ELIGIBILITY AND PARTICIPATION

Section 4.1 Eligibility and Participation. These procedures as provided in this Plan shall cover members of the Board who are not employees of AMR or American Airlines, Inc. Such individuals shall be entitled to defer retainers and fees while serving as members of the Board. In the event such a member ceases to be a member of the Board of AMR, he or she shall cease to be eligible to elect any future deferrals hereunder, but participation shall continue until all deferrals are paid. Any eligible Board member who has made a deferral is a Participant.

ARTICLE V

DEFERRAL

Section 5.1 Deferral. A Participant may elect prior to the commencement of each calendar year to defer payment of all or any part of his or her director fees and retainers for services to be rendered during the following calendar year according to the Participant's Deferred Compensation Agreement. In the year in which an eligible director is elected or appointed, the eligible director may defer retainers and fees for such year by signing a Deferred Compensation Agreement, within thirty (30) days of election or appointment which shall become effective for fees and retainers payable after the date of execution. Once executed, a Deferred Compensation Agreement may not be cancelled or revoked. The Participant shall elect the form in which his or her benefits shall be paid at the time he or she makes his or her deferral election pursuant to these procedures. Once made, an election of the time and form of payment cannot be changed unless (i) made twelve (12) months before the time of the first payment to be changed, (ii) is not effective for twelve (12) months, and (iii) must defer the payment at least five (5) years later than the originally scheduled first payment date, except as otherwise specifically permitted in applicable Treasury Regulations. Each Deferred Compensation Agreement shall constitute a separate payment election for the compensation deferred under that Deferred Compensation Agreement.

ARTICLE VI

ACCOUNTING FOR DEFERRED AMOUNTS

Section 6.1 Accounting for Deferred Amounts. AMR shall maintain an individual account under the name of each Participant on whose behalf compensation has been deferred under these procedures. Each such account shall be adjusted to reflect the retainers and fees credited thereto, the additional amounts credited on such compensation pursuant to Article VII and any payment of such amounts hereunder. Each account shall be credited with earnings or values computed pursuant to Article VII.

Section 6.2 Funding. AMR will pay the entire cost of the Plan. It is the intent of AMR to pay benefits as they become payable from the general assets of AMR.

ARTICLE VII

COMPUTATION OF AMOUNTS CREDITED TO DEFERRED ACCOUNTS

Section 7.1 Deferral of Retainers and Fees. A Participant may elect to defer all or a portion of his or her yearly retainers and fees pursuant to one of two deferral methods:

(a) JP Morgan Chase Bank, N.A. Deferral. Under this method, amounts deferred will earn interest (compounded monthly) at the prime rate in effect from time to time at the JP Morgan Chase Bank N.A., or any successor thereto.

(b) Stock Purchase Equivalent Plan. Under this method, compensation deferred during any calendar month is converted on the last business day of each month into stock equivalent units by dividing the total amount of deferred compensation by the arithmetic mean of the highest and lowest quoted selling price, regular way, of the common stock of AMR on the New York Stock Exchange ("Fair Market Value") during such month. At the end of the determined period AMR or American Airlines, Inc., will pay to the Participant an amount in cash equal to the number of accumulated stock equivalent units multiplied by the Fair Market Value of the AMR common stock during the month in which the deferral period terminates. The number of stock equivalent units computed as above will be allocated to the Participant's account on a cumulative basis.

In the event of any merger, reorganization, consolidation, recapitalization, stock dividend, stock split or other change in corporate structure affecting AMR's common stock, an adjustment will be made to the number of stock equivalent units credited to a Participant's account. The adjustment contemplated by this paragraph will be similar to adjustments made to stock awards made to officers of AMR.

ARTICLE VIII

VESTING

Section 8.1 Vesting. A Participant shall at all times have a nonforfeitable right to all amounts credited to his or her account hereunder.

ARTICLE IX

TIME AND METHOD OF DISTRIBUTION OF BENEFITS

Section 9.1 Time and Method of Distribution of Benefits. Amounts shall be paid in a single lump sum after the first to occur of the following events (not later than sixty days after):

- (a) the date of the Participant's Disability;
- (b) the date of the Participant's death;
- (c) the date of a Change in Control; or
- (d) the time of payment elected by the Participant in his or her Deferred Compensation Agreement.

No Participant or Beneficiary shall have any right to payment of any amounts hereunder prior to such event except as provided in this Article IX, and amounts shall be payable hereunder only in accordance with the terms and provisions of these procedures. Payment may not be accelerated by action of AMR or the Participant, except as provided in Section 10.1. The Participant shall elect the time at which his or her deferral for the relevant year shall be paid when he or she makes his or her deferral election pursuant to Article V of the Plan. Notwithstanding anything to the contrary in this Section 9.1, prior to December 31, 2008, changes to the time and form of payment accomplished by this amended and restated Plan, and any amendments to individual Deferred Compensation Agreements which change the time and form of payment shall be deemed to have made in accordance with Internal Revenue Service Notices 2006-79 and 2007-86.

Section 9.2 Death of a Participant. In the event that a Participant shall die at any time prior to complete distribution of all amounts payable to him or her, payment shall be made within sixty (60) days of the date of the Participant's death, in a lump sum to the Beneficiary designated by the Participant. In the absence of a designation by a Participant or if the designated Beneficiary(ies) predecease the Participant, the unpaid amount shall be paid to the Participant's spouse, and if the spouse is not then living to the Participant's estate. Each Participant shall have the right to designate the Beneficiary selected in writing. Beneficiary designations shall be made only through the Participant's Deferred Compensation Agreement.

Section 9.3 Time of Payment Elected by Participant. Payment pursuant to a Deferred Compensation Agreement for periods of Board service before January 1, 2005, shall be made in accordance with the payment terms designated by the relevant Deferred Compensation Agreement, notwithstanding the provisions of this Article IX.

Section 9.4 Payment In The Event Of Legal Disability. If a person entitled to any payment shall be under a legal disability, or in the sole judgment of the Committee shall otherwise be unable to apply such payment to his or her own interest and advantage, the Committee, in the exercise of his discretion, may direct such payment in any one (1) or more of the following ways:

- (a) Directly to such person;
- (b) To his or her legal guardian or conservator; or
- (c) To his or her spouse or to any person charged with his or her support;

to be expended for his or her benefit. The decision of the Committee shall in each case be final and binding upon all persons in interest. Any such payment shall completely discharge the obligations of the AMR and American Airlines, Inc. with regard to such payment.

Section 9.5 Assignment. The right to receive benefits under the Plan may not be anticipated, alienated, sold, transferred, assigned, pledged, reimbursed or subjected to any change or legal process.

ARTICLE X

AMENDMENT AND TERMINATION

Section 10.1 Amendment; Termination. The Board may terminate or amend this Plan, provided that no such termination or suspension shall adversely affect a benefit payable under this Plan with respect to a Participant. In the event of termination of this Plan the Committee shall distribute to the Participant in a lump sum all amounts credited to the Participant's account. Such payment will be made sixty (60) days after the date of termination. Any termination of this Plan which permits acceleration of payment shall be made only in accordance with Treasury Regulation 1.409A-3(j)(4)(ix) or successor guidance hereto.

Section 10.2 Construction. All questions pertaining to the construction, validity and effect of this Plan shall be determined in accordance with the laws of the United States and the State of Texas.

IN WITNESS WHEREOF, the Company has caused this instrument to be executed the 17th day of November, 2008, effective as of January 1, 2005.

AMR CORPORATION

By:
Its: Corporate Secretary

PURCHASE AGREEMENT NUMBER 3219

between

THE BOEING COMPANY

and

AMERICAN AIRLINES, INC.

Relating to Boeing Model 787-923 Aircraft

BOEING PROPRIETARY

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Purchase Agreement No. 3219

between

The Boeing Company

and

American Airlines, Inc.

This Purchase Agreement No. 3219 dated as of _____ between The Boeing Company (**Boeing**) and American Airlines, Inc. (**Customer**) relating to the purchase and sale of Model 787-923 aircraft together with all tables, exhibits, supplemental exhibits, letter agreements and other attachments thereto, if any, (**Purchase Agreement**) incorporates and, solely for purposes of the sale by Boeing and purchase by Customer of Model 787 aircraft, amends the terms and conditions of the Aircraft General Terms Agreement dated as of October 31, 1997 between the parties, identified as AGTA-AAL (AGTA).

Article 1. Quantity, Model, and Description.

The aircraft to be delivered to Customer will be designated as Model 787-923 aircraft (the **Aircraft**). Boeing will manufacture and sell to Customer Aircraft conforming to the configuration described in Exhibit A in the quantities listed in Table 1 to this Purchase Agreement.

Article 2. Delivery Schedule.

The Scheduled Delivery Months of the Aircraft are as listed in the attached Table 1. Exhibit B describes certain requirements and responsibilities for both Customer and Boeing in order to accomplish the delivery of the Aircraft.

Article 3. Price.

3.1 Aircraft Basic Price. The Aircraft Basic Price [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] for each Aircraft is listed in Table 1.

P.A. No. 3219

3.2 The Advance Payment Base Price. The Advance Payment Base Price for each Aircraft is listed in Table 1.

3.3 Aircraft and Advance Payment Price Components.[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Article 4. Payment.

4.1 Deposit. Boeing acknowledges receipt of a deposit in the amount shown in Table 1 for each Aircraft (**Deposit**).

4.2 Advance Payments. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

4.3 Advance Payments Due. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

4.4 Payment of Balance. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Article 5. Miscellaneous.

5.1 Aircraft Information Table. Table 1 contains and consolidates information contained in Articles 1, 2, 3 and 4 with respect to (i) quantity of Aircraft, (ii) applicable Detail Specification, (iii) Scheduled Delivery Months, (iv) Aircraft Basic Price, (v) applicable escalation factors, (vi) Advance Payment Base Prices, and (vii) Advance Payments and their schedules.

5.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

5.3 BFE Variables. Supplemental Exhibit BFE1 to this Purchase Agreement contains vendor selection dates, on-dock dates and other variables applicable to the Aircraft pursuant to the BFE Provisions Document. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

5.4 Customer Support Variables. Information, training, support, materials, data, protections, goods and services furnished by Boeing in support of introduction of the Aircraft into Customer's fleet are described in Supplemental Exhibit CS1 (hereinafter referred to as "Entitlements"). Solely for purposes of the Aircraft, Supplemental Exhibit CS1 supersedes in its entirety Exhibit B to the AGTA, and, for clarity, all references to Exhibit B to the AGTA shall be deemed to refer to Supplemental Exhibit CS1 to the Purchase Agreement. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

5.5 Engine Escalation Variables. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

5.6 Service Life Policy Component Variables. Supplemental Exhibit SLP1 to this Purchase Agreement lists the airframe and landing gear components covered by the Service Life Policy for the Aircraft (**Covered Components**).

5.7 Public Announcement. Boeing may make a public announcement regarding Customer's purchase of the Aircraft only upon prior written approval of Boeing's press release by Customer. Customer may make such an announcement at its sole discretion.

5.8 Negotiated Agreement; Entire Agreement. This Purchase Agreement including, without limitation, the provisions of Article 8 of the AGTA relating to indemnification and insurance, and Article 11 of Part 2 of Exhibit C of the AGTA relating to DISCLAIMER AND RELEASE and EXCLUSION OF CONSEQUENTIAL AND OTHER DAMAGES, has been the subject of discussion and negotiation and is understood by the parties. The Aircraft Price and other agreements of the parties stated in this Purchase Agreement were arrived at in consideration of such provisions. This Purchase Agreement, including the AGTA, contains the entire agreement between the parties and supersedes all previous proposals, understandings, commitments or representations whatsoever, oral or written, and may be changed only in writing signed by authorized representatives of the parties.

5.9 Defined Terms. Exhibit C to this Purchase Agreement contains certain defined terms used in the AGTA or elsewhere in this Purchase Agreement. All capitalized terms used in this Purchase Agreement but not otherwise defined shall have the meaning set forth in Exhibit C to this Purchase Agreement or elsewhere in this Purchase Agreement.

Article 6. Confidential Treatment.

Customer and Boeing understand and agree that the information contained herein represents confidential business information and has value precisely because it is not available generally or to other parties. Customer and Boeing agree to limit the disclosure of its contents to employees of Customer and Boeing with a need to know the contents for purposes of helping Customer and Boeing perform their obligations under the Purchase Agreement and who understand they are not to disclose its contents to any other person or entity without the prior written consent of the other party hereto.

DATED AS OF _____

AMERICAN AIRLINES, INC.

THE BOEING COMPANY

BY _____

BY _____

ITS _____

ITS _____

AIRCRAFT CONFIGURATION

between

THE BOEING COMPANY

and

AMERICAN AIRLINES, INC.

Exhibit A to Purchase Agreement Number 3219

P.A. No. 3219
PA_Exhibit_A Rev.: 2/22/07

A

BOEING PROPRIETARY

AIRCRAFT CONFIGURATION

Dated _____

relating to

BOEING MODEL 787 AIRCRAFT

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

P.A. No. 3219
PA_Exhibit_A Rev.: 2/22/07

A

BOEING PROPRIETARY



AIRCRAFT DELIVERY REQUIREMENTS AND RESPONSIBILITIES

between

THE BOEING COMPANY

and

AMERICAN AIRLINES, INC.

Exhibit B to Purchase Agreement Number 3219

P.A. No. 3219
PA_Exhibit_B Rev.: 05-17-04

B

BOEING PROPRIETARY

AIRCRAFT DELIVERY REQUIREMENTS AND RESPONSIBILITIES

relating to

BOEING MODEL 787-923 AIRCRAFT

Both Boeing and Customer have certain documentation and approval responsibilities at various times during the construction cycle of Customer's Aircraft that are critical to making the delivery of each Aircraft a positive experience for both parties. This Exhibit B documents those responsibilities and indicates recommended completion deadlines for the actions to be accomplished.

1. GOVERNMENT DOCUMENTATION REQUIREMENTS.

Certain actions are required to be taken by Customer in advance of the Scheduled Delivery Month of each Aircraft with respect to obtaining certain government issued documentation.

1.1 Airworthiness and Registration Documents.

Not later than [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] prior to delivery of each Aircraft, Customer will notify Boeing of the registration number to be painted on the side of the Aircraft. In addition, and not later than [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] prior to delivery of each Aircraft, Customer will, by letter to the regulatory authority having jurisdiction, authorize the temporary use of such registration numbers by Boeing during the pre-delivery testing of the Aircraft.

Customer is responsible for furnishing any temporary or permanent registration certificates required by any Governmental Authority having jurisdiction to be displayed aboard the Aircraft after delivery.

1.2 Certificate of Sanitary Construction.

U.S. Registered Aircraft. Boeing will obtain from the United States Public Health Service, a United States Certificate of Sanitary Construction to be displayed aboard each Aircraft after delivery to Customer.

2. INSURANCE CERTIFICATES.

Insurance certificate requirements are defined in Article 8 of the AGTA.

3. NOTICE OF FLYAWAY CONFIGURATION.

3.1 Flyaway Configuration Notice.

Not later than [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] prior to delivery of the Aircraft, Customer will provide to Boeing a configuration letter stating the requested flyaway configuration of the Aircraft for its ferry flight. This configuration letter should include:

- (i) the name of the company which is to furnish fuel for the ferry flight and any scheduled post-delivery flight training, the method of payment for such fuel, and fuel load for the ferry flight;
- (ii) the cargo to be loaded and where it is to be stowed on board the Aircraft, the address where cargo is to be shipped after flyaway and notification of any hazardous materials requiring special handling;
- (iii) any BFE equipment to be removed prior to flyaway and returned to Boeing BFE stores for installation on Customer's subsequent Aircraft.

The information contained in such configuration letter may be changed from time to time by the mutual consent of Boeing and Customer.

3.2 Ferry Flight Information.

Customer will provide to Boeing at least [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] prior to delivery of each Aircraft:

- (i) a complete list of names and citizenship of each crew member and non-revenue passenger who will be aboard the ferry flight; and
- (ii) a complete ferry flight itinerary.

4. DELIVERY ACTIONS BY BOEING.

4.1 Schedule of Inspections. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4.2 Schedule of Demonstration Flights. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

4.3 Schedule for Customer's Flight Crew. Boeing will inform Customer of the date that a flight crew is required for acceptance routines associated with delivery of the Aircraft.

4.4 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

4.5 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

4.6 Delivery Papers, Documents and Data. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

4.7 Delegation of Authority. Boeing will present a certified copy of a Resolution of Boeing's Board of Directors, designating and authorizing certain persons to act on its behalf in connection with delivery of the Aircraft including the person executing the transfer of title documents.

4.8 Standard Airworthiness Certificate. Boeing will provide at delivery of each Aircraft the Standard Airworthiness Certificate [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

5. DELIVERY ACTIONS BY CUSTOMER.

5.1 Aircraft Radio Station License. At delivery Customer will provide a copy of its Aircraft Radio Station License (or a written statement of the location of the original license) to be placed on board the Aircraft following delivery.

5.2 Aircraft Flight Log. At delivery Customer will provide the Aircraft Flight Log for the Aircraft.

5.3 Delegation of Authority. Customer will present to Boeing at delivery of the Aircraft an original or certified copy of Customer's Delegation of Authority designating and authorizing certain persons to act on its behalf in connection with delivery of the specified Aircraft.



PURCHASE AGREEMENT DEFINITIONS

between

THE BOEING COMPANY

and

AMERICAN AIRLINES, INC.

Exhibit C to Purchase Agreement Number 3219

P.A. No. 3219

C

BOEING PROPRIETARY

PURCHASE AGREEMENT DEFINITIONS

Dated _____, 2008

relating to

BOEING MODEL 787-923 AIRCRAFT

I. Definitions.

The following terms, when used in capitalized form in this Purchase Agreement, including the AGTA and any exhibits, schedules, attachments, supplements, amendments and letter agreements to this Purchase Agreement, have the following meanings:

“Advance Payments” means the payments made by Customer in advance of delivery with respect of an Aircraft pursuant to Section 4.2 of the Purchase Agreement.

“Advance Payment Base Price” has the meaning set forth in Section 2.1.6 of the AGTA.

“Affiliate”, with respect to a specified Person, means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such Person. For the purposes of this definition, “control” when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“AGTA” has the meaning set forth in the recital of the Aircraft General Terms Agreement dated October 31, 1997 between Boeing and Customer.

“Aircraft” means any or all, as the context requires, of the Boeing Model 787-923 aircraft described in Table 1 to the Purchase Agreement, together with the Engines and Parts that are incorporated or installed in or attached to such aircraft.

“Aircraft Basic Price” has the meaning set forth in Section 2.1.4 of the AGTA.

“Aircraft Software” has the meaning set forth in Part 1 of the Product Assurance Document.

“Aircraft Price” has the meaning set forth in Section 2.1.7 of the AGTA.

“Airframe Escalation Adjustment Document” has the meaning set forth in Section 2.1.5 of the AGTA.

“Airframe Price” has the meaning set forth in Section 2.1.1 of the AGTA.

“ATA” has the meaning set forth in Section 1 to Part 3 of the Customer Support Document.

“Authorized Agent” has the meaning set forth in Part 1 of the Product Assurance Document.

“Average Direct Hourly Labor Rate” has the meaning set forth in Part 1 of the Product Assurance Document.

“BFE Provisions Document” means the Buyer Furnished Equipment Provisions Document attached to the AGTA as Exhibit A.

“Boeing” has the meaning set forth in the recital of the AGTA.

“Boeing Product” has the meaning set forth in Part 1 of the Product Assurance Document.

“Buyer Furnished Equipment” or “BFE” has the meaning set forth in Section 1.2 of the AGTA.

“Correct” or “Correction” has the meaning set forth in Part 1 of the Product Assurance Document.

“Corrected Boeing Product” has the meaning set forth in Part 1 of the Product Assurance Document.

“Customer” has the meaning set forth in the recital of the AGTA.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

“Deposit” means the deposit made by Customer in respect of an Aircraft pursuant to Section 4.1 of the Purchase Agreement.

“Detail Specification” means the Detail Specification identified in Exhibit A to the Purchase Agreement, as the same is amended from time to time by Boeing and Customer pursuant to Article 4 of the AGTA.

“Development Changes” has the meaning set forth in Section 4.2 of the AGTA.

“Direct Labor” has the meaning set forth in Part 1 of the Product Assurance Document.

“Direct Materials” has the meaning set forth in Part 1 of the Product Assurance Document.

“Documents” has the meaning set forth in AGTA-AAL, within the first paragraph of section 1 of Part 3 of Exhibit B to the Customer Support Document.

“Engine” means each of the two engines installed on the Aircraft and identified on Table 1 to the Purchase Agreement, together with any and all Parts incorporated or installed in or attached to each such engine.

“Engine Price” has the meaning set forth in Section 2.1.3 of the AGTA.

“Engine Supplier” means the manufacturer of the Engine.

“Escalation Adjustment” has the meaning set forth in Section 2.1.5 of the AGTA.

“Excusable Delay” has the meaning set forth in Section 7.1 of the AGTA.

“FAA” means the Federal Aviation Administration of the United States of America and any agency or instrumentality of the United States government succeeding to its functions.

“Failed Component” has the meaning set forth in Section 1 of Part 3 to the Product Assurance Document.

“Failure” has the meaning set forth in Section 1 of Part 3 to the Product Assurance Document.

“Federal Aviation Regulations” means the regulations promulgated by the FAA from time to time and any official interpretations thereof.

“Field Services” has the meaning set forth in Section 1 of Part 2 to the Customer Support Document.

“Governmental Authority” means any federal, state, county, local or foreign governmental entity or municipality or subdivision thereof or any authority, arbitrator, department, commission, board, bureau, body, agency, court or other agency or instrumentality thereof.

“Governmental Regulations” means: (1) the Type Certificate for the Aircraft; (2) any other certification, license or approval issued or required for the Aircraft by the FAA or any other Governmental Authority having jurisdiction over Boeing or the Aircraft; (3) any other law, rule, order or regulation of the United States Government or any agency or instrumentality thereof, having jurisdiction over the Aircraft or Boeing; (4) all regulations and official interpretations of the certification, license, or approval requirements described in (1), (2) and (3) above; and (5) all airworthiness directives issued by the FAA.

“Interface Problem” has the meaning set forth in Section 1 of Part 5 of the Product Assurance Document.

“Manufacturer Change” has the meaning set forth in Section 3.2.1 of the AGTA.

“Operator Changes” has the meaning set forth in Section 3.3.1 of the AGTA.

“Optional Features” means those Parts identified as optional features in the Detail Specification.

“Optional Features Prices” has the meaning set forth in Section 2.1.2 of the AGTA.

“Parts” means any and all appliances, parts, instruments, appurtenances, accessories, furnishings, and other equipment or property of whatever nature incorporated or installed in or attached to an Aircraft upon delivery or otherwise pursuant to the Purchase Agreement.

“Performance Guarantees” has the meaning set forth in Section 5.4 of the AGTA.

“Person” means an individual, partnership, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

“Policy” has the meaning set forth in Section 1 of Part 3 of the Product Assurance Document.

“Product Assurance Document” means the Product Assurance Document attached to the AGTA as Exhibit C.

“Proprietary Information” has the meaning set forth in Section 1 of Part 5 to the Customer Support Document.

“Proprietary Materials” has the meaning set forth in Section 1 of Part 5 to the Customer Support Document.

“Purchase Agreement” means Purchase Agreement No. 3219, of even date herewith, between Boeing and Customer for the purchase of the Aircraft, including, without limitation, the AGTA and any exhibits, schedules, attachments, supplements, amendments and letter agreements to such Purchase Agreement.

“Scheduled Delivery Month” means, with respect to an Aircraft, the scheduled month and year of delivery for such Aircraft as set forth in Section 2 of the Purchase Agreement.

“Seller Furnished Equipment” or “SFE” means those Parts incorporated or installed in, or attached to, the Aircraft by Boeing and designated as “seller furnished equipment.”

“Seller Purchased Equipment” or “SPE” means those Parts incorporated or installed in, or attached to, the Aircraft by Boeing and designated as “seller purchased equipment.”

“SLP Component” has the meaning set forth in Section 1 of Part 3 of Product Assurance Document.

“Standard Airworthiness Certificate” means a standard airworthiness certificate for transport category aircraft applicable to an Aircraft issued by the FAA pursuant to Part 21 of the Federal Aviation Regulations (or any successor regulations).

“Stipulated Rate” has the meaning set forth in Section 1.3 of Letter Agreement No. 6-1162-TRW-0670.

“Supplier Product” has the meaning set forth in Part 1 of the Product Assurance Document.

“Suppliers” has the meaning set forth in Section 1 of Part 4 of the Product Assurance Document.

“Taxes” has the meaning set forth in Section 2.2 of the AGTA.

“Type Certificate” means a type certificate for transport category aircraft issued by the FAA pursuant to Part 21 of the Federal Aviation Regulations or any successor regulation.

“Warranty Inspections” has the meaning set forth in Part 1 of the Product Assurance Document.

II. Interpretive Provisions.

When reference is made to an article, section, attachment, exhibit, schedule or supplement of the "AGTA" or a "Purchase Agreement" without further reference to a particular letter agreement, attachment, exhibit, schedule or supplement thereto, such reference shall be deemed to be a reference to the main text of the AGTA or such Purchase Agreement, respectively.

P.A. No. 3219

C-

BOEING PROPRIETARY



ESCALATION ADJUSTMENT

AIRFRAME AND OPTIONAL FEATURES

between

THE BOEING COMPANY

and

AMERICAN AIRLINES, INC.

Supplemental Exhibit AE1 to Purchase Agreement Number 3219

P.A. No. 3219 AE1
PA_Supp_EX_AE1_ECI-W_2006 Rev.: 2/18/08

BOEING PROPRIETARY

1. Formula.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

- Note: i. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]
- ii. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]
- iii. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]
- iv. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]
- v. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]
- vi. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2. Values to be Utilized in the Event of Unavailability.

2.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2.3 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2.4 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Note: i. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

ii. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]



BUYER FURNISHED EQUIPMENT VARIABLES

between

THE BOEING COMPANY

and

AMERICAN AIRLINES, INC.

Supplemental Exhibit BFE1 to Purchase Agreement Number 3219

P.A. No. 3219
PA_Supp_Ex_BFE1 Rev.: 4/10/07

BFE1

BOEING PROPRIETARY

BUYER FURNISHED EQUIPMENT VARIABLES

relating to

BOEING MODEL 787 AIRCRAFT

This Supplemental Exhibit BFE1 contains vendor selection dates, on-dock dates and other requirements applicable to the Aircraft.

1. Supplier Selection.

Customer will select and notify Boeing of the suppliers of the following items by the following dates:

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

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[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2. Certification Document.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

3. Import

Customer will insure that Customer's BFE suppliers provide sufficient information to enable Boeing, when acting as Importer of Record for Customer's BFE, to comply with all applicable provisions of the U.S. Customs Service.

P.A. No. 3219BFE1-
PA_Supp_Ex_BFE1

BOEING PROPRIETARY

4. Delivery Dates and Other Information

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Item Preliminary On-Dock Dates

Premium Class (PC) Seats [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Lifevests [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

(As specified in Option Number _____)

Galley Meal Carts [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

(As specified in Option Number _____)

P.A. No. 3219BFE1-
PA_Supp_Ex_BFE1

BOEING PROPRIETARY



787 CUSTOMER SUPPORT DOCUMENT

between

THE BOEING COMPANY

And

AMERICAN AIRLINES, INC.

Supplemental Exhibit CS1 to Purchase Agreement Number 3219

This document contains:

- Part 1: Boeing Maintenance and Flight Training Programs
- Part 2: Field and Engineering Support Services
- Part 3: Technical Information and Materials
- Part 4: Alleviation or Cessation of Performance
- Part 5: Protection of Proprietary Information and Proprietary Materials

P.A. No. 3219

CS1 Rev.: 3/23/07

BOEING PROPRIETARY

787 CUSTOMER SUPPORT DOCUMENT

Boeing is pleased to provide to Customer the services and support set forth in this Supplemental Exhibit CS1 will be provided by Boeing to Customer as part of its continuing commitment to the global support of Boeing's aircraft and products during a period commencing with delivery of the first Aircraft and continuing so long as at least one Aircraft is regularly operated by Customer in commercial air transport service.

PART 1: BOEING MAINTENANCE AND FLIGHT TRAINING PROGRAMS

1. Boeing Training Programs.

Boeing will provide maintenance training, cabin attendant training, and flight training programs to support the introduction of the Aircraft into service as provided in this Supplemental Exhibit CS1.

1.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

1.2 In addition to the training provided in Article 1.1, Boeing will provide to Customer the following training and services:

1.2.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];

1.2.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

1.2.3 Additional Flight Operations Services:

- a. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];
- b. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]
- c. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2. Training Schedule and Curricula.

2.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3. Location of Training.

3.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]. Customer shall decide on the location or mix of locations for training, subject to space being available in the desired courses at the selected training facility on the dates desired.

3.2 If requested by Customer, Boeing will conduct the classroom portions of the maintenance and flight training (except for the Performance Engineer training courses) at a mutually acceptable alternate training site, subject to the following conditions:

3.2.1 Customer will provide acceptable classroom space, simulators (as necessary for flight training) and training equipment required to present the courses;

3.2.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];

3.2.3 Customer will reimburse Boeing for, or, subject to the terms and conditions mutually agreed upon prior to Boeing providing the instructors to teach the course, Customer shall provide round-trip transportation for Boeing's instructors and shipping of training Materials, which must be shipped to the alternate training site.

3.2.4 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]. Boeing will use commercially reasonable efforts to notify Customer prior to commencement of training of any such fees, duties, licenses, permits and similar charges of which Boeing has knowledge; and

3.2.5 Those portions of training that require the use of training devices not available at the alternate site will be conducted at Boeing's facility or at some other alternate site. Customer will be responsible for additional expenses, if any, which result from the use of such alternate site.

4. Additional Terms and Conditions.

4.1 All training will reflect an airplane configuration defined by (i) Boeing's standard configuration specification for 787 aircraft, (ii) Boeing's standard configuration specification for the minor model of 787 aircraft selected by Customer, and (iii) any Optional Features selected by Customer from Boeing's standard catalog of Optional Features. Upon Customer's request, Boeing may provide training customized to reflect other elements of Customer's Aircraft configuration subject to a mutually acceptable price, schedule, scope of work and other applicable terms and conditions.

4.2 All training will be provided in the English language. If translation is required for the Customer's personnel, Customer will provide interpreters.

4.3 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT], Boeing will transport Customer's personnel between their local lodgings and Boeing's training facility.

4.4 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]. These foregoing restrictions will not apply to ferry assistance or revenue service training services (it being agreed that in conjunction with such services, the number of hours each Boeing flight instructor works shall be mutually agreed to and shall be in accordance with FAA rules and regulations).

4.5 **Normal Line Maintenance** is defined as line maintenance that Boeing might reasonably be expected to furnish for flight crew training at Boeing's facility, and will include ground support and Aircraft storage in the open, but will not include provision of spare parts. Boeing will provide Normal Line Maintenance services for any Aircraft while the Aircraft is used for flight crew training at Boeing's facility in accordance with the Boeing Maintenance Plan (Boeing document D6-82076) and the Repair Station Operation and Inspection Manual (Boeing document D6-25470). Customer will provide such services if flight crew training is conducted elsewhere. Regardless of the location of such training, Customer will be responsible for providing all maintenance items (other than those included in Normal Line Maintenance) required during the training, including, but not limited to, fuel, oil, landing fees and spare parts.

4.6 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4.7 If the flight training is based at Boeing's facility, several airports in the surrounding area may be used, at Boeing's option. Unless otherwise agreed in the flight training planning conference, it will be Customer's responsibility to make arrangements for the use of such airports.

4.8 If Boeing agrees to make arrangements on behalf of Customer for the use of airports for flight training, Boeing will pay on Customer's behalf any landing fees charged by any airport used in conjunction with the flight training. At least [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] before flight training, Customer will provide Boeing an open purchase order against which Boeing will invoice Customer for any landing fees Boeing paid on Customer's behalf. The invoice will be submitted to Customer [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT], when all landing fee charges have been received and verified. Customer will pay the invoiced amount to Boeing [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4.9 If requested by Boeing, in order to provide the flight training or ferry flight assistance, Customer will make available to Boeing an Aircraft after delivery to familiarize Boeing instructor or ferry flight crew personnel with such Aircraft. If flight of the Aircraft is required for any Boeing instructor or ferry flight crew member to maintain an FAA license for flight proficiency or landing currency, Boeing will be responsible for the costs of fuel, oil, landing fees and spare parts attributable to that portion of the flight.

787 CUSTOMER SUPPORT DOCUMENT

PART 2: FIELD AND ENGINEERING SUPPORT SERVICES

1. Field Service Representation.

Boeing will furnish field service representation to advise Customer with respect to the maintenance and operation of the Aircraft (**Field Service Representatives**).

1.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

1.2 When a Field Service Representative is positioned at Customer's facility, Customer will provide, at no charge to Boeing, suitable furnished office space and office equipment, including internet capability for electronic access of data, at the location where Boeing is providing Field Service Representatives. As required, Customer will assist each Field Service Representative with visas, work permits, customs, mail handling, identification passes and formal introduction to local airport authorities.

1.3 Boeing's Field Service Representatives are assigned to various airports and other locations around the world. Whenever Customer's Aircraft are operating through any such airport, the services of Boeing's Field Service Representatives are available to Customer.

1.4 Boeing may from time to time, with Customer's agreement, provide additional support services in the form of Boeing personnel visiting Customer's facilities to work with Customer's personnel in an advisory capacity.

2. Engineering Support Services.

2.1 Boeing will, if requested by Customer, provide technical advisory assistance from the Seattle area or at a base designated by Customer as appropriate for any Aircraft or Boeing Product (as defined in Part 1 of Exhibit C of the AGTA). Technical advisory assistance, provided, will include:

2.1.1 Analysis of the information provided by Customer to determine the probable nature and cause of operational problems and suggestion of possible solutions;

2.1.2 Analysis of the information provided by Customer to determine the nature and cause of unsatisfactory schedule reliability and the suggestion of possible solutions;

2.1.3 Analysis of the information provided by Customer to determine the nature and cause of unsatisfactory maintenance costs and the suggestion of possible solutions;

2.1.4 Analysis and commentary on Customer's engineering releases relating to structural repairs not covered by Boeing's Structural Repair Manual including those repairs requiring advanced composite structure design;

2.1.5 Analysis and commentary on Customer's engineering proposals for changes in, or replacement of, systems, parts, accessories or equipment manufactured to Boeing's detailed design. Boeing will not analyze or comment on any major structural change unless Customer's request for such analysis and comment includes complete detailed drawings, substantiating information (including any information required by applicable government agencies), all stress or other appropriate analyses, and a specific statement from Customer of the substance of the review and the response requested;

2.1.6 Evaluation of Customer's technical facilities, tools and equipment for servicing and maintaining 787 aircraft, recommendation of changes where necessary and assistance in the formulation of an initial maintenance plan for the introduction of the first Aircraft into service;

2.1.7 Assistance with the analysis and preparation of performance data to be used in establishing operating practices and policies for Customer's operation of Aircraft;

2.1.8 Assistance with interpretation of the minimum equipment list, the definition of the configuration deviation list and the analysis of individual Aircraft performance;

2.1.9 Assistance with solving operational problems associated with delivery and route-proving flights;

2.1.10 Information regarding significant service items relating to Aircraft performance or flight operations;

2.1.11 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT],

2.1.12 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]:

2.2.1 Boeing may rely upon the commitment authority of the Customer's personnel requesting the work.

2.2.2 As title and risk of loss has passed to Customer, the insurance provisions of Article 8.2 of the AGTA apply.

2.2.3 The provisions of the Boeing warranty in Part 2 of Exhibit C of the AGTA apply.

2.2.4 Customer will pay Boeing for requested work not covered by the Boeing warranty, if any.

2.2.5 The DISCLAIMER AND RELEASE and EXCLUSION OF CONSEQUENTIAL AND OTHER DAMAGES provisions in Article 11 of Part 2 of Exhibit C of the AGTA apply.

2.3 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

PART 3: TECHNICAL INFORMATION AND MATERIALS1. General.

Materials are defined as any and all items that are created by Boeing or a third party, which are provided directly or indirectly from Boeing and serve primarily to contain, convey or embody information. Materials may include either tangible embodiments (for example, documents or drawings), or intangible embodiments (for example, software and other electronic forms) of information but excludes Aircraft Software. **Aircraft Software** is defined as software that is installed on and used in the operation of the Aircraft.

Customer Information is defined as that data provided by Customer to Boeing which falls into one of the following categories: (i) aircraft operational information (including, but not limited to, flight hours, departures, schedule reliability, engine hours, number of aircraft, aircraft registries, landings, and daily utilization and schedule interruptions for Boeing model aircraft); (ii) summary and detailed shop findings data; (iii) aircraft readiness log data; (iv) non-conformance reports; (v) line maintenance data; (vi) airplane message data, (vii) scheduled maintenance data, and (viii) service bulletin incorporation.

Upon execution by Customer of Boeing's standard form Customer Services General Terms Agreement and Supplemental Agreement for Electronic Access Boeing will provide to Customer through electronic access certain Materials to support the maintenance and operation of the Aircraft. Such Materials will, if applicable, be prepared generally in accordance with Air Transport Association of America (ATA) iSpec 2200, entitled "Information Standards for Aviation Maintenance" not covered by iSpec 2200 will be provided in a structure suitable for the Material's intended use. Materials will be in English and in the units of measure used by Boeing to manufacture an Aircraft.

2. Materials Planning Conferences.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3. Technical Data and Maintenance Information.

Boeing will provide technical data and maintenance information equivalent to that traditionally provided in the following manuals and documents. The format for this data and information is not yet determined in all cases. Whenever possible, Boeing will provide such data and information through electronic access.

- a) Flight Operations Information.
 - Airplane Flight Manual
 - Operations Manual and Checklist
 - Weight and Balance Manual
 - Dispatch Deviation Procedures Guide and Master Minimum Equipment List
 - Flight Crew Training Manual
 - Fault Reporting Manual
 - Performance Engineer's Manual
 - Jet Transport Performance Methods
 - FMC Supplemental Data Document
 - Operational Performance Software
 - ETOPS Guide Vol. III
 - Flight Planning and Performance Manual

- b) Maintenance Information.
 - Maintenance Manual
 - Wiring Diagram Manual
 - Systems Schematics Manual
 - Structural Repair Manual
 - Component Maintenance Manual
 - Standard Overhaul Practices Manual
 - Standard Wiring Practices Manual
 - Non-Destructive Test Manual
 - Service Bulletins and Index
 - Corrosion Prevention Manual
 - Fault Isolation Manual
 - Power Plant Buildup Manual (except Rolls Royce)
 - All Operators Letters
 - Service Letters
 - Structural Item Interim Advisory
 - Combined Index
 - Maintenance Tips
 - Configuration Data Base Generator User Guide
 - Production Management Data Base
 - Baggage/Cargo Loading Manual

- c) Maintenance Planning.
 - Maintenance Review Board Report
 - Maintenance Planning Data Document
 - Maintenance Task Cards and Index
 - Maintenance Inspection Intervals Report
 - ETOPS Guide Vol. II
 - Configuration Maintenance and Procedures for Extended Range Operations

- d) Spares Information.
Illustrated Parts Catalog
Standards Books

- e) Airplane & Airport Information.
Facilities and Equipment Planning Document
Special Tool & Ground Handling Equipment Drawings & Index
Supplementary Tooling Documentation
Illustrated Tool and Equipment List/Manual
Aircraft Recovery Document
Airplane Characteristics for Airport Planning Document
Airplane Rescue and Fire Fighting Document
Engine Ground Handling Document
ETOPS Guide Vol. I

- f) Shop Maintenance.
Service Bulletins
Component Maintenance Manuals and Index
Publications Index
Product Support Supplier Directory
Supplier Product Support and Assurance Agreements

- g) Fleet Statistical Data and Reporting.
Fleet Message and Fault Data views, charts, and reports

4. Advance Representative Materials.

Boeing will select all advance representative Materials from available sources and whenever possible will provide them through electronic access. Such advance Materials will be for advance planning purposes only.

5. Customized Materials.

All customized Materials will reflect the configuration of each Aircraft as delivered.

6. Revisions.

6.1 The schedule for updating certain Materials will be identified in the planning conference. Such updates will reflect changes to Materials developed by Boeing.

7. Supplier Technical Data.

7.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

7.2 The provisions of this Article will not be applicable to items of BFE.

7.3 Boeing will furnish to Customer a document identifying the terms and conditions of the product support agreements between Boeing and its suppliers requiring the suppliers to fulfill Customer's requirements for information and services in support of the Aircraft. Boeing will provide revisions to such document from time to time.

8. Buyer Furnished Equipment Data.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

9. Customer's Shipping Address.

From time to time Boeing may furnish certain Materials or updates to Materials by means other than electronic access. Customer will specify a single address and Customer shall promptly notify Boeing of any change to that address. Boeing will pay the reasonable shipping costs of the Materials. Customer is responsible for any customs clearance charges, duties, and taxes.

787 CUSTOMER SUPPORT DOCUMENT

PART 4: ALLEVIATION OR CESSATION OF PERFORMANCE

Boeing will not be required to provide any services, training or other things at a facility designated by Customer if any of the following conditions exist:

1. a labor stoppage or dispute at such facility is in progress involving Customer;
2. wars or warlike operations, riots or insurrections in the country where the facility is located;
3. any condition at the facility which, in the opinion of Boeing, is detrimental to the general health, welfare or safety of its personnel or their families;
4. the United States Government refuses permission to Boeing personnel or their families to enter into the country where the facility is located, or recommends that Boeing personnel or their families leave the country.

Boeing will not be required to provide any Materials, services, training or other things at a facility designated by Customer if the United States Government refuses permission to Boeing to deliver such Materials, services, training or other things to the country where the facility is located.

After the location of Boeing personnel at the facility, Boeing further reserves the right, upon the occurrence of any of such events, to immediately and without prior notice to Customer relocate its personnel and their families.

P.A. No. 3219

CS1 Rev.: 3/23/07

BOEING PROPRIETARY

4-1

**PART 5: PROTECTION OF PROPRIETARY INFORMATION
AND PROPRIETARY MATERIALS**

1. General.

All Materials provided by Boeing to Customer and not covered by a Boeing CSGTA or other agreement between Boeing and Customer defining Customer's right to use and disclose the Materials and included information will be covered by and subject to the terms of the AGTA as amended by the terms of the Purchase Agreement. Title to all Materials containing, conveying or embodying confidential, proprietary or trade secret information (Proprietary Information) belonging to Boeing or a third party (Proprietary Materials), will at all times remain with Boeing or such third party. Customer will treat all Proprietary Materials and all Proprietary Information in confidence and use and disclose the same only as specifically authorized in the AGTA as amended by the terms of the Purchase Agreement.

2. License Grant.

2.1 So long as Customer owns and operates at least one 787 Aircraft, [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

P.A. No. 3219

CS1

Rev.: 3/23/07

BOEING PROPRIETARY

3. Use of Proprietary Materials and Proprietary Information.

Customer is authorized to use Proprietary Materials and Proprietary Information for the purpose of: (a) operation, maintenance, repair, or modification of Customer's Aircraft for which the Proprietary Materials and Proprietary Information have been specified by Boeing and (b) development and manufacture of training devices and maintenance tools for use by Customer (c) the manufacture or redesign of any spare part when permitted under the provisions of the Customer Services General Terms Agreement between Boeing and Customer, and then only to the extent expressly permitted therein. Upon the resale or lease of any Aircraft by Customer, the purchaser or lessee of such Aircraft may receive from Customer and may use any Documents furnished hereunder, subject, however, to the foregoing limitations and any applicable requirements of Article 9 of the AGTA.

4. Providing of Proprietary Materials to Contractors.

Customer is authorized to provide Proprietary Materials to Customer's contractors for the sole purpose of (a) maintenance, repair, or modification of Customer's Aircraft for which the Proprietary Materials have been specified by Boeing. In addition, Customer may provide Proprietary Materials to Customer's contractors for the sole purpose of (b) developing and manufacturing training devices (c) manufacture or redesign of any spare part when permitted under the provisions of the Customer Services General Terms Agreement between Boeing and Customer, and then only to the extent expressly permitted therein; and (d) developing training programs as contemplated by Part 1 Section 4 herein and (e) maintenance tools for Customer's use. Before providing Proprietary Materials to its contractor, Customer will first obtain a written agreement from the contractor by which the contractor agrees (a) to use the Proprietary Materials only on behalf of Customer, (b) to be bound by all of the restrictions and limitations of this Part 5, and (c) that Boeing is a third party beneficiary under the written agreement. Customer agrees to provide copies of all such written agreements to Boeing upon request, and Customer will cooperate with all reasonable requests of Boeing in connection with enforcing any breach of those agreements by a contractor. A sample agreement acceptable to Boeing is attached as Appendix V to the AGTA.

5. Providing of Proprietary Materials and Proprietary Information to Regulatory Agencies.

5.1 When and to the extent required by a government regulatory agency having jurisdiction over Customer or an Aircraft, Customer is authorized to provide Proprietary Materials and to disclose Proprietary Information to the agency for use in connection with Customer's operation, maintenance, repair, or modification of such Aircraft. Customer agrees to take all reasonable steps to prevent the agency from making any distribution, disclosure, or additional use of the Proprietary Materials and Proprietary Information provided or disclosed. Customer further agrees to notify Boeing immediately upon learning of any (a) distribution, disclosure, or additional use by the agency, (b) request to the agency for distribution, disclosure, or additional use, or (c) intention on the part of the agency to distribute, disclose, or make additional use of Proprietary Materials or Proprietary Information.

5.2 In the event of an Aircraft or Aircraft systems-related incident, the Customer may suspend, or block access to Customer Information pertaining to its Aircraft or fleet. Such suspension may be for an indefinite period of time.

6. Training Materials.

Training Materials will be provided for each student. Such Materials may be used only for either (i) the individual student's reference or (ii) Customer's provision of training to individuals directly employed by the Customer.



ENGINE ESCALATION AND
ENGINE WARRANTY

between

THE BOEING COMPANY

and

AMERICAN AIRLINES, INC.

Supplemental Exhibit EE1 to Purchase Agreement Number 3219

P.A. No. 3219
BOEING PROPRIETARY

EE1

1. ENGINE ESCALATION.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]:

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P.A. No. 3219

EE1 -

BOEING PROPRIETARY

v. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

vi. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2. Values to be Utilized in the Event of Unavailability.

2.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

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ii. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3. Engine Warranty and Product Support Plan

3.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

P.A. No. 3219

BOEING PROPRIETARY

EE1 -

ENGINE ESCALATION AND
ENGINE WARRANTY

between

THE BOEING COMPANY

and

AMERICAN AIRLINES, INC.

Supplemental Exhibit EE1 to Purchase Agreement Number 3219

P.A. No. 3219

EE1 -

BOEING PROPRIETARY

1. ENGINE ESCALATION.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]:

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

- Note:
- i. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
 - ii. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

- iii. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- iv. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- v. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- vi. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2. Values to be Utilized in the Event of Unavailability.

2.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2.3 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2.4 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

Note: i. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

ii. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3. Engine Warranty and Product Support Plan.

3.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].



[Model 787 Only:]

SERVICE LIFE POLICY COMPONENTS

between

THE BOEING COMPANY

and

AMERICAN AIRLINES, INC.

Supplemental Exhibit SLP1 to Purchase Agreement Number 3219

P.A. No. 3219
PA_Supp_Ex_SLP1_787 Rev.: 06/28/04

SLP1

BOEING PROPRIETARY

SERVICE LIFE POLICY COMPONENTS

relating to

BOEING MODEL 787 AIRCRAFT

This is the listing of Covered Components for the Aircraft which relate to Part 3, Boeing Service Life Policy of Exhibit C, Product Assurance Document to the AGTA and is a part of Purchase Agreement No. 3219.

1. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

- (a) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (b) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (c) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (d) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (e) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (f) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (g) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (h) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (i) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (j) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (k) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (l) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (m) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

- (a) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (b) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (c) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (d) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (e) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (f) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (g) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (h) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

(i) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

(j) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

P.A. No. 3219
PA_Supp_Ex_SLP1_787 Rev.: 12/15/06

SLP1-

BOEING PROPRIETARY

3. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

- (a) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (b) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (c) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (d) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (e) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (f) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (g) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

- (a) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (b) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (c) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (d) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (e) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (f) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

5. Engine Strut.

- (a) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (b) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (c) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (d) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[Model 787 Only:]

6. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

- (a) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (b) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (c) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (d) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (e) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (f) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (g) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (h) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (i) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

7. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

- (a) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (b) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (c) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (d) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (e) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (f) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

NOTE: [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].



3219-01

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

Reference: Purchase Agreement No. 3219 (the Purchase Agreement) between The Boeing Company (Boeing) and American Airlines, Inc. (Customer)

Customer Services General Terms Agreement No. 23-1 (the CSGTA) between Boeing and Customer, including Supplemental Agreement for Electronic Access (the "SA-EA")

This letter agreement (Letter Agreement) amends and supplements the Purchase Agreement. All terms used but not defined in this Letter Agreement have the same meaning as in the Purchase Agreement.

1. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
2. Boeing will license and install these Materials on the following conditions:
 - (i) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
 - (ii) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3. The technical data and maintenance information specified in Article 3 of Part 3 of Supplemental Exhibit CS1 to the Purchase Agreement will be considered "Materials" as defined therein and not "Aircraft Software" even when such technical data and maintenance information is provided in software media and is used onboard the Aircraft or loaded into an onboard Aircraft system.

4. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

5. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

Very truly yours,

THE BOEING COMPANY

By _____

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: _____, 2008

AMERICAN AIRLINES, INC.

By _____

Its _____



3219-02

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: Special Terms - Seats and In-flight Entertainment

Reference: Purchase Agreement No. 3219 (the Purchase Agreement) between The Boeing Company (Boeing) and American Airlines, Inc. (Customer) relating to Model 787 aircraft (the Aircraft)

This letter agreement (Letter Agreement) amends and supplements the Purchase Agreement. All capitalized terms used but not defined in this Letter Agreement shall have the same meaning as defined in the Purchase Agreement.

1. Definitions.

- 1.1 “Covered Seats” shall mean those seats which are not otherwise identified in Exhibit A to the Purchase Agreement as Buyer Furnished Equipment.
- 1.2 “In-flight Entertainment (IFE) System” shall mean the IFE identified in the Detail Specification of the Aircraft, inclusive of the IFE software which is required to test and certify the IFE system on the Aircraft, but exclusive of IFE Customer Software.
- 1.3 “IFE Customer Software” shall mean any software which is obtained by the Customer from a source other than Boeing for installation in the IFE System.

2. Applicability of the Provisions of Supplemental Exhibit CS1 to the Purchase Agreement.

- 2.1 Notwithstanding the provisions of Article 7.3 of Part 3 of Supplemental Exhibit CS1 to the Purchase Agreement, [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]
- 2.2 Customer is hereby advised that the revision service for Materials does not include changes applicable to the Covered Seats and IFE System.

3. Applicability of the Provisions of Exhibit C to the AGTA.

In lieu of the provisions of Part 4 of Exhibit C to the AGTA, the following warranty and patent and copyright indemnities will apply to Covered Seats and the IFE System:
“[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].”

4. IFE Customer Software.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

Very truly yours,

THE BOEING COMPANY

By _____

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: _____, 2008

AMERICAN AIRLINES, INC

By _____

Its _____



American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport
Texas 75261-9616

Subject: Product Assurance - First-Look Inspection Program

Reference: Purchase Agreement No. 3219 (the Purchase Agreement) between The Boeing Company (Boeing) and American Airlines, Inc. (Customer) relating to Model 787 aircraft

This Letter Agreement amends and supplements the Purchase Agreement. All terms used but not defined in this Letter Agreement have the same meaning as in the Purchase Agreement.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

1. Warranty Period.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

“[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]:

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];

Article 3.1.1 as set forth below is hereby added to Part 2 of Exhibit C to the AGTA:

P.A. No. 3219
Product Assurance – First-Look Warranty Program

BOEING PROPRIETARY

“[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];

2. Customer's Obligations.

Article 6.2.1 of Part 2 of Exhibit C to the AGTA is amended to add the following provision:

“[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].”

3. Service Life Policy.

Article 2.2 of Part 3 of Exhibit C to the AGTA is amended to read as follows:

“2.2.1

(i) For the 787 aircraft only:

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

(ii) For all other aircraft models:

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2.2.2

(i) For the 787 aircraft only:

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

(ii) For all other aircraft models:

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].”

Article 3 of Part 3 of Exhibit C to the AGTA is amended to read as follows:

“3. Price

The price Customer will pay for replacement of a failed SLP Component will be calculated pursuant to the following formulas:

(i) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];

(ii) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];

If the foregoing correctly sets forth your understanding of our agreement with respect to matters described above, please indicate your acceptance and approval below.

Very truly yours,

THE BOEING COMPANY

By _____

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: __, 2008

AMERICAN AIRLINES, INC.

By _____

Its _____

P.A. No. 3219
Product Assurance – First-Look Warranty Program

BOEING PROPRIETARY



American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: Spare Parts Commitments

- Reference:
- a) Purchase Agreement No. 3219 (the Purchase Agreement) between The Boeing Company (Boeing) and American Airlines, Inc. (Customer) relating to Model 787-923 aircraft (the Aircraft)
 - b) Customer Services General Terms Agreement No. 23-1 (CSGTA) between Boeing and Customer

This letter agreement (Letter Agreement) is entered into as of the date set forth below, and amends and supplements the CSGTA solely for purposes of Boeing 787 aircraft. All capitalized terms used but not defined in this Letter Agreement have the same meaning as in the CSGTA, except for "Aircraft" which will have the meaning as defined in the Purchase Agreement. Unless otherwise stated all references in this Letter Agreement to Articles refer to the Articles contained this Letter Agreement. In consideration of Customer's purchase of the Aircraft, [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

1. Definitions.

1.1 "Customer's Demand Date" means the delivery date specified by Customer in its Order to Boeing for a Spare Part.

1.2 "Customer Hold Time" means the period of time between the date on which Boeing requests a decision, information or act related to a material issue from Customer and the date Customer provides such decision or information or performs such act. This includes, but is not limited to time expended (i) waiting for Customer's clarification of missing order data or Customer's approval of Boeing's quote for goods or services, (ii) resolving order discrepancies or technical discrepancies, (iii) obtaining engineering decisions from Customer, (iv) waiting for receipt of a part which has been shipped to a location other than the

P.A. 3219
Spare_Parts_Commitment

BOEING PROPRIETARY

designated Boeing service center, and (v) resolving any Boeing constraints on processing an Order due to the status of Customer's credit with Boeing.

1.3 "Beyond Economic Repair" or "BER" is the term applied to a part whose repair or overhaul [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

1.4 "Order Date" means the date on which an Order is established in accordance with the provisions of the CSGTA.

1.5 "Shelf Stock Part" means at any time a Spares Prone Part that [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

1.6 "Spares Prone Part" means a Boeing Spare Part that is identified and recommended by Boeing in its provisioning data as a part that for the life of the Aircraft can be expected to be replaced during normal aircraft line maintenance or during overhaul of line replaceable units due to, failure, wear, deterioration, maintenance, damage, loss, corrosion, vibration, or temperature.

2. Delivery Commitment for New Spare Parts.

2.1 Boeing will deliver in accordance with the provisions of the CSGTA within the lead times specified below, Boeing Spare Parts other than (i) Boeing Spare Parts ordered as part of Customer's initial provisioning for an Aircraft or (ii) kits; provided that such Boeing Spare Parts are Ordered after the execution of this Letter Agreement, and are in continuous production for an aircraft model in production on the Order Date.

2.1.1 A Shelf Stock Part will ship either [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2.1.2 A Spares Prone Part that is not a Shelf Stock Part will ship either [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2.2 For Boeing Spare Parts not in continuous production on the Order Date, Boeing will expend reasonable efforts to meet Customer's Demand Date.

3. Remedies Regarding Delivery.

3.1 If Boeing anticipates it will be unable to ship a Boeing Spare Part within the applicable commitment time described in Article 2.1, Boeing may take one or more of the following actions

3.1.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3.1.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3.1.3 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3.3 Subject to the limitations described in Article 3.4, if Boeing does not satisfy the requirements of Article 2.1 through one or more of the actions described in Article 3.1, [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3.4 The provisions of Article 3.3 will not apply to delay in delivery which is due to (i) the failure of Customer's carrier to take possession of the Boeing Spare Parts, or (ii) is otherwise permitted by applicable law or contract, including without limitation any provisions relating to excusable delay.

3.5 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4. Spare Part Price Escalation.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

5. Spare Part Price Formula.

5.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

5.2. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

5.3 Any rounding of a number, as required under this Article 5 will be accomplished as follows: if the first digit of the portion to be dropped from the number to be rounded is five or greater, the preceding digit will be raised to the next highest number.

6. Processing Time Commitment for Spare Prone Parts Returned for Repair or Overhaul.

6.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]. A Spares Prone Part meeting the criteria defined in this Article 6.1 shall be called a “**Qualifying In-Production Spares Prone Part.**”

6.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

6.3 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

6.4 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

7. Remedies Regarding Processing Time.

7.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]:

7.1.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

7.1.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

7.1.3 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

7.2 If as a result of an action described in Article 7.1, Boeing provides to Customer a suitable repaired or overhauled Qualifying In-Production Spares Prone Part within the commitment periods described in Article 6.2, or provides reimbursement in accordance with Article 7.1.3, and in either case, thereafter completes the applicable contract as soon as such repaired or overhauled part is available for shipment, Boeing will be deemed to have satisfied the commitments described in Article 6.2.

7.3 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

7.4 The provisions of Article 7.3 will not apply to delay in delivery which is due to (i) Customer Hold Time, (ii) the failure of Customer's carrier to take possession of the applicable Qualifying In-Production Spares Prone Part, or (iii) is otherwise permitted by applicable law or contract, including without limitation any provisions relating to excusable delay.

7.5 The remedies provided in this Article 7 are Customer's exclusive remedies for Boeing's failure to comply with the provisions of Article 6.2 and are in lieu of all other damages, claims and remedies of Customer arising at law or otherwise for any failure to meet Customer's delivery requirements. Customer hereby waives and renounces all other claims and remedies arising at law or otherwise for any such failure to meet Customer's delivery requirements.

8. Substitution for Obsolete Spare Parts.

After delivery of the first Aircraft, if any unused and undamaged Spare Part purchased by Customer from Boeing for the Aircraft, or other aircraft in Customer's fleet of the same model type, is rendered obsolete and unusable due to a Boeing initiated change that results in a redesign of the Aircraft or any accessory, equipment or part thereof, (other than a redesign at Customer's request), [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

9. Order of Precedence.

In the event of any inconsistency between the terms of this Letter Agreement and the terms of any other provisions of the CSGTA, the terms of this Letter Agreement shall control.

P.A. 3219
Spare_Parts_Commitment

BOEING PROPRIETARY

10. Further Discussions.

Boeing and Customer agree and understand that Customer may want to pursue other types of spares provisioning programs, which Boeing may offer now or in the future as well as a unique program, which Customer may suggest. Boeing agrees to enter into good-faith negotiations with Customer on the aforementioned topics.

Very truly yours,

THE BOEING COMPANY

By _____

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: , 2008

AMERICAN AIRLINES, INC.

By _____

Its _____

P.A. 3219
Spare_Parts_Commitment

BOEING PROPRIETARY



3219-06

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport
Texas 75261-9616

Subject: Spare Parts Initial Provisioning

Reference: a) Purchase Agreement No. 3219 (the Purchase Agreement) between The Boeing Company (Boeing) and American Airlines, Inc. (Customer) relating to Model 787-923 aircraft (the Aircraft)

b) Customer Services General Terms Agreement No. 23-1 (CSGTA) between Boeing and Customer

This letter agreement (Letter Agreement) is entered into on the date below and amends and supplements the CSGTA. All capitalized terms used but not defined in this Letter Agreement have the same meaning as in the CSGTA, except for "Aircraft" which will have the meaning as defined in the Purchase Agreement.

In order to define the process by which Boeing and Customer will (i) identify those Spare Parts and Standards critical to Customer's successful introduction of the Aircraft into service and its continued operation, (ii) place Orders under the provisions of the CSGTA as supplemented by the provisions of this Letter Agreement for those Spare Parts and Standards, and (iii) manage the return of certain of those Spare Parts which Customer does not use, the parties agree as follows.

1. Definitions.

"Provisioning Data" means the documentation provided by Boeing to Customer, including but not limited to the Recommended Spare Parts List (RSPL), identifying all Boeing initial provisioning requirements for the Aircraft.

"Provisioning Items" means the Spare Parts and Standards identified by Boeing as initial provisioning requirements in support of the Aircraft, excluding special tools, ground support equipment (GSE), engines and engine parts.

"Provisioning Products Guide" means the Boeing Manual D6-81834 entitled "Spares Provisioning Products Guide".

2. Phased Provisioning.

2.1 Provisioning Products Guide. Prior to the initial provisioning meeting Boeing will furnish to Customer a copy of the Provisioning Products Guide.

2.2 Initial Provisioning Meeting. On or about twelve (12) months prior to delivery of the first Aircraft the parties will conduct an initial provisioning meeting where the procedures, schedules, and requirements for training will be established to accomplish phased provisioning of Spare Parts and Standards for the Aircraft in accordance with the Provisioning Products Guide. If the lead time from execution of the Purchase Agreement until delivery of the first Aircraft is less than twelve (12) months, the initial provisioning meeting will be established as soon as reasonably possible after execution of the Purchase Agreement.

2.3 Provisioning Data. During the initial provisioning meeting Customer will provide to Boeing the operational parameter information described in Chapter 6 of the Provisioning Products Guide. After review and acceptance by Boeing of such Customer information, Boeing will prepare the Provisioning Data. Such Provisioning Data will be furnished to Customer on or about [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].after Boeing finalizes the engineering drawings for the Aircraft. The Provisioning Data will be as complete as possible and will cover Provisioning Items selected by Boeing for review by Customer for initial provisioning of Spare Parts and Standards for the Aircraft. Boeing will furnish to Customer revisions to the Provisioning Data until [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2.4 Buyer Furnished Equipment (BFE) Provisioning Data. Unless otherwise advised by Boeing, Customer will provide or insure its BFE suppliers provide to Boeing the BFE data in scope and format acceptable to Boeing, in accordance with the schedule established during the initial provisioning meeting.

3. Purchase from Boeing of Spare Parts and Standards as Initial Provisioning for the Aircraft.

3.1 Schedule. In accordance with schedules established during the initial provisioning meeting, Customer may place Orders for Provisioning Items and any GSE, special tools, QEC kits, or engine spare parts, which Customer determines it will initially require for maintenance, overhaul and servicing of the Aircraft and/or engines.

3.2 Prices of Initial Provisioning Spare Parts.

3.2.1 Boeing Spare Parts. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3.2.2 Supplier Spare Parts. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3.3 Standards Kits, Raw Material Kits, Bulk Materials Kits and Service Bulletin Kits. In accordance with schedules established during the initial provisioning meeting, Boeing will furnish to Customer a listing of all components, which could be included in the Standards kits, raw material kits, bulk materials kits and service bulletin kits, which may be purchased by Customer from Boeing. Customer will select, and provide to Boeing its desired content for the kits. Boeing will furnish to Customer as soon as practicable thereafter a statement setting forth a firm price for such kits. Customer will place Orders with Boeing for the kits in accordance with schedules established during the initial provisioning meeting.

4. Delivery.

For Spare Parts and Standards ordered by Customer in accordance with Article 3 of this Letter Agreement, Boeing will, insofar as reasonably possible, deliver to Customer such Spare Parts and Standards on dates reasonably calculated to conform to Customer's anticipated needs in view of the scheduled deliveries of the Aircraft. Customer and Boeing will agree upon the date to begin delivery of the provisioning Spare Parts and Standards ordered in accordance with this Letter Agreement. Where appropriate, Boeing will arrange for shipment of such Spare Parts and Standards which are manufactured by suppliers directly to Customer from the applicable supplier's facility. The routing and method of shipment for initial deliveries and all subsequent deliveries of such Spare Parts and Standards will be as established at the initial provisioning meeting and thereafter by mutual agreement.

P.A. No. 3219
Spare_Parts_Initial_ProvisioningRev.: 3/23/05

BOEING PROPRIETARY

5. Substitution for Obsolete Spare Parts.

5.1 Obligation to Substitute Pre-Delivery. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

5.2 Delivery of Obsolete Spare Parts and Substitutes. Obsolete or unusable Spare Parts returned by Customer pursuant to this Article 5 will be delivered to Boeing F.O.B. at its Seattle Distribution Center or such other destination as Boeing may reasonably designate. Spare Parts substituted for such returned obsolete or unusable Spare Parts will be delivered to Customer in accordance with the CSGTA. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

6. Repurchase of Provisioning Items.

6.1 Obligation to Repurchase. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

6.2 Exceptions. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

6.3 Notification and Format. Customer will notify Boeing, in writing when Customer desires to return Provisioning Items under the provisions of this Article 6. Customer's notification will include a detailed summary, in part number sequence, of the Provisioning Items Customer desires to return. Such summary will be in the form of listings, tapes, diskettes or other media as may be mutually agreed between Boeing and Customer and will include part number, nomenclature, purchase order number, purchase order date and quantity to be returned. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

6.4 Review and Acceptance by Boeing. Upon completion of Boeing's review of any detailed summary submitted by Customer pursuant to Article 6.3, Boeing will issue to Customer a Material Return Authorization (MRA) for those Provisioning Items Boeing agrees are eligible for repurchase in accordance with this Article 6. Boeing will advise Customer of the reason that any Provisioning Item included in Customer's detailed summary is not eligible for return. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

6.5 Price and Payment. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

6.6 Delivery of Repurchased Provisioning Items. Provisioning Items repurchased by Boeing pursuant to this Article 6 will be delivered to Boeing F.O.B. at its Seattle Distribution Center or such other destination as Boeing may reasonably designate.

7. Title and Risk of Loss.

Title and risk of loss of any Spare Parts or Standards delivered to Customer by Boeing in accordance with this Letter Agreement will pass from Boeing to Customer in accordance with the applicable provisions of the CSGTA. Title to and risk of loss of any Spare Parts or Standards returned to Boeing by Customer in accordance with this Letter Agreement will pass to Boeing upon delivery of such Spare Parts or Standards to Boeing in accordance with the provisions of Article 5.2 or Article 6.6, herein, as appropriate.

8. Termination for Excusable Delay.

In the event of termination of the Purchase Agreement pursuant to Article 7 of the AGTA with respect to any Aircraft, such termination will, [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

9. Order of Precedence.

In the event of any inconsistency between the terms of this Letter Agreement and the terms of any other provisions of the CSGTA, the terms of this Letter Agreement will control.

Very truly yours,

THE BOEING COMPANY

By _____

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: _____, 2008

AMERICAN AIRLINES, INC.

By _____

Its _____

P.A. No. 3219
Spare_Parts_Initial_Provisioning

80414 Rev. 3/23/05

BOEING PROPRIETARY



3219-08

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport
Texas 75261-9616

Subject: Open Configuration Matters

Reference: Purchase Agreement 3219 (the Purchase Agreement) between The Boeing Company (Boeing) and American Airlines, Inc. (Customer) relating to Model 787-923 aircraft (the Aircraft)

This Letter Agreement amends the Purchase Agreement. All terms used but not defined in this Letter Agreement have the same meaning as in the Purchase Agreement.

1. Aircraft Configuration.

1.1 Initial Configuration. The initial configuration of Customer's Model 787-923 Aircraft has been defined by Detail Specification 787B1-4102-Rev B, July 9, 2007 as described in Article 1 and Exhibit A of the Purchase Agreement (the Aircraft Configuration). [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

1.2 Final Configuration Schedule. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

P.A. No. 3219 80111
Open_Configuration_Matters Rev.: 12/17/03

BOEING PROPRIETARY

2. Effect on Purchase Agreement.

2.1 Basic Specification. Changes applicable to the basic Model 787-9 aircraft which are developed by Boeing between the date of signing of the Purchase Agreement and completion of the final configuration review described in paragraph 1.2 above will be incorporated into the Aircraft Configuration by written amendment.

2.2 Exhibit A. The effects of all Options, which are mutually agreed upon between Boeing and Customer for incorporation into the Aircraft Configuration will be incorporated into Exhibit A of the Purchase Agreement by written amendment.

2.3 Performance Guarantees. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2.4 Price Adjustments. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

P.A. No. 3219
Open_Configuration_Matters Rev.: 12/17/03

BOEING PROPRIETARY

3. Purchase Agreement Amendment.

Within [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT], after reaching agreement as to the final Aircraft Configuration, Boeing will provide Customer an amendment to the Purchase Agreement reflecting the effects of the configuration changes agreed to by the parties.

Very truly yours,

THE BOEING COMPANY

By _____

Its Attorney-In-Fact _____

ACCEPTED AND AGREED TO this

Date: _____, 2008

AMERICAN AIRLINES, INC.

By _____

Its _____

P.A. No. 3219
Open_Configuration_Matters Rev.: 12/17/03

BOEING PROPRIETARY



6-1162-AKP-071R1

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: Purchase Obligations

Reference: Purchase Agreement Nos. 1977, 1978, 1979, 1980, and 3219 (collectively, the Purchase Agreements) between The Boeing Company and American Airlines, Inc. relating to Model 737, 757, 767, 777, and 787 aircraft, respectively

This letter agreement (Letter Agreement) is entered into on the date below, and amends and supplements each Purchase Agreement. This Letter Agreement further evidences and documents Customer's commitment, [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

1. Definitions.

Terms used herein and not defined in this Letter Agreement have the meanings set forth in the Purchase Agreements. The following terms, when used in capitalized form, have the following meanings:

"Boeing Aircraft" means any aircraft within the MTOW Range manufactured by Boeing.

"Boeing Affiliate Aircraft" means any aircraft within the MTOW Range manufactured by an Affiliate of Boeing such as McDonnell Douglas Corporation or its successors.

"Existing Customer Aircraft" means any Boeing Aircraft, Boeing Affiliate Aircraft or Non-Boeing Aircraft, which is owned, leased or operated by Customer on the date of this Letter Agreement.

"Non-Boeing Aircraft" means any aircraft within the MTOW Range that is neither a Boeing Aircraft nor a Boeing Affiliate Aircraft.

2. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

Boeing and Customer agree that, except as provided in this Letter Agreement, [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

Nothing in this Letter Agreement shall preclude Customer from:

3.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

P.A. Nos. 1977, 1978, 1979, 1980, and 3219

3.3 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY
WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3.4 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY
WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3.5 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY
WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3.6 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY
WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

P.A. Nos. 1977, 1978, 1979, 1980, and 3219
Purchase Obligations

BOEING PROPRIETARY

3.7 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY
WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3.8 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY
WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE
COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL
TREATMENT].

4.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL
TREATMENT].

4.3 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL
TREATMENT].

P.A. Nos. 1977, 1978, 1979, 1980, and 3219
Purchase Obligations

BOEING PROPRIETARY

5. Confidential Treatment.

Customer and Boeing understand that certain commercial and financial information contained in this Letter Agreement are considered by Boeing and Customer as confidential. Customer and Boeing agree that each will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of the other, disclose this Letter Agreement or any information contained herein to any other person or entity, except as provided in this Letter Agreement or in the Purchase Agreements.

Very truly yours,

THE BOEING COMPANY

By_ _____

Its _____ Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: __, 2008

AMERICAN AIRLINES, INC.

By_

Its_

P.A. Nos. 1977, 1978, 1979, 1980, and 3219
Purchase Obligations

BOEING PROPRIETARY



American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

Reference: Purchase Agreement Nos. 1977, 1978, 1979, 1980, and 3219 (the Purchase Agreements) between The Boeing Company and American Airlines, Inc. relating to Model 737, 757, 767, 777 and 787 aircraft, respectively

This letter agreement (Letter Agreement) is entered into on the date below and amends and supplements the Purchase Agreements referenced above. All capitalized terms used herein but not otherwise defined in this Letter Agreement shall have the same meanings assigned thereto in Exhibit C to the applicable Purchase Agreement or elsewhere in such Purchase Agreement. This Letter Agreement supercedes and replaces in its entirety Letter Agreement 6-1162-AKP-072R1 dated April 23, 2004.

1. Definitions.

Terms used herein and not defined in this Letter Agreement have the meanings set forth in the Purchase Agreements. The following terms, when used in capitalized form, have the following meanings:

“AA Aircraft” means, as the context requires, (i) a Firm Aircraft, (ii) a Rights Aircraft, (iii) a Substitute Aircraft or (iv) any aircraft described in Section 2.2 of this Letter Agreement once price terms have been established for such aircraft pursuant to Section 8 of this Letter Agreement. The first three categories of aircraft in the preceding sentence are defined in Letter Agreements 6-1162-AKP-075, 6-1162-AKP-089R2, 6-1162-AKP-100R1, 6-1162-AKP-110R1 and 6-1162-TRW-0664.

“AA Auditor” shall have the meaning set forth in Section 7.2.3 hereto.

“Adjustment” shall have the meaning set forth in Section 3.2 hereto.

“Affiliate” shall have the meaning set forth in Exhibit C to the Purchase Agreement.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

“Boeing” for the purposes of this Letter Agreement, means The Boeing Company and each of its direct and indirect wholly-owned subsidiaries.

“Boeing Affiliate Aircraft” has the meaning set forth in Letter Agreement 6-1162-AKP-071R1 and includes Existing MDC Aircraft.

“Boeing Auditor” shall have the meaning set forth in Section 7.2.1 hereto.

“Business Day” shall mean any day other than a Saturday, Sunday, or a day that commercial banks are authorized or required by law, regulation or executive order to be closed in Seattle, Washington or Fort Worth, Texas.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

“Credit Memorandum” shall have the meaning set forth in Section 5.4 hereto.

“Derivative” has the meaning set forth in Letter Agreements 6-1162-AKP-075, 6-1162-AKP-089R2, 6-1162-AKP-100R1, 6-1162-AKP-110R1 and 6-1162-TRW-0664 as applicable.

“Eligible AA Aircraft” shall have the meaning set forth in Section 5.1.1 hereto.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

“Evaluation” shall have the meaning set forth in Section 3.2 hereto.

“Existing MDC Aircraft” means any model of aircraft within the MTOW Range manufactured by McDonnell Douglas Corporation prior to October 31, 1997.

“Firm Aircraft” shall have the meaning set forth in Letter Agreements 6-1162-AKP-075, 6-1162-AKP-089R2, 6-1162-AKP-100R1, 6-1162-AKP-110R1 and 6-1162-TRW-0664, as applicable.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].:

(i) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

(ii) Customer has:

a. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

b. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

“4Q Certification” shall have the meaning set forth in Section 5.7.1 hereto.

“Future Boeing Models” shall have the meaning set forth in Section 2.2 hereto.

“Inconsistencies” shall have the meaning set forth in Section 5.4 hereto.

“Independent Evaluation” shall have the meaning set forth in Section 7.2.1 hereto.

“Initial Credit Memo” shall have the meaning set forth in Section 5.4 hereto.

“Initial Report” shall have the meaning set forth in Section 5.4 hereto.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

“MTOW Range” has the meaning set forth in Letter Agreement 6-1162-AKP-071R1.

“Non-Priced Aircraft” shall have the meaning set forth in Section 2.2 hereto.

“OA Contract” shall have the meaning set forth in Section 7.2.3 hereto.

“OA Scheduled Delivery Date” means the original scheduled delivery date [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

“Prospective Aircraft” shall have the meaning set forth in Section 4.2 hereto.

“Prospective Evaluation” shall have the meaning set forth in Section 4.2 hereto.

“Records” shall have the meaning set forth in Section 7.2.10 hereto.

“Report Credit Due Date” shall have the meaning set forth in Section 5.7.2 hereto.

“Report Credit Memo” shall have the meaning set forth in Section 5.7.1 hereto.

“Review Meeting” shall have the meaning set forth in Section 7.1.1 hereto.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

“Rights Aircraft” shall have the meaning set forth in Letter Agreements 6-1162-AKP-075, 6-1162-AKP-089R2, 6-1162-AKP-100R1, 6-1162-AKP-110R1 and 6-1162-TRW-0664, as applicable.

“Successor Model” has the meaning set forth in Letter Agreements 6-1162-AKP-075, 6-1162-AKP-089R2, 6-1162-AKP-100R1, 6-1162-AKP-110R1 and 6-1162-TRW-0664, as applicable.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

“Whitetail Aircraft” shall have the meaning set forth in Section 9.1 hereto.

2. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]:

4.1.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4.1.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4.1.3 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4.1.4 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4.1.5 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4.3 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

5. Establishing Eligibility for and Issuing Credit Memoranda.

5.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

5.1.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

5.1.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

5.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

5.2.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

5.2.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

5.2.3 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

5.2.4 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

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5.4 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

5.5 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

5.6 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

5.7 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

5.7.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

5.7.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

5.7.3 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

6. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

6.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

6.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

7. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

7.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

7.1.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

7.1.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

7.1.3 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

7.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

7.2.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

7.2.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

7.2.3 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

7.2.4. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

(a) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

(b) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

7.2.5 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

7.2.6 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

(a) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

(b) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

7.2.7 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

7.2.8 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].:

7.2.8.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

7.2.8.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

7.2.8.3 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

7.2.8.4 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

7.2.9 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

7.2.10 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

8. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

8.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].:

8.1.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

8.1.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

8.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].:

8.2.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

8.2.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

8.3. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

9. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

9.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

9.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

10. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

11. Confidential Treatment.

Customer and Boeing understand that certain commercial and financial information contained in this Letter Agreement are considered by Boeing and Customer as confidential. Customer and Boeing agree that each will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of the other, disclose this Letter Agreement or any information contained herein to any other person or entity, except as provided in this Letter Agreement or in the Purchase Agreements.

Very truly yours,

THE BOEING COMPANY

By_ _____

Its _____ Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: __, 2008

AMERICAN AIRLINES, INC.

By_

Its VP Corporate Development and Treasurer

- Attachment A: [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- Attachment B: [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- Attachment C: [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- Attachment D: [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- Attachment E: [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

P.A. Nos. 1977, 1978, 1979, 1980, and 3219

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
BOEING PROPRIETARY



Examples

1. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2000 2002 2003 2004 2005 2006 2007

[CONFIDENTIAL PORTION
 OMITTED AND FILED
 SEPARATELY WITH THE
 COMMISSION PURSUANT
 TO A REQUEST FOR
 CONFIDENTIAL
 TREATMENT].

2. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2000 2002 2003 2004 2005 2006 2007

[CONFIDENTIAL PORTION
 OMITTED AND FILED
 SEPARATELY WITH THE
 COMMISSION PURSUANT
 TO A REQUEST FOR
 CONFIDENTIAL
 TREATMENT].

3. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2000 2002 2003 2004 2005 2006 2007

[CONFIDENTIAL PORTION
 OMITTED AND FILED
 SEPARATELY WITH THE
 COMMISSION PURSUANT
 TO A REQUEST FOR
 CONFIDENTIAL
 TREATMENT].

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 0

4. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2000 2002 2004 2005 2006 2007

[CONFIDENTIAL PORTION
 OMITTED AND FILED
 SEPARATELY WITH THE
 COMMISSION PURSUANT
 TO A REQUEST FOR
 CONFIDENTIAL
 TREATMENT].

P.A. Nos. 1977, 1978, 1979, 1980, and 3219

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
 BOEING PROPRIETARY



5. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2000 2002 2003 2005 2006 2007

[CONFIDENTIAL PORTION
OMITTED AND FILED
SEPARATELY WITH THE
COMMISSION PURSUANT
TO A REQUEST FOR
CONFIDENTIAL
TREATMENT].

6. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2000 2002 2003 2004 2005 2006 2007

[CONFIDENTIAL PORTION
OMITTED AND FILED
SEPARATELY WITH THE
COMMISSION PURSUANT
TO A REQUEST FOR
CONFIDENTIAL
TREATMENT].

7. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2000 2001 2002 2004 2007

[CONFIDENTIAL PORTION
OMITTED AND FILED
SEPARATELY WITH THE
COMMISSION PURSUANT
TO A REQUEST FOR
CONFIDENTIAL
TREATMENT].

P.A. Nos. 1977, 1978, 1979, 1980, and 3219
[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
BOEING PROPRIETARY

8. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2004</u>	<u>2006</u>	<u>2007</u>
[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].					

0

9. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].						

10. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].						

P.A. Nos. 1977, 1978, 1979, 1980, and 3219

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
BOEING PROPRIETARY

11. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2000 2001

2005 2006 2007

[CONFIDENTIAL PORTION
OMITTED AND FILED
SEPARATELY WITH THE
COMMISSION PURSUANT
TO A REQUEST FOR
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TREATMENT].

12. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2006 2007

[CONFIDENTIAL PORTION
OMITTED AND FILED
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COMMISSION PURSUANT
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TREATMENT].

P.A. Nos. 1977, 1978, 1979, 1980, and 3219

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

BOEING PROPRIETARY

13. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]:

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

(i) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

	<u>2000</u>	<u>2001</u>		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].							

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

(ii) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

	<u>2000</u>	<u>2001</u>		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].							

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

(iii) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

	<u>2000</u>	<u>2001</u>		<u>2006</u>	<u>2007</u>	<u>2008</u>
[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].						

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

X

(iv) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

	<u>2000</u>		<u>2003</u>		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].								

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

Form of Certification

The undersigned certifies that he or she is either the President or the Chief Financial Officer (or functional equivalent) of Boeing Commercial Airplanes, and that, as such, he or she is authorized to execute this Certification on behalf of The Boeing Company pursuant to Letter Agreement No. 6-1162-AKP-072R1. Capitalized terms used herein but not defined have the meanings set forth in the foregoing Letter Agreement.

The undersigned hereby certifies that:

A. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]:

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

Notes:

B. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

In witness whereof, the undersigned has hereunto subscribed his name this ____ day of _____, ____.

By:

P.A. Nos. 1977, 1978, 1979, 1980, and 3219

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
BOEING PROPRIETARY

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Prospective Evaluation for

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]:

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]:

Boeing has determined that the following are [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

Aircraft Model	Delivery Year

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

P.A. Nos. 1977, 1978, 1979, 1980, and 3219
[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
BOEING PROPRIETARY

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

1. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

P.A. Nos. 1977, 1978, 1979, 1980, and 3219

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

BOEING PROPRIETARY

4. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[REDACTED]

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

P.A. Nos. 1977, 1978, 1979, 1980, and 3219

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
BOEING PROPRIETARY

Form of [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]. (with example data)

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

Form of [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]. (with example data)

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

P.A. Nos. 1977, 1978, 1979, 1980, and 3219

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
BOEING PROPRIETARY



6-1162-AKP-073R1

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: Accident Claims and Litigation

Reference: Purchase Agreement Nos. 1977, 1978, 1979, 1980, and 3219 (collectively, the Purchase Agreements) between The Boeing Company and American Airlines, Inc. relating to Model 737, 757, 767, 777, 787 Aircraft, respectively

This letter agreement (Letter Agreement) is entered into on the date below, and amends and supplements each Purchase Agreement. Capitalized terms used herein but not otherwise defined shall have the meanings assigned thereto in Exhibit C to the applicable Purchase Agreement or elsewhere in such Purchase Agreement.

1. Scope.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2. Initial Meeting.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];

2.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];

2.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];

2.3 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2.4 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3. Subsequent Meetings.

The parties will meet periodically after the initial meeting in order to review [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

5. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

6. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

7. Resolution of Other Matters.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

8. Punitive Damages.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

9. Insurance Coverage.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

10. Miscellaneous.

10.1 All rights and obligations of the parties under this Letter Agreement shall accrue and apply solely to the parties and their successors and permitted assigns and there is no intent to benefit any third parties.

10.2 Each party shall do and perform, at such party's expense, such further acts and execute and deliver such further instruments and documents as may be required by applicable law or as may be reasonably requested by the other party to effectuate the purposes of this Letter Agreement.

10.3 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

Very truly yours,

THE BOEING COMPANY

By_ _____

Its _____ Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: __, 2008

AMERICAN AIRLINES, INC.

By_

Its_

P.A. Nos. 1977, 1978, 1979, 1980, and 3219
Accident Claims and Litigation

BOEING PROPRIETARY



6-1162-CLO-1031

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport
Texas 75261-9616

Subject: Performance Guarantee Matters

Reference: (a) Purchase Agreement No. 3219 (the Purchase Agreement) between The Boeing Company (Boeing) and American Airlines, Inc. (Customer) relating to Model 787-923 aircraft (the Aircraft)
(b) Letter Agreement No. 6-1162-TRW-0671 entitled Performance Guarantees (the Performance Guarantees)

This letter agreement (Letter Agreement) amends and supplements the Purchase Agreement. All terms used but not defined in this Letter Agreement have the same meaning as in the Purchase Agreement.

1. Performance Guarantees.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

P.A. No. 3219
Performance Guarantee Matters Rev.: 04/03/08

BOEING PROPRIETARY

2. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3. Assignment.

Notwithstanding any other provisions of the Purchase Agreement, the rights and obligations described in this Letter Agreement [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

P.A. No. 3219
Performance Guarantee Matters Rev.: 04/03/08

BOEING PROPRIETARY

4. Confidential Treatment.

The information contained herein represents confidential business information and has value precisely because it is not available generally or to other parties. Customer will limit the disclosure of its contents to employees of Customer with a need to know the contents for purposes of helping Customer perform its obligations under the Purchase Agreement and who understand they are not to disclose its contents to any other person or entity without the prior written consent of Boeing.

Very truly yours,

THE BOEING COMPANY

By _____

Its Attorney-In-Fact _____

ACCEPTED AND AGREED TO this

Date: _____, 2008

AMERICAN AIRLINES, INC.

By _____

Its _____

P.A. No. 3219
Performance Guarantee Matters Rev.: 04/03/08

BOEING PROPRIETARY



6-1162-CLO-1032

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport
Texas 75261-9616

Subject: [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

- Reference:
- (a) Purchase Agreement No. 3219 (the Purchase Agreement) between The Boeing Company (Boeing) and American Airlines, Inc. (Customer) relating to Model 787-923 aircraft (the Aircraft)
 - (b) Purchase Agreement No. 1979 between The Boeing Company and American Airlines, Inc. relating to Model 767-323ER aircraft
 - (c) Purchase Agreement No. 1980 between The Boeing Company and American Airlines, Inc relating to Model 777-223IGW aircraft
 - (d) Security Agreement dated October 16, 2002 between The Boeing Company and American Airlines, Inc.

This letter agreement (Letter Agreement) amends and supplements the Purchase Agreement. All terms used but not defined in this Letter Agreement have the same meaning as in the Purchase Agreement.

1. Introduction.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2.3 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2.4 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4. Availability of [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] Aircraft.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];

4.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];

4.1.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4.1.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].:

4.2.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4.2.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4.3 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

5. Purchase Obligations.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

6. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

7. Security Agreement and Other Subsequent Agreement Amendments.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

8. Assignment.

Notwithstanding any other provisions of the Purchase Agreement, the rights and obligations described in this Letter Agreement [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

9. Confidential Treatment.

Customer understands and agrees that the information contained herein represents confidential business information and has value precisely because it is not available generally or to other parties. Customer agrees to limit the disclosure of its contents to employees of Customer with a need to know the contents for purposes of helping Customer perform its obligations under the Purchase Agreement and who understand they are not to disclose its contents to any other person or entity without the prior written consent of Boeing.

Very truly yours,

THE BOEING COMPANY

By _____

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: _____, 2008

AMERICAN AIRLINES, INC.

By _____

Its _____

Attachments:

1. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
2. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
3. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
4. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

P.A. No. 3219
Reconfirmation Rights

Rev.: 04/03/08

BOEING PROPRIETARY

Attachment 1 – 767 MAPD and QADP upon execution of this Letter Agreement

**Attachment B to Letter Agreement 6-1162-AKP-100R1 (Model 767)
MADP Rights Aircraft Delivery Months and Exercise Dates**

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH
THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

PA No. 1979

SA No. X Page 1 of 1

P.A. No. 3219
Reconfirmation Rights

Rev.: 04/03/08

BOEING PROPRIETARY

Attachment 1 – 767 MAPD and QADP upon execution of this Letter Agreement

**Attachment C to Letter Agreement 6-1162-AKP-100R1 (Model 767)
QADP Rights Aircraft Delivery Quarters and Exercise Dates**

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH
THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

PA No. 1979

SA No. X Page 1 of 1

P.A. No. 3219
Reconfirmation Rights

Rev.: 04/03/08

BOEING PROPRIETARY

Attachment 2 – 777 MAPD and QADP upon execution of this Letter Agreement

**Attachment B to Letter Agreement 6-1162-AKP-110R1 (Model 777)
MADP Rights Aircraft Delivery Months and Exercise Dates**

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH
THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

PA No. 1980

SA No. X Page 1 of 1

P.A. No. 3219
Reconfirmation Rights

Rev.: 04/03/08

BOEING PROPRIETARY

Attachment 2 – 777 MAPD and QADP upon execution of this Letter Agreement

**Attachment C to Letter Agreement 6-1162-AKP-110R1 (Model 777)
QADP Rights Aircraft Delivery Quarters and Exercise Dates**

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH
THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

PA No. 1980

SA No. X Page 1 of 1

P.A. No. 3219
Reconfirmation Rights

Rev.: 04/03/08

BOEING PROPRIETARY

Attachment 3 – 767 MAPD and QADP if no 787s are reconfirmed

**Attachment B to Letter Agreement 6-1162-AKP-100R1 (Model 767)
MADP Rights Aircraft Delivery Months and Exercise Dates**

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH
THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

PA No. 1979

SA No. X Page 1 of 1

P.A. No. 3219
Reconfirmation Rights

Rev.: 04/03/08

BOEING PROPRIETARY

Attachment 3 – 767 MAPD and QADP if no 787s are reconfirmed

**Attachment C to Letter Agreement 6-1162-AKP-100R1 (Model 767)
QADP Rights Aircraft Delivery Quarters and Exercise Dates**

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH
THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

PA No. 1979

SA No. X Page 1 of 1

P.A. No. 3219
Reconfirmation Rights

Rev.: 04/03/08

BOEING PROPRIETARY

Attachment 4 – 777 MAPD and QADP if no 787s are reconfirmed

**Attachment B to Letter Agreement 6-1162-AKP-110R1 (Model 777)
MADP Rights Aircraft Delivery Months and Exercise Dates**

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH
THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

PA No. 1980

SA No. X Page 1 of 1

P.A. No. 3219
Reconfirmation Rights

Rev.: 04/03/08

BOEING PROPRIETARY

Attachment 4 – 777 MAPD and QADP if no 787s are reconfirmed

**Attachment C to Letter Agreement 6-1162-AKP-110R1 (Model 777)
QADP Rights Aircraft Delivery Quarters and Exercise Dates**

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH
THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

PA No. 1980

SA No. X Page 1 of 1

P.A. No. 3219
Reconfirmation Rights

Rev.: 04/03/08

BOEING PROPRIETARY

**Attachment B to Letter Agreement 6-1162-AKP-100R1 (Model 767)
MADP Rights Aircraft Delivery Months and Exercise Dates**

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH
THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

PA No. 1979

SA No. 6 Page 1 of 1

P.A. No. 3219
Reconfirmation Rights

Rev.: 04/03/08

BOEING PROPRIETARY

**Attachment C to Letter Agreement 6-1162-AKP-100R1 (Model 767)
QADP Rights Aircraft Delivery Quarters and Exercise Dates**

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH
THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

PA No. 1979

SA No. 6 Page 1 of 1

P.A. No. 3219
Reconfirmation Rights

Rev.: 04/03/08

BOEING PROPRIETARY

Attachment B to Letter Agreement 6-1162-AKP-110R1 (Model 777)
MADP Rights Aircraft Delivery Months and Exercise Dates

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH
THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

PA No. 1980

SA No. 17 Page 1 of 1

P.A. No. 3219
Reconfirmation Rights

Rev.: 04/03/08

BOEING PROPRIETARY

**Attachment C to Letter Agreement 6-1162-AKP-110R1 (Model 777)
QADP Rights Aircraft Delivery Quarters and Exercise Dates**

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH
THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

PA No. 1980

SA No. 17

P.A. No. 3219
Reconfirmation Rights

Rev.: 04/03/08

BOEING PROPRIETARY



6-1162-CLO-1039

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: Extended Warranty Option

Reference: Purchase Agreement No. 3219 (the Purchase Agreement) between The Boeing Company (Boeing) and American Airlines, Inc. (Customer)

This letter agreement (Letter Agreement) amends and supplements the Purchase Agreement. All terms used but not defined in this Letter Agreement have the same meaning as in the Purchase Agreement.

1. General.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2. Extended Warranty [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2.3 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3. Confidential Treatment.

Customer understands that Boeing considers certain commercial and financial information contained in this Letter Agreement as confidential. Customer agrees that it will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of Boeing, disclose this Letter Agreement or any information contained herein to any other person or entity, except as required by law or government regulation.

Very truly yours,

THE BOEING COMPANY

By _____

Its Attorney-In-Fact _____

ACCEPTED AND AGREED TO this

Date: _____, 2008

AMERICAN AIRLINES, INC.

By _____

Its _____



6-1162-CLO-1043

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport
Texas 75261-9616

Subject: 787 Inspection Process

Reference: Purchase Agreement No. 3219 (the Purchase Agreement) between The Boeing Company (Boeing) and American Airlines, Inc. (Customer) relating to Model 787-923 aircraft

This letter agreement (Letter Agreement) amends and supplements the Purchase Agreement. All terms used but not defined in this Letter Agreement have the same meaning as in the Purchase Agreement.

1. Inspection Process

The AGTA is hereby amended by adding the following new Section 5.6 immediately following Section 5.5 of the AGTA for the 787 Aircraft, the intent of which is to define the 787 inspection process [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]. Notwithstanding the foregoing, the representations, warranties, indemnities and agreements of Boeing made in the AGTA or the Purchase Agreement shall not be affected or deemed waived by reason of any investigation made by Customer pursuant to this Letter Agreement.

“5.6 Inspection Process.

5.6.1 787 Inspection Procedures.

The 787 customer inspection program is similar to other Boeing commercial customer inspection systems with modifications, which are required to support the shortened manufacturing cycle of the 787. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]. Boeing will make available to Customer on a non-disruption and non-interference basis, access to the 787 Aircraft to perform certain Customer inspections, pursuant to the Customer Quality Support document in Attachment A hereto (which may be amended or supplemented from time to time), except as depicted in paragraph 5.6.2 below.

5.6.2 General.

CQS will facilitate Customer’s inspections of the 787 Aircraft during the manufacturing process through a standard set of hardware inspection opportunities, technical reviews, and data sharing. As an accommodation for the Customer, [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2. Assignment

This Letter Agreement is being provided to Customer as an accommodation and cannot be assigned, in whole or in part, without the prior written consent of Boeing, which such consent shall not be unreasonably withheld or delayed.

P.A. No. 3219
787 Inspection Process

BOEING PROPRIETARY

3. Confidential Treatment.

Customer understands and agrees that certain commercial and/or financial information contained in this Letter Agreement are considered by Boeing as confidential. Customer agrees that it will treat this Letter Agreement and the information contained herein as confidential and will not, without the written consent of Boeing, disclose this Letter Agreement or any information contained here in to any other person or entity, except as may be required by law or governmental regulations.

If the foregoing correctly sets forth your understanding or our agreement with respect to the matters set forth above, please indicate your acceptance and approval below. This Letter Agreement will become effective upon signature by Boeing and Customer.

EXECUTED on _____

THE BOEING COMPANY

By _____

Its Attorney-In-Fact _____

ACCEPTED AND AGREED TO this

Date: _____, 2008

AMERICAN AIRLINES, INC.

By _____

Its _____

[Missing Graphic Reference]

Customer Services during Production

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

BOEING PROPRIETARY

P.A. No. 3219
787 Inspection Process

BOEING PROPRIETARY

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Rev A ii

BOEING PROPRIETARY

BOEING PROPRIETARY

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Rev A iii

BOEING PROPRIETARY

BOEING PROPRIETARY

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Rev A 1

BOEING PROPRIETARY

BOEING PROPRIETARY

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Rev A 2

BOEING PROPRIETARY

BOEING PROPRIETARY

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Rev A 3

BOEING PROPRIETARY

BOEING PROPRIETARY

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Rev A 4

BOEING PROPRIETARY

BOEING PROPRIETARY

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Rev A 5

BOEING PROPRIETARY

BOEING PROPRIETARY

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Rev A 6

BOEING PROPRIETARY

BOEING PROPRIETARY

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Rev A 7

BOEING PROPRIETARY

BOEING PROPRIETARY

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Rev A 8

BOEING PROPRIETARY

BOEING PROPRIETARY

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Rev A 9

BOEING PROPRIETARY

BOEING PROPRIETARY

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Rev A 10

BOEING PROPRIETARY

BOEING PROPRIETARY

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Rev A 11

BOEING PROPRIETARY

BOEING PROPRIETARY

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Rev A 12

BOEING PROPRIETARY

BOEING PROPRIETARY

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Rev A 13

BOEING PROPRIETARY

BOEING PROPRIETARY

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Rev A 14

BOEING PROPRIETARY

BOEING PROPRIETARY



American Airlines, Inc.
2000 Eagle Parkway
MD 8250
Fort Worth, TX 76177

Subject: Contribution Toward Third Party Damages

Reference: Customer Services General Terms Agreement No. 23-1 (CSGTA), Letter Agreement 23-1A to the CSGTA and Supplemental Agreement No. SA-eE dated December 21, 2007 (SA-eE) to the CSGTA between The Boeing Company (Boeing) and American Airlines, Inc. (Customer)

This letter agreement (Letter Agreement) supersedes Letter Agreement 6-1181-OC-00703 dated December 19, 2007, amends and supplements the CSGTA, Letter Agreement 23-1A to the CSGTA and Supplemental Agreement No. SA-eE. Capitalized terms used but not defined in this Letter Agreement have the same meaning as in the CSGTA, Letter Agreement 23-1A to the CSGTA and SA-eE.

1. Contribution Toward Third Party Damages.

Clause 12.4 of Letter Agreement 23-1A to the CSGTA which modifies Customer's CSGTA is hereby replaced with the text below solely as applied to the SA-eE:

"[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]."

2. Assignment.

This Letter Agreement is being provided to Customer as an accommodation and cannot be assigned, in whole or in part, without the prior written consent of Boeing.

3. Confidential Treatment.

Customer understands and agrees that certain commercial and/or financial information contained in this Letter Agreement are considered by Boeing as confidential. Customer agrees that it will treat this Letter Agreement and the information contained herein as confidential and will not, without the written consent of Boeing, disclose this Letter Agreement or any information contained

P.A. No. 3219
Contribution Toward Third Parties

BOEING PROPRIETARY

herein to any other person or entity, except as may be required by law or governmental regulations.

If the foregoing correctly sets forth your understanding of our agreement with respect to the matters set forth above, please indicate your acceptance and approval below. This Letter Agreement will become effective upon signature by Boeing and Customer.

EXECUTED on _____

AMERICAN AIRLINES, INC.

THE BOEING COMPANY

Signature

Signature

Printed Name

Printed Name

Title

Title

P.A. No. 3219
Contribution Toward Third Parties

BOEING PROPRIETARY



6-1162-CLO-1045

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport
Texas 75261-9616

Subject: [CONFIDENTIAL PORTION OMITTED AND FILED
SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

Reference: (a) Purchase Agreement No. 3219 (the Purchase Agreement) between The Boeing Company (Boeing) and American Airlines, Inc. (Customer)
relating to Model 787-923 aircraft (the Aircraft)
(b) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR
CONFIDENTIAL TREATMENT]
(c) Letter Agreement No. 6-1162-TRW-0664 entitled Aircraft Purchase Rights and Substitution Rights

This letter agreement (Letter Agreement) amends and supplements the Purchase Agreement. All terms used but not defined in this Letter Agreement have the same meaning as in the Purchase Agreement.

1. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL
TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL
TREATMENT].

2. Assignment.

Notwithstanding any other provisions of the Purchase Agreement, the rights and obligations described in this Letter Agreement are provided to Customer in consideration of Customer becoming the operator of the Aircraft and cannot be assigned, in whole or in part, without the prior written consent of Boeing.

P.A. No. 3219
Treatment of Aircraft Delivering Beyond the MFC Period

BOEING PROPRIETARY

3 Confidential Treatment.

The information contained herein represents confidential business information and has value precisely because it is not available generally or to other parties. Customer will limit the disclosure of its contents to employees of Customer with a need to know the contents for purposes of helping Customer perform its obligations under the Purchase Agreement and who understand they are not to disclose its contents to any other person or entity without the prior written consent of Boeing.

Very truly yours,

THE BOEING COMPANY

By _____

Its Attorney-In-Fact _____

ACCEPTED AND AGREED TO this

Date: _____, 2008

AMERICAN AIRLINES, INC.

By _____

Its _____

P.A. No. 3219
Treatment of Aircraft Delivering Beyond the MFC Period

BOEING PROPRIETARY



6-1162-CLO-1046

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport
Texas 75261-9616

Subject: SA-eE, COTS Software, and End User License Matters

Reference: (a) Purchase Agreement No. 3219 (the Purchase Agreement) between The Boeing Company (Boeing) and American Airlines, Inc. (Customer) relating to Model 787-923 aircraft (the Aircraft)
(b) Supplemental Agreement No. SA-eE dated December 21, 2007 (the SA-eE)
(c) Letter Agreement No. 6-1162-TRW-0668 entitled Special Matters Relating to COTS Software and End User License Agreements

This letter agreement (Letter Agreement) amends and supplements the Purchase Agreement. All terms used but not defined in this Letter Agreement have the same meaning as in the Purchase Agreement.

1. 787 SA-eE.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

P.A. No. 3219
SA-eE Matters, COTS Software and End User License Matters

BOEING PROPRIETARY

2. Assignment.

Notwithstanding any other provisions of the Purchase Agreement, the rights and obligations described in this Letter Agreement are provided to Customer in consideration of Customer becoming the operator of the Aircraft and cannot be assigned, in whole or in part, without the prior written consent of Boeing.

3. Confidential Treatment.

The information contained herein represents confidential business information and has value precisely because it is not available generally or to other parties. Customer will limit the disclosure of its contents to employees of Customer with a need to know the contents for purposes of helping Customer perform its obligations under the Purchase Agreement and who understand they are not to disclose its contents to any other person or entity without the prior written consent of Boeing.

Very truly yours,

THE BOEING COMPANY

By _____

Its Attorney-In-Fact _____

ACCEPTED AND AGREED TO this

Date: _____, 2008

AMERICAN AIRLINES, INC.

By _____

Its _____

P.A. No. 3219
SA-eE Matters, COTS Software and End User License Matters

BOEING PROPRIETARY



6-1162-CLO-1047

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport
Texas 75261-9616

Subject: [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

Reference: Purchase Agreement No. 3219 (the Purchase Agreement) between The Boeing Company (Boeing) and American Airlines, Inc. (Customer) relating to Model 787-923 aircraft (the Aircraft)

This letter agreement (Letter Agreement) amends and supplements the Purchase Agreement. All terms used but not defined in this Letter Agreement have the same meaning as in the Purchase Agreement.

1. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

1.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

1.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

1.3 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

1.4 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

1.5 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

1.6 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2. Assignment.

Notwithstanding any other provisions of the Purchase Agreement, the rights and obligations described in this Letter Agreement are provided to Customer in consideration of Customer becoming the operator of the Aircraft and cannot be assigned, in whole or in part, without the prior written consent of Boeing.

P.A. No. 3219
Reduced Advance Payment Schedule Rev.: 04/03/08

BOEING PROPRIETARY

3. Confidential Treatment.

The information contained herein represents confidential business information and has value precisely because it is not available generally or to other parties. Customer will limit the disclosure of its contents to employees of Customer with a need to know the contents for purposes of helping Customer perform its obligations under the Purchase Agreement and who understand they are not to disclose its contents to any other person or entity without the prior written consent of Boeing.

Very truly yours,

THE BOEING COMPANY

By _____

Its Attorney-In-Fact _____

ACCEPTED AND AGREED TO this

Date: _____, 2008

AMERICAN AIRLINES, INC.

By _____

Its _____

P.A. No. 3219
Reduced Advance Payment Schedule Rev.: 04/03/08

BOEING PROPRIETARY



6-1162-CLO-1048

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport
Texas 75261-9616

Subject: Final Matters

Reference: (a) Purchase Agreement No. 3219 (the Purchase Agreement) between The Boeing Company (Boeing) and American Airlines, Inc. (Customer) relating to Model 787-923 aircraft (the Aircraft)
(b) Letter Agreement No. 6-1162-CLO-0664 entitled Aircraft Purchase Rights and Substitution Rights

This letter agreement (Letter Agreement) amends and supplements the Purchase Agreement. All terms used but not defined in this Letter Agreement have the same meaning as in the Purchase Agreement.

1. Introduction.

The delivery schedule for the Aircraft is uncertain due to the current labor strike by the International Association of Machinists (the IAM) and the upcoming labor negotiations with the Society of Professional Engineering Employees in Aerospace (SPEEA). [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2. Revised Delivery Schedule [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3. Airframe and Engine [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4. Assignment.

Notwithstanding any other provisions of the Purchase Agreement, the rights and obligations described in this Letter Agreement are provided to Customer in consideration of Customer becoming the operator of the Aircraft and cannot be assigned, in whole or in part, without the prior written consent of Boeing.

P.A. No. 3219
Final Matters Rev.: 04/03/08

BOEING PROPRIETARY

5 Confidential Treatment.

The information contained herein represents confidential business information and has value precisely because it is not available generally or to other parties. Customer will limit the disclosure of its contents to employees of Customer with a need to know the contents for purposes of helping Customer perform its obligations under the Purchase Agreement and who understand they are not to disclose its contents to any other person or entity without the prior written consent of Boeing.

Very truly yours,

THE BOEING COMPANY

By _____

Its Attorney-In-Fact _____

ACCEPTED AND AGREED TO this

Date: _____, 2008

AMERICAN AIRLINES, INC.

By _____

Its _____

P.A. No. 3219
Final Matters Rev.: 04/03/08

BOEING PROPRIETARY



6-1162-CLO-1049

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport
Texas 75261-9616

Subject: CS1 Matters

Reference: (a) Purchase Agreement No. 3219 (the Purchase Agreement) between The Boeing Company (Boeing) and American Airlines, Inc. (Customer) relating to Model 787-923 aircraft (the Aircraft)

(b) Supplemental Exhibit CS1 entitled 787 Product Support Document

This letter agreement (Letter Agreement) amends and supplements the Purchase Agreement. All terms used but not defined in this Letter Agreement have the same meaning as in the Purchase Agreement.

This letter sets forth terms and conditions, which are beyond Boeing's normal product support offering as set forth in reference (b).

1. Part 1, paragraph 5.9 regarding Additional Terms and Conditions.

The following sentence is hereby added to the end of paragraph 5.9 of Part 1 of reference (b):

"[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]."

2. Part 2, paragraph 1.1 regarding Field Service Representation.

The following paragraph replaces and supersedes paragraph 1.1 of Part 2 of reference (b):

"[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]."

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3. Part 2, par. 2.1.4 regarding Engineering Support Services.

The following paragraph replaces and supersedes paragraph 2.1.4 of Part 2 of reference (b):

"[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]."

4. Part 3, par. 6 regarding Revisions.

The following paragraphs are added after paragraph 6.1 of Part 3 of reference (b):

6.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

6.3 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

6.4 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

P.A. No. 3219
CS1 Matters Rev.: 04/03/08

BOEING PROPRIETARY

5. Part 3, par. 7 regarding Supplier Technical Data.

The following paragraphs are added following paragraph 7.3 of Part 3 of reference (b):

“7.4 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

7.5 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

7.6 Customer will be supplied with the following supplier technical data for repairable equipment:

- (i) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];
- (ii) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];
- (iii) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];
- (iv) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];
- (v) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]”

6. Part 6 regarding Other.

Part 6 entitled “Other” as set forth below is hereby added to reference (b).

“787 CUSTOMER SUPPORT DOCUMENT

PART 6: OTHER

1 Additional Technical Data and Documents.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].”

7. Assignment.

Notwithstanding any other provisions of the Purchase Agreement, the rights and obligations described in this Letter Agreement are provided to Customer in consideration of Customer becoming the operator of the Aircraft and cannot be assigned, in whole or in part, without the prior written consent of Boeing.

8. Confidential Treatment.

The information contained herein represents confidential business information and has value precisely because it is not available generally or to other parties. Customer will limit the disclosure of its contents to employees of Customer with a need to know the contents for purposes of helping Customer perform its obligations under the Purchase Agreement and who understand they are not to disclose its contents to any other person or entity without the prior written consent of Boeing.

Very truly yours,

THE BOEING COMPANY

By _____

Its Attorney-In-Fact _____

ACCEPTED AND AGREED TO this

Date: _____, 2008

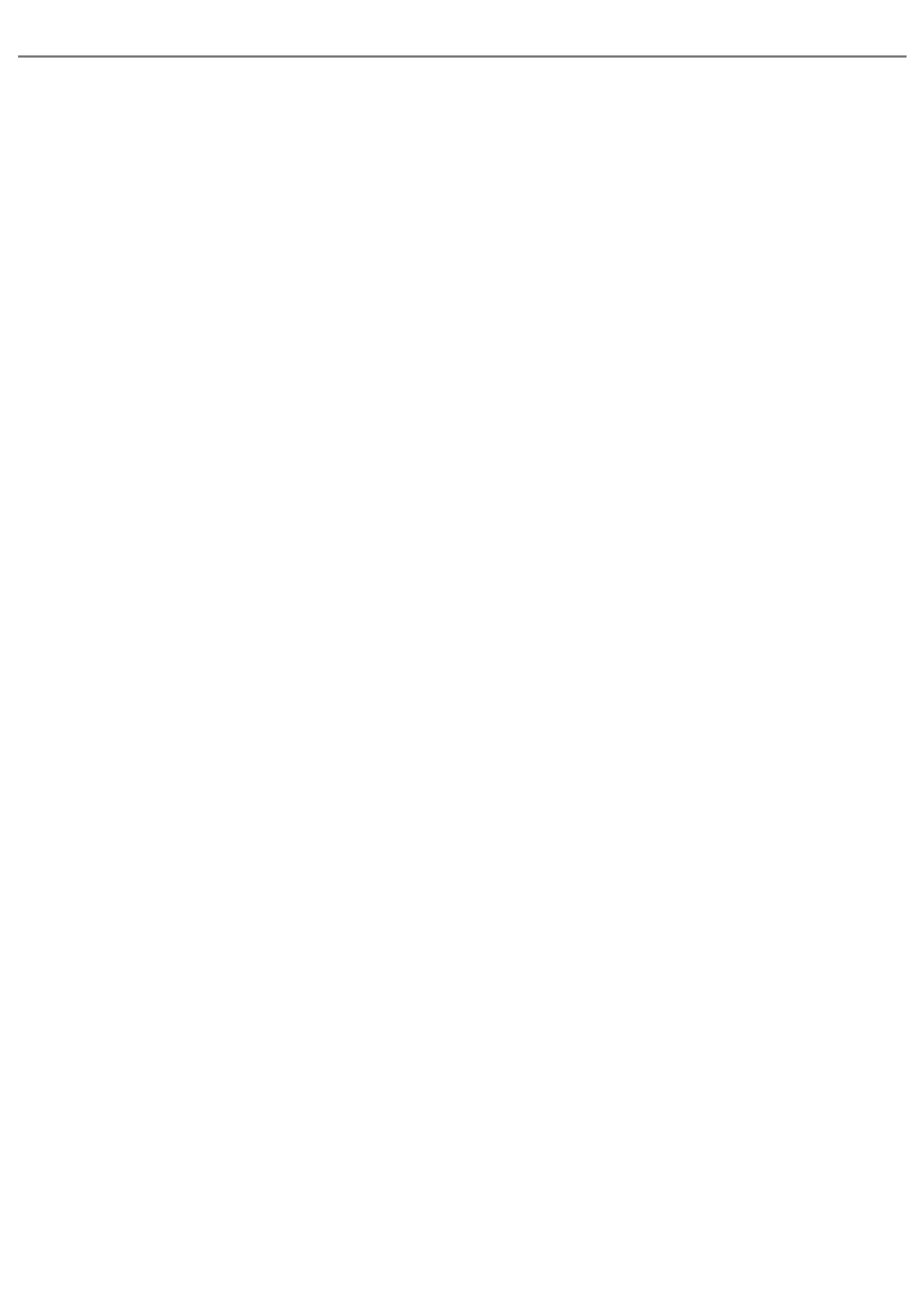
AMERICAN AIRLINES, INC.

By _____

Its _____

P.A. No. 3219
CS1 Matters Rev.: 04/03/08

BOEING PROPRIETARY



6-1162-TRW-0664

American Airlines, Inc.
P.O. Box 619616
Dallas/Ft. Worth Airport, Texas 75261-9616

Subject: Aircraft Purchase Rights and Substitution Rights

Reference: Purchase Agreement No. 3219 between The Boeing Company (Boeing) and American Airlines, Inc. (Customer) relating to Model 787-923 aircraft (Purchase Agreement)

This letter agreement (“Letter Agreement”) is entered into on the date below, and constitutes a part of the Purchase Agreement, as the same may hereafter be amended, modified or supplemented and including, without limitation, as part thereof the exhibits, appendices, schedules, attachments and letter agreements thereto.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

1. Definitions. Capitalized terms used herein and not defined pursuant to this Letter Agreement have the meanings set forth in the Purchase Agreement. The following terms, when used in capitalized form, have the following meanings:

“Applicable Delivery Month” means: (a) with respect to each Firm Aircraft, the Scheduled Delivery Month for such aircraft; (b) with respect to each Rights Aircraft [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]; (c) with respect to each [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT], and specified to Customer pursuant to Section 4.2 hereof; and (d) with respect to each [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT], specified therefor (or such other month in which a Delivery Position has been reserved for such aircraft in accordance with the procedures set forth in Section 4.3).

“Applicable Purchase Agreement” means: (a) when used with respect to any Rights Aircraft or Substitute Aircraft that is a model 787-923, the Purchase Agreement; (b) when used with respect to any Rights Aircraft or Substitute Aircraft that is a model 787-823 or model 787-323, the purchase agreement executed and delivered pursuant to Section 8.2 hereof in connection with Customer’s first purchase (if any) of such model, as such purchase agreement may be supplemented, amended or modified;

“Available Position” means any Delivery Position that is available in Boeing’s judgment for the delivery of a Rights Aircraft to Customer in connection with the exercise of a [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

“Available Introduction Position” means an Introduction Position that is available in Boeing’s judgment for the delivery of a Rights Aircraft or Substitute Aircraft (as the case may be) with an interior configuration not previously certified by the FAA.

“Business Day” means Monday through Friday, except for federal or state holidays.

“Committed Month” means the month reserved by Boeing and set forth in Attachment A hereto for delivery of each [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

“Delivery Position” means that portion of the production rate that is or may from time to time be allocated by Boeing or its Affiliate for the manufacture of a model 787 aircraft (or any Derivative or Successor) and delivery of such aircraft in a specified month.

“Derivative” means any airframe model that is a derivative of the model 787 (other than a model 787-8 or model 787-3) that is developed by Boeing or an Affiliate of Boeing subsequent to the date hereof.

“Eligible Model” means all or any combination thereof, as the context requires, of the following listed airframe model types, in each case manufactured in accordance with the applicable Detail Specification identified on Attachment C hereto, as such Detail Specification may be modified from time to time in accordance with Article 4 of the AGTA or as otherwise mutually agreed to by Boeing and Customer:

- (a) at any time, the Boeing model 787-923;
- (b) in the case of the Boeing model 787-823 or 787-323, such model will be an Eligible Model:
 - (i) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
 - (ii) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (c) any Derivative or Successor Model from and after such time as it is deemed to be an Eligible Model in accordance with the provisions of Section 9 hereof.

“Expiration Date” [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

“Firm Advance Payments” has the meaning set forth in Section 5.3 hereof.

“Firm Aircraft” means: (a) the [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT], identified as of the date hereof on Table 1 to the 787-923 Purchase Agreement; and (b) any aircraft incorporated after the date hereof in an Applicable Purchase Agreement pursuant to Section 8 hereof.

“Introduction Position” means each Delivery Position for an Aircraft with an interior configuration not previously certified by the FAA that is designated by Boeing in the ordinary course of business as a customer introduction production position.

“Launch Program” means a program initiated by Boeing to design, manufacture and obtain FAA type certification for a new model type of aircraft (e.g., Model B797), or a new sub-model type of aircraft (e.g., Model 787-10). A Launch Program may require that certain conditions be met by customers ordering aircraft subject to the Launch Program, which may include but not be limited to: (i) minimum number of customers; (ii) engine availability; (iii) use of customers’ aircraft for certification and development purposes; (iv) additional restrictions on optional features available; and (v) restrictions on the availability of Delivery Positions for aircraft purchased pursuant to the exercise of certain purchase rights. Such conditions will no longer be applicable upon completion of the Launch Program.

“[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]” as designated in Attachment A hereto, provided that if any such date is not a Business Day, then such [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].shall be the next succeeding Business Day.

“[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].” has the meaning set forth in Section 4.1 hereof.

“[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].” has the meaning set forth in Section 2 hereof.

“Modified Exercise Notice” means a notice delivered by Customer pursuant to Section 4.3(b) hereof.

“Proposal Deposit” means, with respect to each Eligible Model, that amount designated in Attachment C hereto as the “[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]” for such model.

“Purchase Agreement Supplement” means any supplement to an Applicable Purchase Agreement, substantially in the form of Attachment D hereto or otherwise in form and substance reasonably satisfactory to Boeing and Customer, from time to time executed and delivered pursuant to Section 8.1.

“Purchase Rights” means, collectively, the [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].granted pursuant hereto.

“[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]” means the “Rights Aircraft Exercise Lead Time Exercise Date” as designated in Attachment B hereto, provided that if any such date is not a Business Day, then such [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].shall be the next succeeding Business Day.

“[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]” has the meaning set forth in Section 4.2 hereof.

“[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]” has the meaning set forth in Section 2 hereof.

“Requested Delivery Month” means such month(s) in which Customer desires delivery of a Rights Aircraft subject to a[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT], as specified by Customer in a [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

“Rights Aircraft” [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

“[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]” has the meaning set forth in Section 4.3 hereof.

“[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]” has the meaning set forth in Section 2 hereof.

“Substitute Aircraft” means any aircraft which Customer has designated, pursuant to Section 5.1 hereof, to be delivered in lieu of a Firm Aircraft.

“Substitution Notice” has the meaning set forth in Section 5.1 hereof.

“Successor Model” means [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

“Then Current Engine Price” means the Engine Price of Rights Aircraft or Substitute Aircraft set by the Engine Supplier as of the date of execution of a Purchase Agreement Supplement entered into by Boeing and Customer.

“[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].”

2. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3. **Information.**

3.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3.3 Concurrently with the disclosure by Boeing or any Affiliate of Boeing to any other customer or potential customer of plans to study the development of a Derivative or a Successor Model, Boeing will make available to Customer information, in reasonable detail, regarding such Derivative or Successor Model, including, but not limited to, the product development activities and schedule with respect thereto.

3.4 Boeing will inform Customer of, and offer Customer the opportunity to participate in, any airline working group or other forum sponsored by Boeing for the purpose of soliciting the input of potential customers in connection with the development of any Derivative or any Successor Model.

3.5 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3.6 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4. Exercise of Purchase Rights.

4.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4.3 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].:

- (a) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (b) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].:
 - (i) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
 - (ii) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4.4 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

5. **Substitution Right.**

5.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

5.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

5.3 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

PA No. 3219
Aircraft Purchase Rights and Substitution Rights

BOEING PROPRIETARY

6. Aircraft Price and Credit Memoranda.

6.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

6.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

6.3 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

6.3.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

6.3.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

6.4. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

7. Payments.

7.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

7.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

7.3. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

8. Forms of Agreement.

8.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

8.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].:

- (a) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];
- (b) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];
- (c) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]
- (d) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

9. Derivative and Successor Models. If prior to the Expiration Date Boeing and Customer agree upon terms and conditions (including, without limitation, any applicable launch program conditions) for the purchase of a Derivative or Successor Model pursuant to Letter Agreement 6-1162-AKP-072R2 as may be amended from time to time, such Derivative or Successor Model shall be deemed to be an Eligible Model hereunder, and Customer shall be entitled, subject to the terms hereof, to exercise any Purchase Right for the purchase of such Derivative or Successor Model and/or to exercise its right of substitution to have such Derivative or Successor Model delivered in lieu of any Firm Aircraft.

10. Production Capacity Assurances. If Customer has exercised all of the MADP Rights and QADP Rights granted hereby and desires to purchase a sufficient number of Rights Aircraft that would, in Boeing's reasonable judgment, economically justify an increase in the production rate for the model type of aircraft Customer desires to purchase, Boeing shall use its best reasonable efforts to increase the production rate for such aircraft.

11. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]. Notwithstanding anything in this Letter Agreement, Customer's [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

12. Confidential Treatment. Customer and Boeing understand that certain commercial and financial information contained in this Letter Agreement are considered by Boeing and Customer as confidential. Customer and Boeing agree that each will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of the other, disclose this Letter Agreement or any information contained herein to any other person or entity, except as provided in this Letter Agreement or in the Applicable Purchase Agreements.

Very truly yours,

THE BOEING COMPANY

By _____

Its Attorney-In-Fact _____

ACCEPTED AND AGREED TO this

____ day of _____, 2008

AMERICAN AIRLINES, INC.

By _____

Its _____

- Attachment A: Information regarding MADP Rights
- Attachment B: Information regarding QADP Rights
- Attachment C: Description and Price for Eligible Models
- Attachment D: Form of Purchase Agreement Supplement
- Attachment E: Letter Agreements

PA No. 3219
Aircraft Purchase Rights and Substitution Rights

BOEING PROPRIETARY

**Attachment A to Letter Agreement 6-1162-TRW-0664
MADP Option
Rights Aircraft Exercise Lead Time Exercise Date**

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

**Attachment B to Letter Agreement 6-1162-TRW-0664
QADP Option
Rights Aircraft Exercise Lead Time Exercise Date**

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

**Attachment C to Letter Agreement 6-1162-TRW-0664
Rights Aircraft Delivery, Description, Price and Advance Payments**

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

**Attachment C to Letter Agreement 6-1162-TRW-0664
Rights Aircraft Delivery, Description, Price and Advance Payments**

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

**Attachment C to Letter Agreement 6-1162-TRW-0664
Rights Aircraft Delivery, Description, Price and Advance Payments**

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

**Attachment C to Letter Agreement 6-1162-0664
Rights Aircraft Delivery, Description, Price and Advance Payments**

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

**Attachment C to Letter Agreement 6-1162-0664
Rights Aircraft Delivery, Description, Price and Advance Payments**

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

**Attachment C to Letter Agreement 6-1162-0664
Rights Aircraft Delivery, Description, Price and Advance Payments**

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

PURCHASE AGREEMENT SUPPLEMENT NO. [__]

PURCHASE AGREEMENT SUPPLEMENT NO. 3219, dated [_____, ____], between The Boeing Company (“Boeing”) and American Airlines, Inc. (“Customer”).

R E C I T A L S:

A. Boeing and Customer have heretofore entered into (i) that certain Purchase Agreement No. 3219, dated [_____, ____], 2007 (capitalized terms used herein without definition shall have the meanings specified therefor in such Purchase Agreement), and (ii) that certain Letter Agreement 6-1162-TRW-0664 (the “Rights Letter”), providing for the execution and delivery from time to time of Purchase Agreement Supplements, each substantially in the form hereof, for the purpose of subjecting Rights Aircraft and Substitute Aircraft to the Purchase Agreement as and when purchased by Customer in accordance with the terms of the Rights Letter.

B. Customer has exercised its right under the Rights Letter to purchase the aircraft described below pursuant to the terms and conditions of the Purchase Agreement as supplemented by this Purchase Agreement Supplement.

In consideration of the foregoing premises and other good and sufficient consideration, Boeing and Customer hereby agree as follows:

1. **Aircraft Description.** Boeing will manufacture and sell to Customer, and Customer will purchase, the aircraft described in Table 1-[__] attached hereto and made a part hereof.
2. **Delivery Schedule.** The Scheduled Delivery Month of each aircraft is set forth in Table 1-[__].
3. **Price.** The Aircraft Basic Price and each component thereof and the Advance Payment Base Price for the aircraft are set forth in Table 1-[__].
4. **Payment.**
 - 4.1 Boeing acknowledges receipt of a Deposit in the amount of [\$_____] for each aircraft.
 - 4.2 Customer will make advance payments to Boeing in the amount of [____%] of the Advance Payment Base Price of each aircraft, beginning with a payment of [__%], less the Deposit, on the date of this Purchase Agreement Supplement for each aircraft. Additional payments for each aircraft are due on the first Business Day of the months and in the amounts listed in Table 1-[__].
 - 4.3 For any aircraft described on Table 1-[__] having a Scheduled Delivery Month less than twenty-four (24) months from the date of this Purchase Agreement Supplement, the total amount of advance payments due upon the date of this Purchase Agreement Supplement will include all advance payments that are or were due on or before such date in accordance with the advance payment schedule set forth in Table 1-[__].
5. **Purchase Agreement.** All of the terms and provisions of the Purchase Agreement are hereby incorporated by reference in this Purchase Agreement Supplement to the same extent as if fully set forth herein; and each reference therein to “Aircraft” shall be deemed to include the aircraft described in Table 1-[__] attached hereto.

IN WITNESS WHEREOF, Boeing and Customer have each caused this Purchase Agreement Supplement No. [____] to be duly executed as of the day and year first above written.

THE BOEING COMPANY

By: _____

Name: _____

Title: _____

AMERICAN AIRLINES, INC.

By: _____

Name: _____

Title: _____

The following letter agreements, as may be amended from time to time, between Boeing and Customer will be expressly incorporated by reference in any purchase agreement executed and delivered by the parties pursuant to Section 8.2 of this Letter Agreement:

<u>Letter Agreement No.</u>	<u>Subject</u>
6-1162-TRW-0670	Miscellaneous Commitments for Model 787
6-1162-AKP-071R1	Purchase Obligations
6-1162-AKP-072R2	[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]
6-1162-AKP-073R1	Accident Claims and Litigation
6-1162-TRW-0674	Business Considerations
3219-05	Spares Commitments
6-1162-TRW-0673	[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]



6-1162-TRW-0665

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport
Texas 75261-9616

Subject: [CONFIDENTIAL PORTION OMITTED AND FILED
SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Reference: Purchase Agreement No. 3219 (the Purchase Agreement) between The Boeing Company (Boeing) and American Airlines, Inc. (Customer) relating to Model 787-923 aircraft (the Aircraft)

This letter agreement (Letter Agreement) amends and supplements the Purchase Agreement. All terms used but not defined in this Letter Agreement have the same meaning as in the Purchase Agreement.

Customer has requested and Boeing has agreed that [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT], and Boeing and Customer shall execute a Supplemental Agreement to the Purchase Agreement conforming Table 1, Supplemental Exhibit EE1 and the Performance Guarantees to Customer's [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

P.A. No. 3219 80227
Alternate_Engine_Selection Rev.: 01/08/04

BOEING PROPRIETARY

Confidential Treatment. Customer and Boeing understand that certain commercial and financial information contained in this Letter Agreement are considered by Boeing and Customer as confidential. Customer and Boeing agree that each will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of the other, disclose this Letter Agreement or any information contained herein to any other person or entity, except as provided in this Letter Agreement or in the applicable Purchase Agreement.

Very truly yours,

THE BOEING COMPANY

By _____

Its Attorney-In-Fact _____

ACCEPTED AND AGREED TO this

Date: _____, 2008

AMERICAN AIRLINES, INC.

By _____

Its _____

P.A. No. 3219
Alternate_Engine_Selection Rev.: 01/08/04

BOEING PROPRIETARY



Boeing Commercial Airplanes

P.O. Box 3707
Seattle, WA 98124-2207

[Missing Graphic Reference]

6-1166-TRW-0666

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport
Texas 75261-9616

Subject: TRENT1000-J Powered 787-9 Performance Retention Commitment

Reference: Purchase Agreement No. 3219 (the **Purchase Agreement**) between The Boeing Company (**Boeing**) and American Airlines, Inc. (**Customer**) relating to Model 787-923 Aircraft (**Aircraft**).

This Letter Agreement (**Letter Agreement**) amends and supplements the Purchase Agreement. All terms used but not defined in this Letter Agreement have the same meaning as in the Purchase Agreement.

Boeing recognizes that performance retention within reasonable limits is essential to maintain the economy of operation of the Aircraft. Therefore the parties hereto agree as follows with respect to performance retention.

1. Aircraft Commitment.

For the purposes of this Letter Agreement, the Covered Aircraft shall be defined as a [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]..

Boeing commits to Customer that, [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT], as defined in Attachment A, during the Performance Retention Term, as defined in paragraph 2 below, will not exceed the levels shown in the table below (**Aircraft Commitment**).

Time After Delivery of the First Covered Aircraft	Cumulative Fleet Average Fuel Mileage Deterioration Commitment (%)

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2. Applicability and Performance Retention Term.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2.1 Delivery Schedule for Covered Aircraft.

For the purposes of this Letter Agreement, it is anticipated that Boeing will deliver the Covered Aircraft to Customer in accordance with the delivery schedule set forth in Attachment C. If the fleet size and delivery schedule is significantly different, the Aircraft Commitment may be appropriately adjusted to reflect such changes.

2.2 Performance Retention Term.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3. Conditions.

3.1 Operation and Maintenance.

Customer shall operate and maintain the Covered Aircraft in accordance with Customer's FAA-approved operations and maintenance programs. Customer shall operate and maintain the engines in accordance with the Operation and Maintenance Manuals and Customer's Maintenance Program and an Engine Management Program mutually defined and agreed to by the Engine Manufacturer and Customer.

3.2 Powerback.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3.3 Flight Cycle Utilization and Derate.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

In the event Customer employs a Covered Aircraft during the Performance Retention Term of this Letter Agreement within the Customer's system such that the operation is greater than the maximum assumed values or lower than the minimum assumed values then the parties agree to make adjustments to the Basic Data, defined in Paragraph 4 below, solely with respect to such Covered Aircraft, as a consequence of such usage.

4. Determination of Fuel Mileage Deterioration.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

Following the delivery of each Covered Aircraft to Customer by Boeing, and continuing until expiration of the Performance Retention Term, Customer shall record, analyze, and forward to Boeing cruise fuel mileage data obtained on such Covered Aircraft as specified in Attachment B (Basic Data)

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

5. Notice of Performance Deterioration.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

6. Election of Actions.

Upon Boeing's receipt of any notice that the Cumulative Fleet Average Fuel Mileage Deterioration exceeds, or is likely to exceed the Aircraft Commitment, Boeing and Customer, as appropriate, will take the following actions:

c Reference] 6.1 Data.

Boeing will evaluate the Basic Data. At its option, Boeing may accomplish such evaluation by analysis of Customer's raw ACMS data or by obtaining additional performance data on such Covered Aircraft in accordance with Attachment B. Such additional data may include data acquired during revenue service with Boeing personnel aboard as observers. The Basic Data and any additional data obtained by Boeing in its evaluation shall be appropriately adjusted to reflect any material changes elected by Customer to the Covered Aircraft which have occurred subsequent to delivery of the Covered Aircraft, including any replacement of one or more of the engines installed on a Covered Aircraft. Additionally, adjustments will be applied for any relevant factors as agreed by Customer and Boeing (e.g., inaccuracies in flight deck instrumentation, a sudden increase in deterioration that is attributed to a foreign object damage event such as severe hail and the additional rate of deterioration for Aircraft used for pilot training.) If Boeing and Customer are in disagreement as to such evaluation of the Basic Data, such disagreement shall be resolved by good faith technical negotiation between the parties including, as necessary, the Engine Manufacturer.

6.2 Surveys.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

6.3 Weight.

Boeing may request that Customer weigh such Covered Aircraft, in which event Customer agrees to weigh such Covered Aircraft in conjunction with its normally scheduled maintenance and will report its findings to Boeing.

6.4 Corrective Actions.

Boeing shall promptly make such recommendations to Customer that Boeing believes would result in improvement of the cruise fuel mileage performance of such Covered Aircraft based on analysis of the surveys and available data pursuant to Paragraphs 6.1 - 6.3. Boeing, Engine Manufacturer and Customer shall thereafter mutually agree on the appropriate corrective action to be taken based on any such recommendations. Corrective actions, which involve maintenance and/or refurbishment, as described in paragraph 6.2, both on-wing and off-wing, shall be performed at no cost to Boeing and/or Engine Manufacturer.

6.5 Improvement Parts and Engine Refurbishment.

Following the completion of any corrective action pursuant to Paragraph 6.4, if subsequent Basic Data show that the Cumulative Fleet Average Fuel Mileage Deterioration of the Covered Aircraft exceeds the Aircraft Commitment, Boeing shall have the option to provide or cause to be provided to Customer, at no charge, (except life used on engine parts or parts utilized for maintenance) any airplane drag improvement parts and/or engine TSFC improvement parts (Improvement Parts) which, when installed in such Covered Aircraft or engines, would result in an improvement in the cruise fuel mileage performance. Boeing shall provide and/or shall cause Engine Manufacturer to provide, as appropriate, reimbursement for Customer's incorporation of such improvements, corrections, or changes at the warranty labor rate then in effect between Boeing and Customer or Engine Manufacturer and Customer, as applicable. Boeing and/or Engine Manufacturer shall give Customer reasonable advance written notice of the estimated on-dock date at Customer's maintenance base for any such Improvement Parts.

If Boeing elects to provide or causes to be provided Improvement Parts for such Covered Aircraft or engines, then Customer and Boeing shall mutually agree upon the details of such an Improvement Parts program. To the extent Boeing and/or Engine Manufacturer are required to support such a program, such support shall be provided at no charge to Customer.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

If Customer elects to incorporate Improvement Parts in such Covered Aircraft and/or engines, they shall be incorporated in a timely manner and in accordance with Boeing and Engine Manufacturer instructions.

If Customer elects not to incorporate Improvement Parts in such Covered Aircraft and/or engines, or if Customer elects not to refurbish an engine which has exceeded Twenty Four Thousand and Six (24,006) hours since new or Nineteen Thousand Nine Hundred Eighty Four (19,984) hours since initial or any subsequent performance refurbishment, and for which Boeing and/or Engine Manufacturer has recommended refurbishment as part of its recommended corrective actions, subsequent Basic Data shall be appropriately adjusted by an amount consistent with the improvement in cruise fuel mileage performance which would have been realized had such Improvement Parts been incorporated or had such engine refurbishment been performed; provided, however, any such improvement in cruise fuel mileage performance shall be reasonably substantiated by Boeing to Customer.

7. Payments.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

7.1 Annual Excess Fuel Burn Amount.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

8. Duplication of Benefits

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

9. Assignment Prohibited.

Notwithstanding any other provisions of the Purchase Agreement, the rights and obligations described in this Letter Agreement are provided to Customer in consideration of Customer's becoming the operator of the Aircraft, and cannot be assigned, in whole or in part, without the prior written consent of Boeing.

10. Exclusive Remedy.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

11. Confidential Treatment.

Customer understands and agrees that the information contained herein represents confidential business information and has value precisely because it is not available generally or to other parties. Customer agrees to limit the disclosure of its contents to employees of Customer with a need to know the contents for purposes of helping Customer perform its obligations under the Purchase Agreement and who understand they are not to disclose its contents to any other person or entity without the prior written consent of Boeing.

Very truly yours,

THE BOEING COMPANY

By _____

Its Attorney-In-Fact _____

If the foregoing correctly sets forth your understanding of our agreement with respect to the matters treated above, please indicate your acceptance and approval.

ACCEPTED AND AGREED TO this _____ day of _____ of 2008

AMERICAN AIRLINES, INC.

By: _____

Its:

By: _____

Its: __

P.A. No. 3219
Performance Retention Commitment

BOEING PROPRIETARY

Determination of Cumulative Fleet Average Fuel Mileage Deterioration

For purposes of this Letter Agreement, the “Cumulative Fleet Average Fuel Mileage Deterioration” is the average cruise fuel mileage deterioration of the Covered Aircraft. The determination of the Fleet Average Mileage Deterioration will be based on fuel mileage deterioration of individual Covered Aircraft relative to their Baseline Performance Level cruise fuel mileage performance as defined below.

1. Boeing will provide Customer with the Boeing Airplane Performance Monitoring Program (APM), in effect at the time of delivery of the first Covered Aircraft, that shall be used for data analysis during the Performance Retention Term. For purposes of this Letter Agreement, the Model Reference Level cruise fuel mileage performance for the Covered Aircraft shall be as set forth in the APM.

2. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4. The “Current Deterioration” (expressed as a percentage) for each Covered Aircraft is the difference between the Current Performance Level and the Baseline Performance Level.

5. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

6. The “Cumulative Fleet Average Fuel Mileage Deterioration” (expressed as a percentage) will be determined for each Subsequent Monitoring Period by summing the Fleet Average Fuel Mileage Deterioration values as determined in Paragraph 5 for each calendar month according to the following equation:

[CONFIDENTIAL PORTION OMITTED AND FILED

SEPARATELY WITH THE COMMISSION PURSUANT TO

REQUEST FOR CONFIDENTIAL TREATMENT].

7. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

Cruise Fuel Mileage Performance Determination

Customer shall obtain cruise fuel mileage performance data in revenue service using the Airplane Condition Monitoring System (ACMS). This data will be recorded during level flight cruise in steady state conditions. Data shall be obtained in accordance with the then current revision of the Airplane Performance Monitoring Software User Guide (APM User Guide) and shall include the parameters defined in the airplane model specific appendix during each such data recording (Data Events).

Boeing will provide Customer with the Boeing Airplane Performance Monitoring Software for data analysis. Customer shall reduce and analyze data obtained from the Data Events. Such analysis shall be in accordance with the methods set forth in the APM User Guide. Customer's analysis shall include the determination of the fuel mileage, thrust required and fuel flow required relative to the Model Reference Level.

Customer will maintain records of factors relating to fuel mileage deterioration. These factors will include (a) engine history, cockpit instrumentation history and airframe history and condition of such Covered Aircraft, (b) pertinent Covered Aircraft maintenance and operational procedures used by Customer, (c) drag effects of any post delivery airframe and/or engine changes incorporated in such Covered Aircraft, (d) sudden shifts in engine EGT condition monitoring data, and (e) any other relevant factors.

ANNUAL LIMITATION ADJUSTMENT EQUATION

([CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].)

- (a) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (b) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (c) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].:
 - (i) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

- (ii) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (iii) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

NOTE: [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].



[Missing Graphic Reference]

6-1162-TRW-0667

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport
Texas 75261-9616

Subject: GENX-1B74/75 Powered 787-9 Performance Retention Commitment

Reference: Purchase Agreement No. 3219 (the Purchase Agreement) between The Boeing Company (Boeing) and American Airlines, Inc. (Customer) relating to Model 787-923 Aircraft (Aircraft).

This Letter Agreement (Letter Agreement) amends and supplements the Purchase Agreement. All terms used but not defined in this Letter Agreement have the same meaning as in the Purchase Agreement.

Boeing recognizes that performance retention within reasonable limits is essential to maintain the economy of operation of the Aircraft. Therefore the parties hereto agree as follows with respect to performance retention.

1. Aircraft Commitment.

For the purposes of this Letter Agreement, the Covered Aircraft shall be defined as a [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

Boeing commits to Customer that, [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT], as defined in Attachment A, during the Performance Retention Term, as defined in paragraph 2 below, will not exceed the levels shown in the table below (Aircraft Commitment).

Time After Delivery of the First Covered Aircraft	Cumulative Fleet Average Fuel Mileage Deterioration Commitment (%)

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2. Applicability and Performance Retention Term.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2.1 Delivery Schedule for Covered Aircraft.

For the purposes of this Letter Agreement, it is anticipated that Boeing will deliver the Covered Aircraft to Customer in accordance with the following delivery schedule set forth in Attachment C. If the fleet size and delivery schedule is significantly different, the Aircraft Commitment may be appropriately adjusted to reflect such changes.

2.2 Performance Retention Term.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3. Conditions.

3.1 Operation and Maintenance.

Customer shall operate and maintain the Covered Aircraft in accordance with Customer's FAA-approved operations and maintenance programs. Customer shall operate and maintain the engines in accordance with the Operation and Maintenance Manuals and Customer's Maintenance Program and an Engine Management Program mutually defined and agreed to by the Engine Manufacturer and Customer.

3.2 Powerback.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3.3 Flight Cycle Utilization and Derate.

4. Determination of Fuel Mileage Deterioration.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

Following the delivery of each Covered Aircraft to Customer by Boeing, and continuing until expiration of the Performance Retention Term, Customer shall record, analyze, and forward to Boeing cruise fuel mileage data obtained on such Covered Aircraft as specified in Attachment B (Basic Data).

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

5. Notice of Performance Deterioration.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

6. Election of Actions.

Upon Boeing's receipt of any notice that the Cumulative Fleet Average Fuel Mileage Deterioration exceeds, or is likely to exceed the Aircraft Commitment, Boeing and Customer, as appropriate, will take the following actions:

c Reference] 6.1 Data.

Boeing will evaluate the Basic Data. At its option, Boeing may accomplish such evaluation by analysis of Customer's raw ACMS data or by obtaining additional performance data on such Covered Aircraft in accordance with Attachment B. Such additional data may include data acquired during revenue service with Boeing personnel aboard as observers. The Basic Data and any additional data obtained by Boeing in its evaluation shall be appropriately adjusted to reflect any material changes elected by Customer to the Covered Aircraft which have occurred subsequent to delivery of the Covered Aircraft, including any replacement of one or more of the engines installed on a Covered Aircraft. Additionally, adjustments will be applied for any relevant factors as agreed by Customer and Boeing (e.g., inaccuracies in flight deck instrumentation, a sudden increase in deterioration that is attributed to a foreign object damage event such as severe hail and the additional rate of deterioration for Aircraft used for pilot training.) If Boeing and Customer are in disagreement as to such evaluation of the Basic Data, such disagreement shall be resolved by good faith technical negotiation between the parties including, as necessary, the Engine Manufacturer.

6.2 Surveys.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

6.3 Weight.

Boeing may request that Customer weigh such Covered Aircraft, in which event Customer agrees to weigh such Covered Aircraft in conjunction with its normally scheduled maintenance and will report its findings to Boeing.

6.4 Corrective Actions.

Boeing shall promptly make such recommendations to Customer that Boeing believes would result in improvement of the cruise fuel mileage performance of such Covered Aircraft based on analysis of the surveys and available data pursuant to Paragraphs 6.1 - 6.3. Boeing, Engine Manufacturer and Customer shall thereafter mutually agree on the appropriate corrective action to be taken based on any such recommendations. Corrective actions, which involve maintenance and/or refurbishment, as described in paragraph 6.2, both on-wing and off-wing, shall be performed at no cost to Boeing and/or Engine Manufacturer.

6.5 Improvement Parts and Engine Refurbishment.

Following the completion of any corrective action pursuant to Paragraph 6.4, if subsequent Basic Data show that the Cumulative Fleet Average Fuel Mileage Deterioration of the Covered Aircraft exceeds the Aircraft Commitment, Boeing shall have the option to provide or cause to be provided to Customer, at no charge, (except life used on engine parts or parts utilized for maintenance) any airplane drag improvement parts and/or engine TSFC improvement parts (Improvement Parts) which, when installed in such Covered Aircraft or engines, would result in an improvement in the cruise fuel mileage performance. Boeing shall provide and/or shall cause Engine Manufacturer to provide, as appropriate, reimbursement for Customer's incorporation of such improvements, corrections, or changes at the warranty labor rate then in effect between Boeing and Customer or Engine Manufacturer and Customer, as applicable. Boeing and/or Engine Manufacturer shall give Customer reasonable advance written notice of the estimated on-dock date at Customer's maintenance base for any such Improvement Parts.

If Boeing elects to provide or causes to be provided Improvement Parts for such Covered Aircraft or engines, then Customer and Boeing shall mutually agree upon the details of such an Improvement Parts program. To the extent Boeing and/or Engine Manufacturer are required to support such a program, such support shall be provided at no charge to Customer.

If Customer elects to incorporate Improvement Parts in such Covered Aircraft and/or engines, they shall be incorporated in a timely manner and in accordance with Boeing and Engine Manufacturer instructions.

If Customer elects not to incorporate Improvement Parts in such Covered Aircraft and/or engines, or if Customer elects not to refurbish an engine which has exceeded Four Thousand Five Hundred Fifteen (4,515) cycles since new or for more than Three Thousand Three Hundred Ten (3,110) cycles since performance refurbishment, and for which Boeing and/or Engine Manufacturer has recommended refurbishment as part of its recommended corrective actions, subsequent Basic Data shall be appropriately adjusted by an amount consistent with the improvement in cruise fuel mileage performance which would have been realized had such Improvement Parts been incorporated or had such engine refurbishment been performed; provided, however, any such improvement in cruise fuel mileage performance shall be reasonably substantiated by Boeing to Customer.

7. Payments.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

7.1 Annual Excess Fuel Burn Amount.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

7.2 Credit Memorandum.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

7.3 Credit Adjustments.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

7.4 Limitation on Amount of Credits.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

8. Duplication of Benefits

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

9. Assignment Prohibited.

Notwithstanding any other provisions of the Purchase Agreement, the rights and obligations described in this Letter Agreement are provided to Customer in consideration of Customer's becoming the operator of the Aircraft, and cannot be assigned, in whole or in part, without the prior written consent of Boeing.

10. Exclusive Remedy.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

11. Confidential Treatment.

Customer understands and agrees that the information contained herein represents confidential business information and has value precisely because it is not available generally or to other parties. Customer agrees to limit the disclosure of its contents to employees of Customer with a need to know the contents for purposes of helping Customer perform its obligations under the Purchase Agreement and who understand they are not to disclose its contents to any other person or entity without the prior written consent of Boeing.

Very truly yours,

THE BOEING COMPANY

By _____

Its Attorney-In-Fact _____

If the foregoing correctly sets forth your understanding of our agreement with respect to the matters treated above, please indicate your acceptance and approval.

ACCEPTED AND AGREED TO this _____ day of _____ of 2008

AMERICAN AIRLINES, INC.

By: _____

Its:

By: _____

Its: _____

P.A. No. 3219
Performance Retention Commitment

BOEING PROPRIETARY

Determination of Cumulative Fleet Average Fuel Mileage Deterioration

For purposes of this Letter Agreement, the “Cumulative Fleet Average Fuel Mileage Deterioration” is the average cruise fuel mileage deterioration of the Covered Aircraft. The determination of the Fleet Average Mileage Deterioration will be based on fuel mileage deterioration of individual Covered Aircraft relative to their Baseline Performance Level cruise fuel mileage performance as defined below.

1. Boeing will provide Customer with the Boeing Airplane Performance Monitoring Program (APM), in effect at the time of delivery of the first Covered Aircraft, that shall be used for data analysis during the Performance Retention Term . For purposes of this Letter Agreement, the Model Reference Level cruise fuel mileage performance for the Covered Aircraft shall be as set forth in the APM.

2. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4. The “Current Deterioration” (expressed as a percentage) for each Covered Aircraft is the difference between the Current Performance Level and the Baseline Performance Level.

5. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

6. The “Cumulative Fleet Average Fuel Mileage Deterioration” (expressed as a percentage) will be determined for each Subsequent Monitoring Period by summing the Fleet Average Fuel Mileage Deterioration values as determined in Paragraph 5 for each calendar month according to the following equation:

m

[CONFIDENTIAL PORTION OMITTED AND FILE

SEPARATELY WITH THE COMMISSION PURSUANT TO A

REQUEST FOR CONFIDENTIAL TREATMENT].

7. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

Cruise Fuel Mileage Performance Determination

Customer shall obtain cruise fuel mileage performance data in revenue service using the Airplane Condition Monitoring System (ACMS). This data will be recorded during level flight cruise in steady state conditions. Data shall be obtained in accordance with the then current revision of the Airplane Performance Monitoring Software User Guide (APM User Guide) and shall include the parameters defined in the airplane model specific appendix during each such data recording (Data Events).

Boeing will provide Customer with the Boeing Airplane Performance Monitoring Software for data analysis. Customer shall reduce and analyze data obtained from the Data Events. Such analysis shall be in accordance with the methods set forth in the APM User Guide. Customer's analysis shall include the determination of the fuel mileage, thrust required and fuel flow required relative to the Model Reference Level.

Customer will maintain records of factors relating to fuel mileage deterioration. These factors will include (a) engine history, cockpit instrumentation history and airframe history and condition of such Covered Aircraft, (b) pertinent Covered Aircraft maintenance and operational procedures used by Customer, (c) drag effects of any post delivery airframe and/or engine changes incorporated in such Covered Aircraft, (d) sudden shifts in engine EGT condition monitoring data, and (e) any other relevant factors.

ANNUAL LIMITATION ADJUSTMENT EQUATION

(CALENDAR YEARS 2012 AND ON)

- (a) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
 - (b) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
 - (c) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].:
-
- (i) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

- (ii) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- (iii) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

NOTE: [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].



American Airlines, Inc.

6-1162-TRW-0668 Page 2

6-1162-TRW-0668

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: Special Matters Relating to COTS Software and End User License Agreements

Reference: Purchase Agreement No. 3219 (the Purchase Agreement) between The Boeing Company (Boeing) and American Airlines, Inc. (Customer) relating to Model 787-923 aircraft (Aircraft)

This letter agreement (Letter Agreement) amends and supplements the Purchase Agreement. All terms used but not defined in this Letter Agreement have the same meaning as in the Purchase Agreement.

Recitals

- A. Certain third party, commercial off-the-shelf software products are available to perform various functions required in the Aircraft (COTS Software).
- B. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- C. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
- D. Therefore, the parties desire to amend certain provisions of the Purchase Agreement to properly reflect the respective rights and obligations of the parties with respect to the COTS Software included in the Aircraft.

P.A. No. 3219
EULA_Special_Matters

BOEING PROPRIETARY

Agreement

1. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
2. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].
3. Customer may not transfer, novate or assign its rights under this Letter Agreement or any rights, terms or obligations hereunder, whether by operation of law, contract or otherwise, except with the express written consent of Boeing, and such consent will not be unreasonably withheld.

Very truly yours,

THE BOEING COMPANY

By _____

Its Attorney-In-Fact _____

ACCEPTED AND AGREED TO this

Date: _____, 2008

AMERICAN AIRLINES, INC.

By _____

Its _____

P.A. No. 3219
EULA_Special_Matters

BOEING PROPRIETARY



American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: Miscellaneous Commitments for Model 787 Aircraft

Reference: Purchase Agreement No. 3219 (the Purchase Agreement) between The Boeing Company (Boeing) and American Airlines, Inc. (Customer) relating to Model 787 aircraft (the Aircraft)

This letter agreement (Letter Agreement) is entered into on the date below, and amends and supplements the Purchase Agreement. All capitalized terms used herein but not otherwise defined in this Letter Agreement have the same meaning as in the Purchase Agreement.

For ease of reference, a "Table of Contents" has been added as Attachment A to this Letter Agreement.

1. AGTA.

1.1 Taxes.

Section 2.2 of the AGTA is replaced in full by the following new provision:

"2.2 Taxes.

2.2.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2.2.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2.2.3 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]..

2.2.4 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2.2.5 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2.2.6 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

1.2 Customs Duties.

1.2.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

1.2.2 Boeing provides the information in the preceding Section 1.2.1 to Customer as a courtesy, and not in lieu of professional opinions rendered by counsel of Customer's choice, subject to the limitations that Boeing assumes no responsibility for the accuracy or timeliness of such information, and that Customer agrees it will assert no claim against Boeing based on such information.

1.3 Rate of Interest.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

1.4 Advanced Payment Increases.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

1.5 FAA Manufacturer Changes.

Section 3.2.2 of the AGTA is replaced in full by the following new provision:

"3.2.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]."

1.6 FAA Operator Changes.

Section 3.3.2 of the AGTA is replaced in full by the following new Section 3.3.2:

“3.3.2 Cost of Operator Changes.

3.3.2.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].:

(a) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

(b) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3.3.2.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]:

(a) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

(b) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3.3.2.3 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]:

(a) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].,

(b) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

(c) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].”

1.7 Development Change and Manufacturer Change Production Revision Records.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

1.8 Part 121 Compliance Review.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

1.9 Condition of Aircraft Suffering Damage.

The AGTA is amended by adding the following new Section 5.6 after Section 5.5 of the AGTA.

“[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].”
.”

1.10 Target Delivery Dates.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

1.11 Customer Delay in Acceptance of Aircraft.

Section 6.4 of the AGTA is replaced in full by the following new provision:

“[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].”

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

1.12 Customer Delay Due to Allied Pilots Association Strike.

The following new Section 6.5 is added to the AGTA after Section 6.4:

“6.5 Customer Delay Due to Allied Pilots Association Strike.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

6.5.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];

6.5.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

6.5.3 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].”

1.13 Liquidated Damages and Right of Termination.

1.13.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

1.13.3 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

1.13.4 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

1.14 Notice to Customer in the Event of an Excusable Delay.

Section 7.2 of the AGTA is replaced in full by the following new provision:

“[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].”

1.15 Aircraft Damaged Beyond Repair.

Section 7.5 of the AGTA is replaced in full by the following new provision:

“7.5 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].”

1.16 Termination.

Section 7.6 of the AGTA is replaced in full by the following new provision:

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

1.17 Excusable Delay.

The AGTA is amended by adding the following provision immediately following Section 7.7:

“7.8 Section 7.5 of the AGTA is replaced in full by the following new provision:

“7.5 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].”

1.18 Risk Allocation/Insurance.

1.18.1 Article 8 of the AGTA is replaced in full by the following new provisions:

“Article 8. Risk Allocation/Insurance.

8.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

8.1.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

8.1.2 Boeing Insurance.

(a) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

(b) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

(c) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

8.1.3 Definition of Customer. For the purpose of Section 8.1, the term “Customer” includes American Airlines, Inc., its divisions, any wholly-owned subsidiary of American Airlines, Inc. which is assigned any rights or delegated any duties as permitted under the applicable Purchase Agreement, the permitted assignees under the applicable Purchase Agreement, and their respective directors, officers and employees.

8.2 Title and Risk with Customer.

8.2.1 [CONFIDENTIAL PORTION OMITTED AND
FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

8.2.2 [CONFIDENTIAL PORTION OMITTED AND
FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

8.2.3 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL
TREATMENT]

8.2.4 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR
CONFIDENTIAL TREATMENT]

8.2.5 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL
TREATMENT].

8.2.6 Definition of Boeing. For purposes of this Article 8.2, the term “Boeing” includes The Boeing Company, its divisions, any wholly-owned subsidiary of The Boeing Company which is assigned any rights or obligations in accordance with Section 9.1 of the AGTA, the permitted assignees under the applicable Purchase Agreement, provided that such assignees or subsidiaries have performed services under the Customer Support Document to the AGTA and Supplemental Exhibit CS1 to the Purchase Agreement, and their respective directors, officers and employees.”

1.18.2 The insurance certificate provided by Boeing pursuant to Section 8.1.2(c) of the AGTA (as amended by this Letter Agreement) shall be substantially in the form of the certificate attached to this Letter Agreement as Attachment B.

1.19 Alteon Interface Commitment.

1.19.1 Section 9.1.5 of the AGTA is replaced in full by the following new provisions:

“9.1.5 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL
TREATMENT];

9.1.5.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

9.1.5.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

1.20 Exculpatory Clause in Post-Delivery Sale or Lease.

Section 9.7 of the AGTA is replaced in full by the following new provision:

“9.7 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]
”

1.21 Termination for Certain Events.

1.21.1 Article 10 of the AGTA is replaced in full by the following new provision:

“Article 10. Termination for Certain Events.

10.1 Termination. If either party:

(i) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

(ii) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

10.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

1.22 FAA Grounding.

1.22.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

1.22.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

1.23 **FAA ETOPS Prevention.**

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

1.24 **Duplicate Remedies.**

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2. **Line Station Spare Parts Support.**

Customer, at its option, may participate in the use of spare parts held by Boeing at any line station in accordance with the reasonable terms and conditions set forth by Boeing for such participation.

3. Product Assurance (Exhibit C).

3.1 Disclaimer and Release; Exclusion of Liabilities.

Section 11 of Part 2 of the Product Assurance Document is replaced in full by the following new provision:

“11. Disclaimer and Release; Exclusion of Liabilities.

11.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

(A) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

(B) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

(C) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

(D) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

11.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

11.3 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

11.4 Definitions. For the purpose of this Section 11, “BOEING” or “Boeing” is defined as The Boeing Company, its divisions, subsidiaries, Affiliates, the assignees of each, and their respective directors, officers, employees and agents.”

3.2 Reimbursement for Service Bulletin Corrections.

Section 7.3.2 of Part 2 of the Product Assurance Document is replaced in full by the following provision:

“7.3.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];

(a) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

(b) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

3.3 FAR 145 Requirements.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

3.4 Warranty Claim, Response and Payment Time.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

3.5 Maximum Reimbursement.

The following provision is added to the end of Section 4.5 of Part 2 to the Product Assurance Document:

“[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].”

3.6 Additional Service Life Policy Covered Components.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];

3.6.1 Additional Service Life Policy Covered Components.

3.6.1.1 For purposes of Part 3 of the Product Assurance Document, the following additional items (Additional SLP Components) shall be deemed to be “SLP Components”, as defined in Section 1 of Part 3 of the Product Assurance Document:

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3.6.1.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

3.6.1.3 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

3.6.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

3.6.2.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

(i) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

(ii) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

(iii) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

3.7 Conditions and Limitations to the Service Life Policy.

3.7.1 The following Section 4.5 is added to Part 3 of the Product Assurance Document:

“4.5 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].”

3.7.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

3.8 Boeing Back-Up of Supplier Turnaround Time Commitments.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

3.9 Supplier Warranty Commitment.

Section 1 of Part 4 of the Product Assurance Document is replaced in full by the following new Section 1:

“1. Supplier Warranties and Supplier Patent Indemnities.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].”

3.10 Engine/Airframe Interface Commitment.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]:

(a) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];

(b) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

(c) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

3.11 Boeing Indemnities Against Patent and Copyright Infringement.

Part 6 of the Product Assurance Document is replaced in full by the following new provision:

“PRODUCT ASSURANCE DOCUMENT

PART 6: BOEING INDEMNITIES AGAINST PATENT AND COPYRIGHT INFRINGEMENT AND TRADE SECRET MISAPPROPRIATION

1. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];

(a) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

(b) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT],

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2. Indemnity Against Copyright Infringement.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]
:

(a) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

(b) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT],

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3. Indemnity Against Trade Secret Misappropriation.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];

(a) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

(b) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT],

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4. Exceptions, Limitations and Conditions.

4.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

4.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4.3 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4.4 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4.5 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

4.6 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4.7 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

4.8 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4.9 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4.10 For the purposes of this Part 6, “BOEING” or “Boeing” is defined as The Boeing Company, its divisions, wholly owned subsidiaries, the permitted assignees of each, and their respective directors, officers, employees and agents.

4.11 For the purposes of this Part 6, “Customer” is defined as American Airlines, Inc., its divisions, wholly owned subsidiaries, the permitted assignees of each, and their respective directors, officers, employees and agents.”

4. Performance.

4.1 Performance Guarantees/Data Base Changes.

4.1.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

4.1.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4.1.3 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];

(a) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

(b) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

(c) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

(d) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4.1.4 Upon the occurrence of any performance data base change, Boeing agrees to take the following action:

(a) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

(b) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

(c) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

(d) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

(e) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4.1.5 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4.1.6 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

5. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

5.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

5.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

5.3 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

5.4 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

5.5 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

5.6 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

5.7 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

6. Assignment.

This Letter Agreement is being provided to Customer as an accommodation and cannot be assigned, in whole or in part, without the prior written consent of Boeing.

7. Confidential Treatment.

Customer and Boeing understand that certain commercial and financial information contained in this Letter Agreement are considered by Boeing and Customer as confidential. Customer and Boeing agree that each will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of the other, disclose this Letter Agreement or any information contained herein to any other person or entity, except as provided in this Letter Agreement or the applicable Purchase Agreement.

Very truly yours,

THE BOEING COMPANY

By_ _____

Its _____ Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: __, 2008

AMERICAN AIRLINES, INC.

By_ _____

Its_ _____

Attachment A - Table of Contents

Attachment B - Form of Insurance Certificate of Boeing

P.A. No. 3219

Miscellaneous Commitments for Model 787 Aircraft

BOEING PROPRIETARY

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5. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

6. Assignment

7. Confidential Treatment

P.A. No. 3219
Miscellaneous Commitments for Model 787 Aircraft

BOEING PROPRIETARY

Sample Insurance Certificate (Boeing)

BROKER'S LETTERHEAD

[date]

Certificate of Insurance Ref. No.

THIS IS TO CERTIFY TO:

American Airlines, Inc. (hereinafter "American")
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

that Insurers, EACH FOR HIS OWN PART AND NOT ONE FOR THE OTHER, are providing the following insurance:

NAMED INSURED: **The Boeing Company (hereinafter "Boeing")**

ADDRESS OF INSURED: **Post Office Box 3707
Seattle, Washington 98124-2207**

PERIOD OF INSURANCE: **See attached Schedule of Insurers**

GEOGRAPHICAL LIMITS: **Worldwide**

EQUIPMENT INSURED: **All Boeing [model] [type] aircraft owned or operated by American that are the subject of that certain Purchase Agreement No. _____ dated _____, 20xx between American and Boeing, as more particularly described on the attached Schedule of Aircraft, as such schedule may be amended from time to time.**

P.A. No. 3219
Miscellaneous Commitments for Model 787 Aircraft

BOEING PROPRIETARY

DESCRIPTION OF COVERAGES

A. AIRCRAFT HULL INSURANCE

All risks of ground and flight physical damage coverage in respect of all aircraft owned by, leased to or operated by the Named Insured, including the Aircraft and any engines (including the Engines) and any parts (including the Parts) while attached to any such Aircraft or removed therefrom but not replaced, subject to policy terms, conditions, limitations, exclusions and deductibles.

Amount of Insurance:

Agreed Value (as per Policy terms and conditions).

B. AIRCRAFT LIABILITY INSURANCE

Aircraft Liability Insurance, including Bodily Injury (including passengers), Property Damage, Aircraft Liability, Passenger Legal Liability, Premises/Operations Liability, Personal Injury, and Contractual Liability Insurance, subject to policy terms, conditions, limitations, exclusion and deductibles.

Limit of Liability:

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

P.A. No. 3219
Miscellaneous Commitments for Model 787 Aircraft

BOEING PROPRIETARY

SPECIAL PROVISIONS APPLICABLE TO THE ADDRESSEE(S)

Subject to the policy terms, conditions, limitations, exclusions and deductibles and solely with respect to Purchase Agreement No. _____ dated as of _____, 1997 (the "Purchase Agreement") between American and The Boeing Company ("Boeing"), the policies set forth in the attached Schedule of Insurers are amended to include the following:

1. Solely with respect to Aircraft Liability Insurance, American is included as an additional Insured, but only to the extent that Boeing is obligated by its agreements to indemnify and hold harmless American under Section 8.1.1 of the Aircraft General Terms Agreement, AGTA-AAL, applicable to the Purchase Agreement and then only to the extent of coverage provided by the policy;
2. Solely with respect to Aircraft Hull Insurance, each Insurer agrees to waive any rights of subrogation against American to the extent that Boeing has waived such rights by the terms of its agreements to indemnify American pursuant to the Purchase Agreement;
3. Solely with respect to Aircraft Liability Insurance, to the extent American is insured hereunder, such insurance shall not be invalidated or minimized by any action or inaction, omission or misrepresentation by the Insured regardless of any breach or violation of any warranty, declaration or condition contained in such policies;
4. Solely with respect to Aircraft Liability Insurance, to provide that all provisions of the insurance coverages referenced above, except the limits of liability, will operate to give each Insured or additional insured the same protection as if there were a separate Policy issue to each;
5. Solely with respect to Aircraft Liability Insurance, such insurance will be primary and not contributory nor excess with respect to any other insurance available for the protection of American, but only to the extent that Boeing is obligated by its agreements to indemnify and hold harmless American under Section 8.1.1 of the Aircraft General Terms Agreement, AGTA-AAL, applicable to the Purchase Agreement and then only to the extent of coverage provided by the policy;
6. Each of the Aircraft Liability Insurance policy and Aircraft Hull Insurance policy provides that: American shall not have any obligation or liability for premiums, commissions, calls or assessments in connection with such insurance;
7. With respect to the Aircraft Liability Insurance, if a policy is canceled for any reason whatsoever, any substantial change is made which would reduce the amount of coverage as certified herein, or if a policy is allowed to lapse for nonpayment of premium, such cancellation, change or lapse shall not be effective as to American for thirty (30) days after receipt by American of written notice from the Insurers or their authorized representatives or Broker of such cancellation, change or lapse; and
8. For the purposes of the Certificate, "American" is defined as American Airlines, Inc., its divisions, any wholly-owned subsidiary of American Airlines, Inc. which is assigned any rights or obligations in accordance with Article 9.1 of the AGTA, the assignees of each permitted under the applicable Purchase Agreement, and their respective directors, officers and employees.

P.A. No. 3219
Miscellaneous Commitments for Model 787 Aircraft

BOEING PROPRIETARY

**THE BOEING COMPANY
AND ALL ITS SUBSIDIARIES**

**SCHEDULE OF SUBSCRIBING INSURERS
POLICY TERM: DECEMBER 1, 1996 TO DECEMBER 1, 1997**

COVERAGES:

Aircraft Hull and Liability Insurance

POLICY

SUBSCRIBING INSURERS FOR 100% PARTICIPATIONNUMBER

SEVERAL LIABILITY NOTICE

The subscribing insurers' obligations under contracts of insurance to which they subscribe are several and not joint and are limited solely to the extent of their individual subscriptions. The subscribing insurers are not responsible for the subscription of any co-subscribing insurer who for any reason does not satisfy all or part of its obligation.

P.A. No. 3219

Miscellaneous Commitments for Model 787 Aircraft

BOEING PROPRIETARY

Subject to the terms, conditions, limitations and exclusions of the relative policies except for the specific declarations contained in this certificate.

(signature)

(typed name)

(title)

P.A. No. 3219
Miscellaneous Commitments for Model 787 Aircraft

BOEING PROPRIETARY



6-1162-TRW-0672

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport
Texas 75261-9616

Subject: Promotional Support Agreement

Reference: Purchase Agreement No. 3219 (the Purchase Agreement) between The Boeing Company (Boeing) and American Airlines, Inc. (Customer) relating to Model 787-923 aircraft (Aircraft).

This letter agreement (Letter Agreement) amends and supplements the Purchase Agreement. All terms used but not defined in this Letter Agreement have the same meaning as in the Purchase Agreement.

Recital.

Boeing and Customer wish to enter into an agreement pursuant to which each party will contribute equally to promotional programs in support of the entry into Customer's service of the Aircraft as more specifically provided below.

Agreement.

1. Definitions.

1.1 "Covered Aircraft" shall mean those Aircraft identified on Table 1 to the Purchase Agreement as of the date of signing of this Letter Agreement and any Substitute Aircraft.

1.2 "Promotional Support" shall mean marketing and promotion programs in support of the entry into Customer service of the Covered Aircraft such as marketing research, tourism development, corporate identity, direct marketing, video tape or still photography, planning, design and production of collateral materials, management of promotion programs, advertising campaigns or such other marketing and promotional activities as the parties may mutually agree.

1.3 "[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]."

1.4 "Performance Period" [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

1.5 "Qualifying Third Party Fees" shall mean [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2. Commitment.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

3. Methods of Performance.

Subject to the Commitment Limit, Customer may elect to receive the Promotional Support in either or any combination of the following ways:

3.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4. Commencement Date.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

5. Project Approval.

Following the execution of this Letter Agreement, a Boeing Airline Marketing Services representative will meet with Customer's designated representative to review and approve the extent, selection, scheduling, and funds disbursement process for the Promotional Support to be provided pursuant to this Letter Agreement.

6. Confidential Treatment.

Customer and Boeing understand that certain commercial and financial information contained in this Letter Agreement are considered by Boeing and Customer as confidential. Customer and Boeing agree that each will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of the other, disclose this Letter Agreement or any information contained herein to any other person or entity, except as provided in this Letter Agreement or in the Purchase Agreement.

Very truly yours,

THE BOEING COMPANY

By _____

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: _____, 2008

AMERICAN AIRLINES, INC.

By _____

Its _____

P.A. No. 3219
Promotional_Support_Agreement Rev.: 2/07/06

BOEING PROPRIETARY



6-1162-TRW-0673

American Airlines, Inc.
P. O. Box 619616
Dallas/Ft. Worth Airport, Texas 75261-9616

Subject: Confidentiality

Reference: Purchase Agreement No. 3219 between The Boeing Company and American Airlines, Inc. relating to Model 787-923 Aircraft

This letter agreement (Letter Agreement) is entered into on the date below and amends and supplements the Purchase Agreement referenced above. All capitalized terms used herein but not otherwise defined in this Letter Agreement shall have the same meanings assigned thereto in Exhibit C to the Purchase Agreement or elsewhere in such Purchase Agreement.

1. Confidentiality Obligation.

1.1 Except as otherwise provided in this Letter Agreement, each party shall, and shall ensure that its directors, officers, employees, Affiliates, agents, suppliers, subcontractors and professional advisors (collectively, Representatives), at all times, maintain strict confidence and secrecy in respect of all Confidential Information (as defined below). Each party agrees to disclose Confidential Information only to such of its Representatives as is required for the purpose of implementing and administering the Purchase Agreement, and shall inform such Representatives of the confidential nature of the Confidential Information and instruct (and use best reasonable efforts to cause) such Representatives to treat such Confidential Information in a manner consistent with this Section 1.

1.2 Neither party shall use the Confidential Information for any purpose (including any competitive or commercial purpose) other than in connection with the Purchase Agreement and for purposes of consummating the transactions contemplated thereby.

2. Definition of Confidential Information.

2.1 Subject to the provisions of Section 2.2, "Confidential Information" means:

2.1.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];

2.1.2 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];

- a) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]
- b) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]
- c) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2.1.3 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];

- a) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];
- b) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];
- c) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];
- d) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];
- e) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];
- f) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];
- g) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];
- h) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];
 - i) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]
- j) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];
- k) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];
- l) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];
- m) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];
- n) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];
- o) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];
- p) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];

- q) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];
- r) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];
 - s) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];
- t) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];
- u) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];
- v) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];
- w) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];
- x) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];
- y) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];
- z) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];
- aa) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];
- bb) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];

2.2 The following shall not constitute "Confidential Information" for purposes of this Letter Agreement:

- 2.2.1 Information (other than the terms and conditions of the Pre-Closing Letters and the Business Letters) already in a party's possession prior to its disclosure by the other party as evidenced by the written or electronic records of such party;
- 2.2.2 Information obtained from a third person or entity that is not prohibited from disclosing such information to the receiving party as a result of a contractual, legal or fiduciary obligation to the party whose information is being disclosed;
- 2.2.3 Information that is or becomes generally available to the public, other than as a result of disclosure by a party in violation of this Letter Agreement; or
- 2.2.4 Information that has been or is independently developed by a party or its Affiliates, without violating such party's obligations under this Letter Agreement.

2.3 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3. Disclosure.

3.1 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]:

- (a) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]:
 - (A) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];
 - ;
 - (B) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];
 - (C) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];
 - (D) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];

(b) [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

3.2 Either party may disclose Confidential Information without the consent of the other party when and to the extent required by any law applicable to such party or by a Governmental Authority. If a party (the "Disclosing Party") is requested to disclose any Confidential Information of the other party (the "Affected Party") under the terms of a subpoena or order issued by a Governmental Authority, it shall (i) notify the Affected Party immediately of the existence, terms and circumstances surrounding such request, (ii) consult with the Affected Party on the advisability of taking legally available steps to resist or narrow such request, and (iii) if any disclosure of Confidential Information is required to prevent the Disclosing Party from being held in contempt or subject to other legal penalty, furnish only such portion of the Confidential Information as it is legally compelled to disclose and, at the request of the Affected Party, use commercially reasonable efforts to assist the Affected Party in obtaining an order or other reliable assurance that confidential treatment shall be accorded to the disclosed Confidential Information; and

3.3 [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3.4 In addition to disclosures of Confidential Information permitted by this Letter Agreement, either party may disclose Confidential Information as and to the extent explicitly provided for in the Purchase Agreement.

4. Remedies.

5. Conflicts.

Subject to Section 2.3, to the extent of any conflict or inconsistency between the provisions of this Letter Agreement and any provisions regarding confidentiality of information set forth in the Purchase Agreements, the provisions of this Letter Agreement shall, to the extent of such conflict or inconsistency, control.

6. Confidential Treatment.

Customer and Boeing understand that certain commercial and financial information contained in this Letter Agreement are considered by Boeing and Customer as confidential. Customer and Boeing agree that each will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of the other, disclose this Letter Agreement or any information contained herein to any other person or entity, except as provided in this Letter Agreement or in the applicable Purchase Agreement.

Very truly yours,

THE BOEING COMPANY

By_ _____

Its _____ Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: __, 2008

AMERICAN AIRLINES, INC.

By_

Its_

P.A. No. 3219
Confidentiality
BOEING PROPRIETARY



American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: Business Considerations

Reference: Purchase Agreement No. 3219 (the Purchase Agreement) between The Boeing Company (Boeing) and American Airlines, Inc. (Customer) relating to Model 787-923 aircraft (Aircraft) and 787-323 and 787-823 Substitute Aircraft (each Substitute Aircraft)

This letter agreement (Letter Agreement) amends and supplements the Purchase Agreement. All terms used but not defined in this Letter Agreement have the same meaning as in the Purchase Agreement.

1. Basic Credit – Firm Aircraft.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2. Simulator Package [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

4. Confidential Treatment.

Customer and Boeing understand that certain commercial and financial information contained in this Letter Agreement are considered by Boeing and Customer as confidential. Customer and Boeing agree that each will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of the other, disclose this Letter Agreement or any information contained herein to any other person or entity, except as provided in this Letter Agreement and or the Purchase Agreement.

Very truly yours,

THE BOEING COMPANY

By _____

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: _____, 2008

AMERICAN AIRLINES, INC.

By _____

Its _____

P.A. No. 3219
Business Considerations

BOEING PROPRIETARY



**Table 1 to
Purchase Agreement No. 3219
Aircraft Delivery, Description, Price and Advance Payments**

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH
THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

**Table 1 to
Purchase Agreement No. 3219
Aircraft Delivery, Description, Price and Advance Payments**

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THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

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[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH
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AMR CORPORATION

1998 LONG TERM INCENTIVE PLAN

AS AMENDED

SECTION 1.

Purpose, Definitions.

The purpose of the AMR Corporation 1998 Long Term Incentive Plan, as amended hereby (the "Plan") is to enable AMR Corporation (the "Company") to attract, retain and reward key employees of the Company and its Subsidiaries and Affiliates, and strengthen the mutuality of interests between such key employees and the Company's shareholders, by offering such key employees performance-based stock incentives and/or other equity interests or equity-based incentives in the Company, as well as performance-based incentives payable in cash. Since the adoption of this Plan, section 409A of the Code (as defined below) has been enacted, and requires revision of the Plan document, as well as do various awards issued thereunder. The effective date of this amendment shall be January 1, 2005.

For purposes of the Plan, the following terms shall be defined as set forth below:

(a) "Affiliate" means any entity other than the Company and its Subsidiaries that is designated by the Board as a participating employer under the Plan, provided that the Company directly or indirectly owns at least twenty percent (20%) of the combined voting power of all classes of stock of such entity or at least twenty percent (20%) of the ownership interests in such entity.

(b) "Board" means the Board of Directors of the Company.

(c) "Book Value" means, as of any given date, on a per share basis (i) the Stockholders' Equity in the Company as of the end of the immediately preceding fiscal year as reflected in the Company's audited consolidated balance sheet, subject to such adjustments as the Committee shall specify, divided by (ii) the number of then outstanding shares of Stock as of such year-end date (as adjusted by the Committee for subsequent events).

(d) "Cause" means a felony conviction of a participant or the failure of a participant to contest prosecution for a felony, or a participant's willful misconduct or dishonesty, any of which is directly and materially harmful to the business or reputation of the Company or any Subsidiary or Affiliate.

(e) "Code" means the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto.

(f) "Committee" means the Committee referred to in Section 2 of the Plan. If at any time no Committee shall be in office, then the functions of the Committee specified in the Plan shall be exercised by the Board.

(g) "Company" means AMR Corporation, a corporation organized under the laws of the State of Delaware, or any successor corporation.

(h) "Deferred Stock" means the right to receive Stock at the end of a specified deferral period pursuant to Section 8.

(i) "Disability", for awards not subject to section 409A of the Code, means disability as determined under procedures established by the Committee for purposes of this Plan. For awards subject to section 409A, "Disability" shall have the meaning given in section 409A(a)(2)(C) of the Code; determination of such Disability shall be made by the Committee consistently with Treasury Regulation 1.409A-3(i)(4)(i) or successor guidance thereto.

(j) "Early Retirement" means retirement, with the express consent for purposes of this Plan of the Company at or before the time of such retirement, from active employment with the Company and any Subsidiary or Affiliate.

(k) "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, and any successor thereto.

(l) "Fair Market Value" means, as of any given date, unless otherwise determined by the Committee in good faith, the mean between the highest and lowest quoted selling price, regular way, of the Stock on the New York Stock Exchange or, if no such sale of Stock occurs on the New York Stock Exchange on such date, the fair market value of the Stock as determined by the Committee in good faith; provided, that, for Stock Options, Stock Appreciation Rights, Deferred Stock, Restricted Stock, Performance Related Awards and Other Stock Based Awards granted or exercised on or after November 16, 2006, fair market value means, unless otherwise determined by the Committee in good faith, the last sale price of the Stock on the New York Stock Exchange at the time of such grant or exercise, as applicable or, if no such sale of Stock occurs on the New York Stock Exchange on such date or the prior business day, the fair market value of the Stock as determined by the Committee in good faith.

(m) "Incentive Stock Option" means any Stock Option intended to be and designated as an "Incentive Stock Option" within the meaning of section 422 of the Code.

(n) "Non-Qualified Stock Option" means any Stock Option that is not an Incentive Stock Option.

(o) "Normal Retirement" means retirement from active employment with the Company and any Subsidiary or Affiliate pursuant to the applicable retirement provisions of the applicable pension plan of such entity.

(p) "Other Stock Based Award" means an award under Section 9 below that is valued in whole or in part by reference to, or is otherwise based on, Stock.

(q) "Performance Related Awards" means an award made pursuant to Section 9 of Restricted Stock or Deferred Stock or Other Stock Based Awards upon the determination by the Committee that performance objectives established by the Committee have been attained, in whole or in part.

(r) "Plan" means this AMR Corporation 1998 Long Term Incentive Plan as amended, and as it may be amended hereafter from time to time.

(s) "Restricted Stock" means shares of Stock that are subject to restrictions under Section 7 below.

(t) "Retirement" means Normal or Early Retirement.

(u) "Stock" means the Common Stock, \$1.00 par value per share, of the Company.

(v) "Stock Appreciation Right" means the right pursuant to an award granted under Section 6 below which entitles the grantee to receive, upon the exercise thereof in whole or in part, an amount in shares of Stock equal in value to the excess of the Fair Market Value (at the time of exercise) of one share of Stock over the base price per share specified with respect to the Stock Appreciation Right, multiplied by the number of shares in respect of which the Stock Appreciation Right shall have been exercised. The number of shares to be issued shall be calculated on the basis of the Fair Market Value of the shares at the time of exercise, with any fractional share being payable in cash based on the Fair Market Value at the time of exercise. Notwithstanding the foregoing, the Committee may elect, at any time and from time to time, in lieu of issuing all or any portion

of the shares of Stock otherwise issuable upon any exercise of any such Stock Appreciation Right, to pay the grantee an amount in cash or other marketable property with a value equivalent to the aggregate Fair Market Value at the time of exercise of the number of shares of Stock that the Committee is electing to settle in cash or other marketable property.

(w) "Stock Option" or "Option" means any option to purchase shares of Stock (including Restricted Stock and Deferred Stock, if the Committee so determines) granted pursuant to Section 5 below.

(x) "Subsidiary" means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if each of the corporations (other than the last corporation in the unbroken chain) owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in the chain.

In addition, the terms "LTIP Awards," "Performance Award", "Performance Criteria", "Change in Control" "Potential Change in Control and "Change in Control Price" shall have the meanings set forth, respectively, in Sections 2, 10(a), and Section 11 below.

SECTION 2. Administration.

The Plan shall be administered by a committee of not less than two members of the Board, who shall be appointed by, and serve at the pleasure of, the Board. In selecting the members of the Committee, the Board shall take into account the requirements for the members of the Committee to be treated as "Outside Directors" within the meaning of section 162(m) of the Code and "Non-Employee Directors" for purposes of Rule 16b-3, as promulgated under section 16 of the Exchange Act. The functions of the Committee specified in the Plan shall be exercised by the Board, if and to the extent that no Committee exists which has the authority to so administer the Plan, or to the extent that the Committee is not comprised solely of Non-Employee Directors for purposes of Rule 16b-3, as promulgated under section 16 of the Exchange Act.

The Committee shall have full authority to grant, pursuant to the terms of the Plan, to officers and other key employees eligible under Section 4: (i) Stock Options and Incentive Stock Options; (ii) Stock Appreciation Rights; (iii) Restricted Stock; (iv) Deferred Stock; (v) Other Stock Based Awards; and/or (vi) Performance Related Awards (collectively, the "LTIP Awards").

In particular the Committee shall have the authority:

- (a) to select the officers and other key employees of the Company and its Subsidiaries and Affiliates to whom LTIP Awards may from time to time be granted hereunder;
- (b) to determine whether and to what extent LTIP Awards, or any combination thereof, are to be granted hereunder to one or more eligible employees;
- (c) subject to the provisions of Sections 3, 5 and 10, to determine the number of shares to be covered by each such award granted hereunder;
- (d) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any award granted hereunder (including, but not limited to, the share price and any restriction or limitation, or any vesting acceleration or waiver of forfeiture restrictions regarding any Stock Option or other award and/or the shares of Stock relating thereto, based in each case on such factors as the Committee shall determine in its sole discretion);
- (e) to determine whether, to what extent and under what circumstances a Stock Option may be settled in cash, Stock Appreciation Rights and/or Restricted Stock under Section 5(k) or 5(1), as applicable, instead of Stock;
- (f) to determine whether, to what extent and under what circumstances an award of Restricted Stock or Deferred Stock may be settled in cash;
- (g) to determine whether, to what extent and under what circumstances Option grants and/or other awards under the Plan and/or other cash awards made by the Company are to be made, and operate, on a tandem basis vis-a-vis other awards under the Plan and/or cash awards made outside of the Plan, or on an additive basis;
- (h) to determine whether, to what extent and under what circumstances Stock and other amounts payable with respect to an award under this Plan may be deferred either automatically or at the election of the participant (including providing for and determining the amount (if any) of any deemed earnings on any deferred amount during any deferral period); provided that any such deferral may be accomplished only if exempt from, or in accordance with, section 409A of the Code;
- (i) with respect to an award of Restricted Stock, to determine whether the right to vote will be granted with such award and/or whether any dividends declared with respect to such award will be paid in cash, additional Restricted Stock, Other Stock Based Awards, or not at all;
- (j) with respect to an award of Deferred Stock, to determine whether any dividends declared with respect to such award will be paid in cash, Restricted Stock, additional Deferred Stock, Other Stock Based Awards, or not at all; and
- (k) to determine the terms and conditions pursuant to which an LTIP Award may vest on a pro rata basis or be terminated.

The Committee shall have the authority: to adopt, alter and repeal such rules, guidelines and practices governing the Plan as it shall, from time to time, deem advisable; to interpret the terms and provisions of the Plan and any award issued under the Plan (and any agreements relating thereto); and to otherwise supervise the administration of the Plan.

The Committee may appoint in writing such person or persons as it may deem necessary or desirable to carry out any of the duties and responsibilities of the Committee hereunder and may delegate to such person or persons in writing such duties, and confer upon such person or persons in writing, such powers, discretionary or otherwise, as the Committee may deem appropriate. The Committee may authorize from time to time the Chief Executive Officer and/or another officer or officers of the Company or its Subsidiaries or Affiliates or a subcommittee of members of the Committee to grant awards under this Plan to officers and other key employees of the Company or its Subsidiaries or Affiliates authorized or approved by the Committee (including grants of individual awards to officers and other key employees authorized or approved by the Committee in a pool of awards for a group of officers and/or other key employees), subject to any conditions or limitations as the Committee may establish; *provided* that all awards to executive officers of the Company shall be approved by the Committee, or a subcommittee thereof.

All decisions made by the Committee pursuant to the provisions of the Plan shall be made in the Committee's sole discretion and shall be final and binding on all persons, including the Company and Plan participants. Section 409A of the Code applies to certain awards under this Plan, and it is intended that all such awards shall be issued, administered, exercised and paid or transferred in conformance therewith. Accordingly, notwithstanding anything in Section 12 to the contrary, the Committee shall have authority to amend or restate the terms of a grant or award to preclude violation of section 409A of the Code, without the consent of the recipient thereof.

SECTION 3. Stock Subject to Plan.

The total number of shares of Stock reserved and available for distribution under the Plan shall be 5,000,000 shares, plus any shares remaining available for issuance under the 1988 Long Term Incentive Plan, as amended, as of the Effective Date hereof. Such shares may consist, in whole or in part, of authorized and unissued shares or treasury shares.

Subject to Section 6(b)(iv) below, if any shares of Stock that have been optioned cease to be subject to a Stock Option, or if any such shares of Stock that are subject to any Restricted Stock or Deferred Stock Award, Other Stock Based Award or Performance Related Award granted hereunder or granted under the 1988 Long Term Incentive Plan, as amended, are forfeited or any such award otherwise terminates without a payment being made to the participant in the form of Stock such shares shall again be available for distribution in connection with future awards under the Plan.

In the event of any merger, reorganization, consolidation, recapitalization, stock dividend, stock split or other change in corporate structure affecting the Stock, such substitution or adjustment shall be made in the aggregate number of shares reserved for issuance under the Plan, in the number and option price of shares subject to outstanding Options granted under the Plan, and in the number of shares subject to other outstanding awards granted under the Plan as may be determined to be appropriate by the Committee, in its sole discretion, provided that the number of shares subject to any award shall always be a whole number. Such adjusted option price shall also be used to determine the amount payable by the Company upon the exercise of any Stock Appreciation Right associated with any Stock Option.

SECTION 4. Eligibility.

Officers and other key employees of the Company and its Subsidiaries and Affiliates (but excluding members of the Committee and any person who serves only as a director) who are responsible for, or contribute to, the management, growth and/or profitability of the business of the Company and/or its Subsidiaries and Affiliates are eligible for awards under the Plan.

SECTION 5. Stock Options.

Stock Options may be granted alone, in addition to, or in tandem with, other awards granted under the Plan. Any Stock Option granted under the Plan shall be in such form as the Committee may from time to time approve.

Stock Options granted under the Plan may be of two types: (i) Incentive Stock Options; and (ii) Non-Qualified Stock Options.

The Committee shall have the authority to grant to any optionee Incentive Stock Options, Non-Qualified Stock Options, or both types of Stock Options (in each case with or without Stock Appreciation Rights); provided that, in no event shall the number of shares of Stock subject to any Stock Options granted to any employee during any calendar year exceed 250,000 shares, as such number may be adjusted pursuant to Section 3.

Options granted under the Plan shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Committee shall deem desirable:

(a) *Option Price.* The option price per share of Stock purchasable under a Stock Option shall be determined by the Committee at the time of grant; provided, that such option price may not be less than the Fair Market Value of the Stock at the time the Stock Option is granted.

(b) *Option Term.* The term of each Stock Option shall be fixed by the Committee, but no Stock Option shall be exercisable more than ten (10) years after the date the Option is granted.

(c) *Exercisability.* Stock Options shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee; provided, however, that except as determined by the Committee, no Stock Option shall be exercisable prior to the first anniversary date of the granting of the Option. If the Committee provides, in its sole discretion, that any Stock Option is exercisable only in installments, the Committee may waive such installment exercise provisions at any time in whole or in part, based on such factors as the Committee shall determine, in its sole discretion.

(d) *Method of Exercise.* Subject to whatever installment exercise provisions apply under Section 5(c) and subject to whatever restrictions may be imposed by the Company, Stock Options may be exercised in whole or in part at any time during the option period, by giving written notice of exercise to the Company specifying the number of shares to be purchased.

Such notice shall be accompanied by payment in full of the purchase price. Without limiting the generality of the foregoing, payment of the option price may be made: (i) in cash or its equivalent; (ii) by exchanging shares of Stock owned by the optionee (which are not the subject of any pledge or other security interest), including in the case of a Non-Qualified Stock Option, Restricted Stock or Deferred Stock subject to an award hereunder (or an award under the terms of the 1988 Long Term Incentive Plan, as amended); (iii) through an arrangement with a broker approved by the Company whereby payment of the exercise price is accomplished with the proceeds of the sale of Stock; or (iv) by any combination of the foregoing, provided that the combined value of all cash and cash equivalents paid and the Fair Market Value of any such Stock so tendered to the Company, valued as of the time of such tender, is at least equal to such option price.

If payment of the option exercise price of a Non-Qualified Stock Option is made in whole or in part in the form of Restricted Stock, such Restricted Stock (and any replacement shares relating thereto) shall remain (or be) restricted or deferred, as the case may be, in accordance with the original terms of the Restricted Stock award in question, and any additional Stock received upon the exercise shall be subject to the same forfeiture restrictions or deferral limitations, unless otherwise determined by the Committee, in its sole discretion.

No shares of Stock shall be issued upon exercise of a stock option until full payment therefor has been made. With respect to grants of Options exercisable prior to January 1, 2005, the optionee shall generally have the rights to dividends or other rights of a shareholder with respect to shares subject to the Option when the optionee has given written notice of exercise, has paid in full for such shares, and, if requested, has given the representation described in Section 14(a). Dividend equivalents or accumulated dividends or other rights of economic value shall not be issued with Stock Options first becoming exercisable after December 31, 2004.

(e) *Transferability of Options.* Unless the Committee shall permit (on such terms and conditions as it shall establish) an Option to be transferred to a member of the participant's immediate family or to a trust or similar vehicle for the benefit of such immediate family members, no Option shall be assignable or transferable except by will or the laws of descent and distribution, and except to the extent required by law, no right or interest of any participant shall be subject to any lien, obligation or liability of the participant.

(f) *Termination by Death.* Subject to Section 5(j), if an optionee's employment by the Company and any Subsidiary or Affiliate terminates by reason of death, any Stock Option held by such optionee may thereafter be exercised in accordance with the terms and conditions established by the Committee.

(g) *Termination by Reason of Disability.* Subject to Section 5(j), if an optionee's employment by the Company and any Subsidiary or Affiliate terminates by reason of Disability, any Stock Option held by such optionee may thereafter be exercised by the optionee in accordance with the terms and conditions established by the Committee. In the event of termination of employment by reason of Disability, if an Incentive Stock Option is exercised after the expiration of the exercise periods that apply for purposes of section 422 of the Code, such Stock Option will thereafter be treated as a Non-Qualified Stock Option.

(h) *Termination by Reason of Retirement.* Subject to Section 5(j), if an optionee's employment by the Company and any Subsidiary or Affiliate terminates by reason of Normal or Early Retirement, any Stock Option held by such optionee may thereafter be exercised by the optionee in accordance with the terms and conditions established by the Committee. In the event of termination of employment by reason of Retirement, if an Incentive Stock Option is exercised after the expiration of the exercise periods that apply for purposes of section 422 of the Code, such Stock Option will thereafter be treated as a Non-Qualified Stock Option.

(i) *Other Termination.* Unless otherwise determined by the Committee, if an optionee's employment by the Company or any Subsidiary or Affiliate terminates for any reason other than death, Disability or Normal or Early Retirement, the Stock Option shall thereupon terminate.

(j) *Incentive Stock Options.* Anything in the Plan to the contrary notwithstanding, no term of this Plan relating to Incentive Stock Options shall be interpreted, amended or altered, nor shall any discretion or authority granted under the Plan be so exercised, so as to disqualify the Plan under section 422 of the Code, or, without the consent of the optionee(s) affected, to disqualify any Incentive Stock Option under such section 422.

(k) *Buyout Provisions.* The Committee may at any time offer to buy out for a payment in cash, Stock, Deferred Stock or Restricted Stock, an option previously granted hereunder, based on such terms and conditions as the Committee shall establish and communicate to the participant at the time that such offer is made; provided that no such buyout shall be permissible to the extent it would subject the Option to the requirements of section 409A of the Code or result in a violation of section 409A of the Code.

(1) *Settlement Provisions.* With respect to options exercisable prior to January 1, 2005, if the option agreement so provides at grant or is amended after grant, and prior to the exercise (with the optionee's consent), the Committee may require that all or part of the shares to be issued with respect to the spread value of an exercised Option take the form of Deferred or Restricted Stock, which shall be valued at the time of exercise on the basis of the Fair Market Value (as determined by the Committee) of such Deferred or Restricted Stock determined without regard to the deferral limitations and/or the forfeiture restrictions involved.

SECTION 6. *Stock Appreciation Rights.*

(a) *Grant and Exercise.* Stock Appreciation Rights may be granted alone, in addition to, or in tandem with, other awards granted under the Plan. Any Stock Appreciation Right granted under the Plan shall be in such form as the Committee may from time to time approve. Stock Appreciation Rights may be granted in conjunction with all or part of any Stock Option granted under the Plan. In the case of a Non-Qualified Stock Option, such rights may be granted either at or after the time of the grant of such Stock Option. In the case of an Incentive Stock Option, such rights may be granted only at the time of grant of such Stock Option.

A Stock Appreciation Right or applicable portion thereof granted with respect to a given Stock Option shall terminate and no longer be exercisable upon the termination or exercise of the related Stock Option, subject to such provisions as the Committee may specify at grant where a Stock Appreciation Right is granted with respect to less than the full number of shares covered by a related Stock Option.

A Stock Appreciation Right may be exercised by a grantee, subject to Section 6(b), in accordance with the procedures established by the Committee from time to time for such purposes. Upon such exercise, the grantee shall be entitled to receive an amount determined in the manner prescribed in Section 6(b). Stock Options relating to exercised Stock Appreciation Rights, and Stock Appreciation Rights related to any exercised Stock Option, shall no longer be exercisable to the extent that the related Stock Appreciation Rights or Stock Option, as the case may be, have been exercised.

(b) *Terms and Conditions.* Stock Appreciation Rights shall be subject to such terms and conditions, not inconsistent with the provisions of the Plan, as shall be determined from time to time by the Committee, including the following:

(i) Stock Appreciation Rights shall be exercisable at such time and subject to such conditions as the Committee shall specify, except that any Stock Appreciation Right granted in tandem with a Stock Option (or portion thereof) shall be exercisable only at such time or times and to the extent that the Stock Options to which they relate shall be exercisable in accordance with the provisions of Section 5 and this Section 6 of the Plan.

(ii) Upon the exercise of a Stock Appreciation Right, a grantee shall be entitled to receive an amount in shares of Stock (or, solely to the extent determined by the Committee, cash) equal in value to the excess of the Fair Market Value (at the time of exercise) of one share of Stock over the base price per share specified with respect to the Stock Appreciation Right, multiplied by the number of shares in respect of which the Stock Appreciation Right shall have been exercised. When payment is to be made in shares, the number of shares to be paid shall be calculated on the basis of the Fair Market Value of the shares at the time of exercise. Notwithstanding anything in this Section 6(b)(ii) to the contrary, the base price in respect of any Stock Appreciation Right shall not be less than the Fair Market Value of the Stock at the time the Stock Appreciation Right is granted, or in the case of a Stock Appreciation Right granted in tandem with a Stock Option, the Fair Market Value at the time the related Stock Option was granted.

(iii) Stock Appreciation Rights shall be transferable only to the extent that Stock Options may be transferable under Section 5(e) of the Plan.

(iv) Upon the exercise of a Stock Appreciation Right, regardless of whether granted on a stand-alone basis or in tandem with any Stock Option, only the number of shares of Stock actually issued in connection with the exercise of such Stock Appreciation Right (and not the corresponding number of shares of Stock related to the Stock Appreciation Right (or portion thereof) being exercised) shall be treated as issued under the Plan and, for the purpose of the limitation set forth in Section 3 of the Plan on the number of shares of Stock issuable under the Plan, the remaining number of shares of Stock related to such exercised Stock Appreciation Right (or portion thereof), including the corresponding number of shares related to any tandem Stock Option cancelled upon such exercise, shall again be available for issuance under the Plan.

SECTION 7. *Restricted Stock.*

(a) *Administration.* Shares of Restricted Stock may be issued either alone, in addition to, or in tandem with, other awards granted under the Plan and/or awards made outside of the Plan. The Committee shall determine the eligible persons to whom, and the time or times at which, grants of Restricted Stock will be made, the number of shares to be awarded, the price (if any) to be paid by the recipient of Restricted Stock (subject to Section 7(b)), the time or times within which such awards may be subject to forfeiture, and all other terms and conditions of the awards.

The Committee may condition the grant of Restricted Stock upon the attainment of specified Performance Criteria or such other factors as the Committee may determine, in its sole discretion.

The provisions of Restricted Stock awards need not be the same with respect to each recipient.

(b) *Awards and Certificates.* The prospective recipient of a Restricted Stock award shall not have any rights with respect to such award, unless and until the Company and such recipient have executed an agreement evidencing the award and the recipient has delivered a fully executed copy thereof to the Company, and has otherwise complied with the applicable terms and conditions of such award.

(i) The purchase price for shares of Restricted Stock shall be equal to or less than their par value and may be zero.

(ii) Awards of Restricted Stock must be accepted within a reasonable period (or such specific period as the Committee may specify at grant) after the award date, by executing a Restricted Stock award agreement and paying whatever price (if any) is required under Section 7(b)(i).

(iii) Each participant receiving a Restricted Stock award shall be issued a stock certificate in respect of such shares of Restricted Stock. Such certificate shall be registered in the name of such participant, and shall bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such award.

(iv) The Committee shall require that the stock certificates evidencing such shares be held in custody by the Company until the restrictions thereon shall have lapsed, and that, as a condition of any Restricted Stock award, the participant shall have delivered a stock power, endorsed in blank, relating to the Stock covered by such award.

(c) *Terms and Conditions.* The shares of Restricted Stock awarded pursuant to this Section 7 shall be subject to the following terms and conditions:

(i) Subject to the provisions of this Plan and the award agreement, during a period set by the Committee commencing with the date of such award (the "Restriction Period"), the participant shall not be permitted to sell, transfer, pledge or assign shares of Restricted Stock awarded under the Plan. Within these limits and subject to Sections 7(c)(iv) and/or 7(c)(v), the Committee, in its sole discretion, may provide for the lapse of such restrictions in installments and may accelerate or waive such restrictions in whole or in part, based on service, Performance Criteria and/or such other factors as the Committee may determine, in its sole discretion.

(ii) If and when the Restriction Period expires without a prior forfeiture of the Restricted Stock subject to such Restriction Period, certificates for an appropriate number of unrestricted shares of Stock shall be delivered to the participant promptly (unless the Committee decides pursuant to Section 2(f) to settle the award in cash).

(iii) The voting rights and/or dividend rights, if any, of the Restricted Stock award shall be established by the Committee pursuant to Section 2(i).

(iv) An award of Restricted Stock, where the Restriction Period is based on Performance Criteria, shall have a Restriction Period of at least one (1) year.

(v) An award of Restricted Stock, where the Restriction Period is based on service, shall have a Restriction Period of at least three (3) years.

(vi) In determining the Restriction Period for any award of Restricted Stock granted in replacement of a non-Plan award of Stock or non-Plan award valued by reference to the Stock, the Restriction Period shall be deemed to have commenced on the date such non-Plan award was originally granted.

(d) *Minimum Value Provisions.* In order to better ensure that award payments actually reflect the performance of the Company and service of the participant, the Committee may provide, in its sole discretion, for a tandem performance-based or other award designed to guarantee a minimum value, payable in cash or Stock to the recipient of a Restricted Stock award, subject to such Performance Criteria, future service, deferral and other terms and conditions as may be specified by the Committee. Any deferral terms shall comply with section 409A of the Code.

SECTION 8. *Deferred Stock.*

(a) *Administration.* Deferred Stock may be awarded either alone, in addition to, or in tandem with, other awards granted under the Plan and/or awards made outside of the Plan. The Committee shall determine the eligible persons to whom and the time or times at which Deferred Stock shall be awarded, the number of shares of Deferred Stock to be awarded to any person, the duration of the period (the "Deferral Period") during which, and the conditions under which, receipt of the Stock will be deferred, and the other terms and conditions of the award in addition to those set forth in Section 8(b). Awards of Deferred Stock may be subject to the provisions of section 409A of the Code, and it is intended that any such grant shall be made and administered in compliance with section 409A of the Code.

The Committee may condition the grant of Deferred Stock upon the attainment of specified Performance Criteria or such other factors or criteria as the Committee shall determine, in its sole discretion.

The provisions of Deferred Stock awards need not be the same with respect to each recipient.

(b) *Terms and Conditions.* The shares of Deferred Stock awarded pursuant to this Section 8 shall be subject to the following terms and conditions:

(i) Subject to the provisions of this Plan and the award agreement referred to in Section 8(b)(iv) below, Deferred Stock awards may not be sold, assigned, transferred, pledged or otherwise encumbered during the Deferral Period. At the expiration of the Deferral Period (or the Elective Deferral Period referred to in Section 8(b)(iii), where applicable), stock certificates shall be delivered to the participant, or his legal representative, in a number equal to the shares covered by the Deferred Stock award (unless the Committee decides pursuant to Section 2(f) to settle the award in cash).

(ii) Subject to Sections 8(b)(vi) and/or 8(b)(vii), the Committee may accelerate the vesting of all or any part of any Deferred Stock award and/or waive the deferral limitations in whole or in part, based on service, Performance Criteria and/or such other factors as the Committee may determine, in its sole discretion.

(iii) Deferral of awards (or any installment thereof) shall not be permitted except in conformance with Internal Revenue Service transitional guidance under section 409A of the Code that does not result in a violation of section 409A of the Code, including Internal Revenue Service Notices 2005-1, 2006-67 and 2007-86.

(iv) Each award shall be confirmed by, and subject to the terms of, a Deferred Stock agreement executed by the Company and the participant.

(v) The dividend rights, if any, of the Deferred Stock award established by the Committee pursuant to Section 2(j). Such rights shall be issued in conformance with section 409A of the Code.

(vi) An award of Deferred Stock, where the Deferral Period is based on Performance Criteria, shall have a Deferral Period of at least one (1) year.

(vii) An award of Deferred Stock, where the Deferral Period is based on service, shall have a Deferral Period of at least three (3) years.

(viii) In determining the Deferral Period for any award of Deferred Stock granted in replacement of a non-Plan award of Stock or non-Plan award valued by reference to the Stock, the Deferral Period shall be deemed to have commenced on the date such non-Plan award was originally granted.

(c) *Minimum Value Provisions.* In order to better ensure that award payments actually reflect the performance of the Company and service of the participant, the Committee may provide, in its sole discretion, for a tandem performance-based or other award designed to guarantee a minimum value, payable in cash or Stock to the recipient of a Deferred Stock award, subject to such Performance Criteria, future service, deferral and other terms and conditions as may be specified by the Committee.

SECTION 9. *Other Stock Based Awards.*

(a) *Administration.* Other awards of Stock and other awards that are valued in whole or in part by reference to, or are otherwise based on, Stock ("Other Stock Based Awards"), including, without limitation, performance shares, convertible preferred stock, convertible debentures, exchangeable securities and Stock awards or options valued by reference to Book Value or subsidiary performance, may be granted either alone or in addition to, Restricted Stock, Deferred Stock, Stock Purchase Rights or Performance Related Awards granted under the Plan and/or cash awards made outside of the Plan.

Subject to the provisions of the Plan, the Committee shall have authority to determine the persons to whom and the time or times at which such awards shall be made, the amount of such awards, and all other conditions of the awards including any dividend and/or voting rights, but, where applicable, in conformity with section 409A of the Code. Subject to Sections 9(b)(iv) and 9(b)(v), the Committee may also provide for the grant of Stock upon the attainment of specified Performance Criteria or such other factors as the Committee may determine, in its sole discretion.

The provisions of Other Stock Based Awards need not be the same with respect to each recipient.

(b) *Terms and Conditions.* Other Stock Based Awards made pursuant to this Section 9 shall be subject to the following terms and conditions:

(i) Subject to the provisions of this Plan and the award agreement referred to in Section 9(b)(ii) below, awards made under this Section 9 may not be sold, assigned, transferred, pledged or otherwise encumbered prior to the date on which any shares are issued or amounts are paid, or, if later, the date on which any applicable restriction, performance or deferral period lapses. Subject to Sections 9(b)(iv) and/or 9(b)(v), the Committee, in its sole discretion, may accelerate the vesting of all or any part of any Other Stock Based Award, and/or waive any restrictions or deferral limitations in whole or in part, based on service, Performance Criteria and/or other factors as the Committee may determine, in its sole discretion but only to the extent permitted under section 409A of the Code with respect to Other Stock Based Awards that are subject to section 409A of the Code.

(ii) Each award under this Section 9 shall be confirmed by, and subject to the terms of, an agreement or other instrument by the Company and by the participant.

(iii) Stock (including securities convertible into Stock) issued on a bonus basis under this Section 9 may be issued for no cash consideration. Stock (including securities convertible into Stock) purchased pursuant to a purchase right awarded under this Section 9 shall be purchased at price(s) determined by the Committee, in its sole discretion.

(iv) Any Other Stock Based Award that has a Restriction Period or Deferral Period that is based on Performance Criteria shall have a Restriction Period or Deferral Period, as the case may be, of at least one (1) year.

(v) Any Other Stock Based Award that has a Restriction Period or Deferral Period that is based on service shall have a Restriction Period or Deferral Period, as the case may be, of at least three (3) years.

(vi) In determining the Restriction Period or Deferral Period for any Other Stock Based Award granted in replacement of a non-Plan award of Stock or non-Plan award valued by reference to the Stock, the Restriction Period or Deferral Period, as applicable, shall be deemed to have commenced on the date such non-Plan award was originally granted.

SECTION 10. Performance Related Awards.

(a) *Performance Objectives.* Notwithstanding anything else contained in the Plan to the contrary, unless the Committee otherwise determines at the time of grant, any award of Restricted Stock or Deferred Stock or Other Stock Based Awards to an officer who is subject to the reporting requirements of section 16(a) of the Exchange Act other than an award which will vest solely on the basis of the passage of time, shall become vested, if at all, upon the determination by the Committee that performance objectives established by the Committee have been attained, in whole or in part (a "Performance Award"). Such performance objectives shall be determined over a measurement period or periods established by the Committee (which period or periods shall not be less than one (1) year) and related to at least one of the following criteria, which may be determined solely by reference to the performance of: (i) the Company; (ii) a Subsidiary; (iii) an Affiliate; (iv) a division or unit of any of the foregoing or based on comparative performance of any of the foregoing relative to past performance or to other companies: (A) return on equity; (B) total shareholder return; (C) revenues; (D) cash flows, revenues and/or earnings relative to other parameters (e.g., net or gross assets); (E) operating income; (F) return on investment; (G) changes in the value of the Stock; and (H) return on assets (the "Performance Criteria"). Excluding Stock Options and/or Stock Appreciation Rights granted hereunder, the maximum number of shares of Stock that may be subject to any such Performance Award granted to any key employee in any calendar year shall not exceed 100,000 shares, as such number may be adjusted pursuant to Section 3.

(b) *Annual Incentive Compensation.* The Committee may, in addition to the Performance Awards described above, pay cash amounts under the Plan or any other plan or arrangement approved by the Committee, provided such other plan or arrangement is in conformity with the provisions of this Section 10(b), to any officer of the Company or any Subsidiary who is subject to the reporting requirements of section 16(a) of the Exchange Act upon the achievement, in whole or in part, of performance goals or objectives established in writing by the Committee with respect to such performance periods as the Committee shall determine. Any such goals or objectives shall be based on one or more of the Performance Criteria. Notwithstanding anything else contained herein to the contrary, the maximum amount of any such cash payment to any single officer with respect to any calendar year shall not exceed the lesser of (i) \$2,000,000; or (ii) twice the officer's annual base salary as in effect on the last day of the preceding fiscal year.

(c) *Interpretation.* Notwithstanding anything else contained in the Plan to the contrary, to the extent required to so qualify any Performance Award as other performance based compensation within the meaning of section 162(m)(4)(C) of the Code, the Committee shall not be entitled to exercise any discretion otherwise authorized under the Plan (such as the right to accelerate vesting without regard to the achievement of the relevant performance objectives) with respect to such Performance Award if the ability to exercise such discretion (as opposed to the exercise of such discretion) would cause such award to fail to qualify as other performance based compensation.

SECTION 11. Change in Control Provisions.

(a) *Impact of Event.* Notwithstanding the provisions of Sections 7(c)(iv), 7(c)(v), 8(b)(vi), 8(b)(vii), 9(b)(iv) and 9(b)(v), in the event of:

(i) a "Change in Control" as defined in Section 11(b) or a "Potential Change in Control" as defined in Section 11(c):

(A) Any Stock Options awarded under the Plan not previously exercisable and vested shall become fully exercisable and vested;

(B) The restrictions and deferral limitations applicable to any Restricted Stock, Deferred Stock, Other Stock Based Awards and Performance Awards, in each case to the extent not already vested under the Plan, shall lapse and such shares and awards shall be deemed fully vested and any Performance Criteria shall be deemed met at target; and

(C) The value of all outstanding LTIP Awards to the extent vested may at the sole discretion of the Committee at or after grant but prior to any Change in Control, be cashed out on the basis of the "Change in Control Price" as defined in Section 11(d) as of the date such Change in Control or Potential Change in Control is determined to have occurred or such other date as the Committee may determine prior to the Change in Control, provided that payment of awards subject to section 409A of the Code shall be made in a manner compliant with section 409A.

(b) *Definition of "Change in Control".* For purposes of Section 11(a), a "Change in Control" means the happening of any of the following:

(i) When any "person" as defined in section 3(a)(9) of the Exchange Act and as used in sections 13(d) and 14(d) thereof, including a "group" as defined in section 13(d) of the Exchange Act but excluding the Company, any Subsidiary or any employee benefit plan sponsored or maintained by the Company or any Subsidiary (including any trustee of such plan acting as trustee), directly or indirectly, becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act, as amended from time to time), of securities of the Company representing fifteen percent (15%) or more of the combined voting power of the Company's then outstanding securities;

(ii) The individuals who, as of December 31, 2008, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to such date whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board; or

(iii) Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company or the acquisition of assets of another corporation (a "Business Combination"), in each case, unless, following such Business Combination: (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the then outstanding shares of Stock of the Company and the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors immediately prior to such Business Combination beneficially own, directly or indirectly, more than sixty percent (60%) of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries); (B) no person (excluding any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, fifteen percent (15%) or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination; and (C) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(iv) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

Notwithstanding anything in Section 11(b) hereinabove, a Change in Control shall be deemed to have occurred only if the event is also a change in the ownership, or change in effective control, or a change in the ownership of a substantial portion of the assets of the Company, in each case as defined in Treasury Regulation 1.409A-3(i)(5) or successor guidance thereto. For such purpose the specified percentages in Treasury Regulations 1.409A-3(i)(5)(v), (vi) and (vii) or successor guidance thereto shall be utilized, rather than any elective percentage.

(c) *Definition of Potential Change in Control.* For purposes of Section 11(a), a "Potential Change in Control" means the happening of any one of the following:

(i) The approval by shareholders of an agreement by the Company, the consummation of which would result in a Change in Control of the Company as defined in Section 11(b); or

(ii) The acquisition of beneficial ownership, directly or indirectly, by any entity, person or group (other than the Company or Subsidiary or any Company employee benefit plan (including any trustee of such plan acting as such trustee)) of securities of the Company representing five percent (5%) or more of the combined voting power of the Company's outstanding securities and the adoption by the Board of a resolution to the effect that a Potential Change in Control of the Company has occurred for purposes of this Plan.

Notwithstanding anything in Section 11(c) hereinabove, a Potential Change in Control shall be deemed to have occurred only if the event is also a change in the ownership, or change in effective control, or a change in the ownership of a substantial portion of the assets of the Company, in each case as defined in Treasury Regulation 1.409A-3(i)(5) or successor guidance thereto. For such purpose the specified percentages in Treasury Regulations 1.409A-3(i)(5)(v), (vi) and (vii) or successor guidance thereto shall be utilized, rather than any elective percentage.

(d) *Change in Control Price.* For the purposes of this Section 11, "Change in Control Price" means the highest price per share paid in any transaction reported on the New York Stock Exchange Composite Index, or paid or offered in any bona fide transaction related to a potential or actual Change in Control of the Company at any time during the sixty (60) day period immediately preceding the occurrence of the Change in Control, in each case as determined by the Committee except that, in the case of Incentive Stock Options and Stock Appreciation Rights relating to Incentive Stock Options, such price shall be based only on transactions reported for the date on which the optionee exercises such Incentive Stock Options or Stock Appreciation Rights or, where applicable, the date on which a cashout occurs under Section 11(a)(i)(C).

SECTION 12. Amendments and Termination.

The Board may amend, alter, or discontinue the Plan, but no amendment, alteration, or discontinuation shall be made which would impair the rights of an optionee or participant under an LTIP Award theretofore granted, without the optionee's or participant's consent.

The Committee may amend the terms of any Stock Option or other award theretofore granted, prospectively or retroactively, but subject to Section 2 above, no such amendment shall impair the rights of any holder without the holder's consent.

Subject to the above provisions, the Board shall have broad authority to amend the Plan to take into account changes in applicable securities and tax laws and accounting rules, as well as other developments.

Notwithstanding the above, no amendment shall be made that shall constitute an impermissible acceleration of an award that is subject to section 409A of the Code and awards subject to section 409A may be amended without participant consent to the extent provided in Section 2 of this Plan.

SECTION 13. Unfunded Status of Plan.

The Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payments not yet made to a participant or optionee by the Company, nothing contained herein shall give any such participant or optionee any rights that are greater than those of a general creditor of the Company. In its sole discretion, the Committee may authorize the creation of trusts or other arrangements to meet the obligations created under the Plan to deliver Stock or payments in lieu of or with respect to awards hereunder; provided, however, that unless the Committee otherwise determines with the consent of the affected participant, the existence of such trusts or other arrangements is consistent with the "unfunded" status of the Plan. Trusts or other arrangements so established shall be subject to the limitations of section 409A(b) of the Code.

SECTION 14. General Provisions.

(a) The Committee may require each person purchasing shares pursuant to a Stock Option or other award under the Plan to represent to and agree with the Company in writing that the optionee or participant is acquiring the shares without a view to distribution thereof. The certificates for such shares may include any legend which the Committee deems appropriate to reflect any restrictions on transfer.

All certificates for shares of Stock or other securities delivered under the Plan shall be subject to such stock-transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Stock is then listed, and any applicable federal or state securities law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(b) Nothing contained in this Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to stockholder approval if such approval is required, and such arrangements may be either generally applicable or applicable only in specific cases.

(c) The adoption of the Plan shall not confer upon any employee of the Company or any Subsidiary or Affiliate any right to continued employment with the Company or a Subsidiary or Affiliate, as the case may be, nor shall it interfere in any way with the right of the Company or a Subsidiary or Affiliate to terminate the employment of any of its employees at any time.

(d) Except as the participant and the Company may otherwise agree, no later than the date as of which an amount first becomes includible in the gross income of the participant for federal income tax purposes with respect to any award under the Plan, the participant shall pay to the Company, or make arrangements satisfactory to the

Committee regarding the payment of, any federal, state, or local taxes of any kind required by law to be withheld with respect to such amount. Unless otherwise determined by the Committee, withholding obligations may be settled with Stock, including Stock that is part of the award that gives rise to the withholding requirement. The obligations of the Company under the Plan shall be conditional on such payment or arrangements, and the Company and its Subsidiaries or Affiliates shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the participant.

(e) The actual or deemed reinvestment of dividends or dividend equivalents in additional Restricted Stock (or in Deferred Stock or other types of Plan awards) at the time of any dividend payment shall only be permissible if sufficient shares of Stock are available under Section 3 for such reinvestment (taking into account then outstanding Stock Options and other Plan awards).

(f) The Committee may permit a participant to postpone the delivery of Stock under any award, including a Stock Option, under the Plan upon such terms and conditions as the Committee shall determine, but, with respect to awards subject to section 409A of the Code, only in conformance with section 409A of the Code.

(g) The Plan and all awards made and actions taken thereunder shall be governed by and construed in accordance with the laws of the State of Delaware.

SECTION 15. Effective Date of Plan.

As amended, the Plan shall be effective as of May 21, 1998, with changes effected hereunder effective as of January 1, 2005.

SECTION 16. Term of Plan.

No LTIP Award shall be granted pursuant to the Plan on or after the tenth anniversary of the date of shareholder approval, but awards granted prior to such tenth anniversary may extend beyond that date, in accordance with the terms of such awards.

SECTION 17. Applicability to Grants under 1988 Plan.

The provisions of the Plan relating to stock options, stock appreciation rights, restricted stock awards, deferred stock awards, other stock-based awards or performance related awards shall apply to, and govern existing and subsequent stock options, stock appreciation rights, restricted stock awards, deferred stock awards, other stock-based awards or performance related awards granted under the 1988 Long Term Incentive Plan, as amended.



**Amended and Restated Air Transportation Plan
for Non-Employee Directors of AMR Corporation**

Section 409A of the Internal Revenue Code applies to the complimentary air transportation provided to the non-employee Directors of AMR Corporation ("AMR"). In order to avoid imposition of certain income taxes, penalty taxes and interest, the air transportation plan for non-employee Directors of AMR is hereby amended and restated as provided below, effective as of January 1, 2005.

Each current or former non-employee Director of AMR and his or her spouse or companion and dependent children (under the age of twenty-three (23)) are entitled to unlimited complimentary air transportation in any available class of service on American Airlines and American Eagle ("American") and free Admirals Club memberships.

If the Director served on the AMR Board of Directors (the "Board") for at least ten (10) years and retired from the Board on or after age seventy (70), American will continue to provide complimentary air transportation for the individuals described above following his or her service on the Board until the later of the death of the Director and the Director's spouse or companion. If the Director served on the Board for less than ten (10) years or retired from the Board prior to age seventy (70), American will continue to provide complimentary air transportation for the individuals described above for the number of years the Director served on the Board, commencing with the date on which the Director no longer is a member of the Board.

American will be responsible for any taxes on such air transportation and will reimburse each Director for any taxes paid for this transportation. Tax reimbursements will be made not later than the last day of the taxable year following the year in which the Director paid these taxes, and such reimbursement cannot be further deferred. Such air transportation and tax reimbursements cannot be exchanged for any other benefit or liquidated for other compensation, and the amount of air transportation used in a particular year will not otherwise affect the air transportation the Director may use in any other year.

The Board may amend or terminate this plan at any time.

AMR CORPORATION

2003 EMPLOYEE STOCK INCENTIVE PLAN

AS AMENDED

SECTION 1. Purpose; Definitions.

The purpose of the AMR Corporation 2003 Employee Stock Incentive Plan, as amended hereby (the "Plan") is to enable AMR Corporation (the "Company") to retain and reward employees of the Company and its Subsidiaries and Affiliates, and strengthen the mutuality of interests between such employees and the Company's shareholders, by offering such employees equity-based incentives in the Company. Since the adoption of this Plan, section 409A of the Code (as defined below) has been enacted, and requires revision of the Plan document, as well as do various awards issued thereunder. The effective date of this amendment shall be January 1, 2005.

For purposes of the Plan, the following terms shall be defined as set forth below:

- (a) "Affiliate" means any entity other than the Company and its Subsidiaries that is designated by the Board as a participating employer under the Plan, provided that the Company directly or indirectly owns at least twenty percent (20%) of the combined voting power of all classes of stock of such entity or at least twenty percent (20%) of the ownership interests in such entity.
- (b) "Board" means the Board of Directors of the Company.
- (c) "Cause" means a felony conviction of a participant or the failure of a participant to contest prosecution for a felony, or a participant's willful misconduct or dishonesty, any of which is directly and materially harmful to the business or reputation of the Company or any Subsidiary or Affiliate.
- (d) "Code" means the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto.
- (e) "Committee" means the Committee referred to in Section 2 of the Plan. If at any time no Committee shall be in office, then the functions of the Committee specified in the Plan shall be exercised by the Board.
- (f) "Company" means AMR Corporation, a corporation organized under the laws of the State of Delaware, or any successor corporation.
- (g) "Deferred Stock" means the right to receive Stock at the end of a specified deferral period pursuant to Section 7.
- (h) "Disability", for awards not subject to section 409A of the Code, means disability as determined under a long term disability plan of the Company. For awards subject to section 409A, "Disability" shall have the meaning given in section 409A(a)(2)(C) of the Code; determination of such Disability shall be made by the Committee consistently with Treasury Regulation 1.409A-3(i)(4)(i) or successor guidance thereto.
- (i) "Early Retirement" means retirement, with the express consent of the Company at or before the time of such retirement, from active employment by any Subsidiary or Affiliate.
- (j) "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, and any successor thereto.
- (k) "Fair Market Value" means, as of any given date, unless otherwise determined by the Committee in good faith, the mean between the highest and lowest quoted selling price, regular way, of the Stock on the New York Stock Exchange or, if no such sale of Stock occurs on the New York Stock Exchange on such date, the fair market value of the Stock as determined by the Committee in good faith.
- (l) "Normal Retirement" means retirement from active employment by any Subsidiary or Affiliate pursuant to the retirement provisions of the applicable pension plan of such entity.
- (m) "Plan" means this AMR Corporation 2003 Stock Incentive Plan as amended hereby, and as it may be amended from time to time hereafter.
- (n) "Restricted Stock" means shares of Stock that are subject to restrictions under Section 6 below.
- (o) "Retirement" means Normal or Early Retirement.
- (p) "Stock" means the Common Stock, \$1.00 par value per share, of the Company.
- (q) "Stock Option" or "Option" means any option to purchase shares of Stock (including Restricted Stock and Deferred Stock, if the Committee so determines) granted pursuant to Section 5 below.
- (r) "Subsidiary" means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if each of the corporations (other than the last corporation in the unbroken chain) owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in the chain.
- (s) In addition, the terms "Awards," "Award," "Change in Control," "Potential Change in Control" and "Change in Control Price" shall have the meanings set forth, respectively, in Section 8 below.

SECTION 2. Administration.

The Plan shall be administered by a committee of not less than two members of the Board, who shall be appointed by, and serve at the pleasure of, the Board. In selecting the members of the Committee, the Board shall take into account the requirements for the members of the Committee to be treated as "Non-Employee Directors" for purposes of Rule 16b-3, as promulgated under section 16 of the Exchange Act. The functions of the Committee specified in the Plan shall be exercised by the Board, if and to the extent that no Committee exists which has the authority to so administer the Plan, or to the extent that the Committee is not comprised solely of Non-Employee Directors for purposes of Rule 16b-3, as promulgated under section 16 of the Exchange Act.

The Committee shall have full authority to grant, pursuant to the terms of the Plan, to officers and other key employees eligible under Section 4: (i) Stock Options; (ii) Restricted Stock; and/or (iii) Deferred Stock (collectively, the "Awards" and singularly, an "Award").

In particular the Committee shall have the authority:

- (a) to select the employees of the Subsidiaries and Affiliates to whom Awards may from time to time be granted hereunder;

- (b) to determine whether and to what extent Awards, or any combination thereof, are to be granted hereunder to one or more eligible employees;
- (c) subject to the provisions of Sections 3 and 4, to determine the number of shares to be covered by each such award granted hereunder;
- (d) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any award granted hereunder (including, but not limited to, the share price and any restriction or limitation, or any vesting, acceleration or waiver of forfeiture restrictions regarding any Stock Option or other award and/or the shares of Stock relating thereto, based in each case on such factors as the Committee shall determine in its sole discretion);
- (e) to determine whether, to what extent and under what circumstances a Stock Option may be settled in cash, Restricted Stock and/or Deferred Stock under Section 5(f) or 5(g), as applicable, instead of Stock;
- (f) to determine whether, to what extent and under what circumstances an award of Restricted Stock or Deferred Stock may be settled in cash;
- (g) to determine whether, to what extent and under what circumstances Option grants and/or other awards under the Plan and/or other cash awards made by the Company are to be made, and operate, on a tandem basis vis-a-vis other awards under the Plan and/or cash awards made outside of the Plan, or on an additive basis;
- (h) to determine whether, to what extent and under what circumstances Stock and other amounts payable with respect to an award under this Plan shall be deferred either automatically or at the election of the participant (including providing for and determining the amount (if any) of any deemed earnings on any deferred amount during any deferral period) provided that any such deferral may be accomplished only if exempt from, or in accordance with, section 409A of the Code;
- (i) with respect to an award of Restricted Stock, to determine whether the right to vote will be granted with such award and/or whether any dividends declared with respect to such award will be paid in cash, additional Restricted Stock, Deferred Stock or not at all;
- (j) with respect to an award of Deferred Stock, to determine whether any dividends declared with respect to such award will be paid in cash, Restricted Stock, additional Deferred Stock or not at all; and
- (k) to determine the terms and conditions pursuant to which an Award may vest on a pro rata basis or be terminated.

The Committee shall have the authority: to adopt, alter and repeal such rules, guidelines and practices governing the Plan as it shall, from time to time, deem advisable; to interpret the terms and provisions of the Plan and any award issued under the Plan (and any agreements relating thereto); and to otherwise supervise the administration of the Plan.

All decisions made by the Committee pursuant to the provisions of the Plan shall be made in the Committee's sole discretion and shall be final and binding on all persons, including the Company and Plan participants. Section 409A of the Code applies to certain awards under this Plan, and it is intended that all such awards shall be issued, administered, exercised and paid or transferred in conformance therewith. Accordingly, notwithstanding anything in Article 9 to the contrary, the Committee shall have authority to amend or restate the terms of a grant or award to preclude violation of section 409A of the Code, without the consent of the recipient thereof.

SECTION 3. Stock Subject to Plan.

The total number of shares of Stock reserved and available for distribution under the Plan shall be 42,680,000 shares. Such shares may consist, in whole or in part, of authorized and unissued shares.

If any shares of Stock that have been optioned cease to be subject to a Stock Option, or if any such shares of Stock that are subject to any Restricted Stock or Deferred Stock award granted hereunder are forfeited or any such award otherwise terminates without a payment being made to the participant in the form of Stock, such shares shall again be available for distribution in connection with future awards under the Plan.

In the event of any merger, reorganization, consolidation, recapitalization, stock dividend, stock split or other change in corporate structure affecting the Stock, such substitution or adjustment shall be made in the aggregate number of shares reserved for issuance under the Plan, in the number and option price of shares subject to outstanding Options granted under the Plan, and in the number of shares subject to other outstanding awards granted under the Plan as may be determined to be appropriate by the Committee, in its sole discretion, provided that the number of shares subject to any award shall always be a whole number.

SECTION 4. Eligibility; Limitations.

All of the employees of the Company and its Subsidiaries and Affiliates, including all of those full-time employees in the United States who are "exempt employees," as defined under Fair Labor Standards Act of 1938, are eligible to receive Awards under the Plan. At least a majority of the shares of Stock or shares of Stock underlying Options or other Awards awarded under the Plan during any three-year period must be awarded to employees who are not officers or directors of the Company. No single officer of the Company may acquire under the Plan more than one percent of the outstanding Stock at the time the Plan is adopted.

SECTION 5. Stock Options.

Stock Options may be granted alone, in addition to, or in tandem with, other awards granted under the Plan. Any Stock Option granted under the Plan shall be in such form as the Committee may from time to time approve.

Stock Options granted under the Plan shall not be "incentive stock options" within the meaning of section 422 of the Code unless the Company obtains the required shareholder approval of the Plan.

Options granted under the Plan shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Committee shall deem desirable:

- (a) *Option Price.* The option price per share of Stock purchasable under a Stock Option shall be determined by the Committee at the time of grant; provided, that such option price may not be less than the Fair Market Value of the Stock on the date the Stock Option is granted.
- (b) *Option Term.* The term of each Stock Option shall be fixed by the Committee, but no Stock Option shall be exercisable more than ten (10) years after the date the Option is granted.
- (c) *Exercisability.* Stock Options shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee. If the Committee provides, in its sole discretion, that any Stock Option is exercisable only in installments, the Committee may waive such installment exercise provisions at any time in whole or in part, based on such factors as the Committee shall determine, in its sole discretion.
- (d) *Method of Exercise.* Subject to whatever installment exercise provisions apply under Section 5(c) and subject to whatever restrictions may be imposed by the Company, Stock Options may be exercised in whole or in part at any time during the option period, by giving written notice of exercise to the Company specifying the number of

shares to be purchased. Such notice shall be accompanied by payment in full of the purchase price in such manner and on such reasonable terms and conditions as the Committee shall establish from time to time.

No shares of Stock shall be issued upon exercise of a stock option until full payment therefor has been made. With respect to grants of exercisable options prior to January 1, 2005, the optionee shall generally have the rights to dividends or other rights of a shareholder with respect to shares subject to the Option when the optionee has given written notice of exercise, has paid in full for such shares, and, if requested, has given the representation described in Section 11(a). Dividend equivalents or accumulated dividends or other rights of economic value shall not be issued with Stock Options first becoming exercisable after December 31, 2004.

(e) *Transferability of Options.* Unless the Committee shall permit (on such terms and conditions as it shall establish) an Option to be transferred to a member of the participant's immediate family or to a trust or similar vehicle for the benefit of such immediate family members, no Option shall be assignable or transferable except by will or the laws of descent and distribution, and except to the extent required by law, no right or interest of any participant shall be subject to any lien, obligation or liability of the participant.

(f) *Buyout Provisions.* The Committee may at any time offer to buy out for a payment in cash, Stock, Deferred Stock or Restricted Stock, an option previously granted hereunder, based on such terms and conditions as the Committee shall establish and communicate to the participant at the time that such offer is made; provided that no such buyout shall be permissible to the extent it would subject the Option to the requirement of section 409A of the Code or result in a violation of section 409A of the Code.

(g) *Settlement Provisions.* With respect to options exercisable prior to January 1, 2005, if the option agreement so provides at grant, or is amended after grant, and prior to the exercise, to so provide (with the optionee's consent), the Committee may require that all or part of the shares to be issued with respect to the spread value of an exercised Option take the form of Deferred or Restricted Stock, which shall be valued on the date of exercise on the basis of the Fair Market Value (as determined by the Committee) of such Deferred or Restricted Stock determined without regard to the deferral limitations and/or the forfeiture restrictions involved.

SECTION 6. *Restricted Stock.*

(a) *Administration.* Shares of Restricted Stock may be issued either alone, in addition to, or in tandem with, other awards granted under the Plan and/or awards made outside of the Plan. The Committee shall determine the eligible persons to whom, and the time or times at which, grants of Restricted Stock will be made, the number of shares to be awarded, the price (if any) to be paid by the recipient of Restricted Stock, the time or times within which such awards may be subject to forfeiture, and all other terms and conditions of the awards.

The Committee may condition the grant of Restricted Stock upon the attainment of specified performance criteria or such other factors as the Committee may determine, in its sole discretion.

The provisions of Restricted Stock awards need not be the same with respect to each recipient.

(b) *Terms and Conditions.* The shares of Restricted Stock awarded pursuant to this Section 6 shall be subject to the following terms and conditions:

(i) Subject to the provisions of this Plan and the award agreement, during a period set by the Committee commencing with the date of such award (the "Restriction Period"), the participant shall not be permitted to sell, transfer, pledge or assign shares of Restricted Stock awarded under the Plan. Within these limits the Committee, in its sole discretion, may provide for the lapse of such restrictions in installments and may accelerate or waive such restrictions in whole or in part, based on service and/or such other factors as the Committee may determine, in its sole discretion.

(ii) If and when the Restriction Period expires without a prior forfeiture of the Restricted Stock subject to such Restriction Period, certificates for an appropriate number of unrestricted shares of Stock shall be delivered to the participant promptly (unless the Committee decides pursuant to Section 2(f) to settle the award in cash).

(iii) The voting rights and/or dividend rights, if any, of the Restricted Stock award shall be established by the Committee pursuant to Section 2(i).

SECTION 7. *Deferred Stock.*

(a) *Administration.* Deferred Stock may be awarded either alone, in addition to, or in tandem with, other awards granted under the Plan and/or awards made outside of the Plan. The Committee shall determine the eligible persons to whom and the time or times at which Deferred Stock shall be awarded, the number of shares of Deferred Stock to be awarded to any person, the duration of the period (the "Deferral Period") during which, and the conditions under which, receipt of the Stock will be deferred, and the other terms and conditions of the award in addition to those set forth in Section 7(b). Awards of Deferred Stock may be subject to the provisions of section 409A of the Code, and it is intended that any such grant shall be made and administered in compliance with section 409A of the Code.

The Committee may condition the grant of Deferred Stock upon the attainment of such factors or criteria as the Committee shall determine, in its sole discretion.

The provisions of Deferred Stock awards need not be the same with respect to each recipient.

(b) *Terms and Conditions.* The shares of Deferred Stock awarded pursuant to this Section 7 shall be subject to the following terms and conditions:

(i) Subject to the provisions of this Plan, Deferred Stock awards may not be sold, assigned, transferred, pledged or otherwise encumbered during the Deferral Period. At the expiration of the Deferral Period (or the elective Deferral Period referred to in Section 7(b)(iii), where applicable), stock certificates shall be delivered to the participant, or his legal representative, in a number equal to the shares covered by the Deferred Stock award (unless the Committee decides pursuant to Section 2(f) to settle the award in cash).

(ii) The Committee may accelerate the vesting of all or any part of any Deferred Stock award and/or waive the deferral limitations in whole or in part, based on service and/or such other factors as the Committee may determine, in its sole discretion.

(iii) Deferral of awards (or any installment thereof) shall not be permitted except in conformance with Internal Revenue Service transitional guidance under section 409A of the Code that does not result in a violation of section 409A of the Code, including Internal Revenue Service Notices 2005-1, 2006-67 and 2007-86.

(iv) The dividend rights, if any, of the Deferred Stock award established by the Committee pursuant to Section 2(j). Such rights shall be issued in conformance with section 409A of the Code.

SECTION 8. *Change in Control Provisions.*

(a) *Impact of Event.* The Committee may provide, at or after the date an Award is granted that, notwithstanding any provisions of the Plan to the contrary, in the event of a "Change in Control" (as defined in Section 8(b)) or "Potential Change in Control" (as defined in section 8(c)):

(A) Any Stock Options awarded under the Plan not previously exercisable and vested shall become fully exercisable and vested;

(B) The restrictions and deferral limitations applicable to any Restricted Stock and Deferred Stock, in each case to the extent not already vested under the Plan, shall lapse and such shares and awards shall be deemed fully vested; and

(C) The value of all outstanding Awards to the extent vested may at the sole discretion of the Committee at or after grant but prior to any Change in Control, be cashed out on the basis of the "Change in Control Price" as defined in Section 8(d) as of the date such Change in Control or Potential Change in Control is determined to have occurred or such other date as the Committee may determine prior to the Change in Control or Potential Change in Control, provided that payment of awards subject to section 409A of the Code shall be made in a manner compliant with section 409A.

(b) *Definition of "Change in Control"*. For purposes of Section 8(a), a "Change in Control" means the happening of any of the following:

(i) When any "person" as defined in section 3(a)(9) of the Exchange Act and as used in sections 13(d) and 14(d) thereof, including a "group" as defined in section 13(d) of the Exchange Act but excluding the Company, any Subsidiary or any employee benefit plan sponsored or maintained by the Company or any Subsidiary (including any trustee of such plan acting as trustee), directly or indirectly, becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act, as amended from time to time), of securities of the Company representing fifteen percent (15%) or more of the combined voting power of the Company's then outstanding securities;

(ii) The individuals who, as of December 31, 2008, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to such date whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board; or

(iii) Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company or the acquisition of assets of another corporation (a "Business Combination"), in each case, unless, following such Business Combination: (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the then outstanding shares of Stock of the Company and the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors immediately prior to such Business Combination beneficially own, directly or indirectly, more than sixty percent (60%) of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries); (B) no person (excluding any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, fifteen percent (15%) or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination; and (C) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(iv) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

Notwithstanding anything in Section 8(b) hereinabove, a Change in Control shall be deemed to have occurred only if the event is also a change in the ownership, or change in effective control, or a change in the ownership of a substantial portion of the assets of the Company, in each case as defined in Treasury Regulation 1.409A-3(i)(5) or successor guidance thereto. For such purpose the specified percentages in Treasury Regulations 1.409A-3(i)(5)(v), (vi) and (vii) or successor guidance thereto shall be utilized, rather than any elective percentage.

(c) *Definition of Potential Change in Control*. For purposes of Section 8(a), a "Potential Change in Control" means the happening of any one of the following:

(i) The approval by shareholders of an agreement by the Company, the consummation of which would result in a Change in Control of the Company as defined in Section 8(b); or

(ii) The acquisition of beneficial ownership, directly or indirectly, by any entity, person or group (other than the Company or a Subsidiary or any Company employee benefit plan (including any trustee of such plan acting as such trustee)) of securities of the Company representing five percent (5%) or more of the combined voting power of the Company's outstanding securities and the adoption by the Board of a resolution to the effect that a Potential Change in Control of the Company has occurred for purposes of this Plan.

Notwithstanding anything in Section 8(c) hereinabove, a Potential Change in Control shall be deemed to have occurred only if the event is also a change in the ownership, or change in effective control, or a change in the ownership of a substantial portion of the assets of the Company, as defined in Treasury Regulation 1.409A-3(i)(5) or successor guidance thereto. For such purpose the specified percentages in Treasury Regulations 1.409A-3(i)(5)(v), (vi) and (vii) or successor guidance thereto shall be utilized, rather than any elective percentage.

(d) *Change in Control Price*. For the purposes of this Section 8, "Change in Control Price" means the highest price per share paid in any transaction reported on the New York Stock Exchange Composite Index, or paid or offered in any bona fide transaction related to a potential or actual Change in Control of the Company at any time during the sixty (60) day period immediately preceding the occurrence of the Change in Control, in each case as determined by the Committee.

SECTION 9. *Amendments and Termination.*

The Board may amend, alter or discontinue the Plan, but no amendment, alteration or discontinuation shall be made which would impair the rights of an optionee or participant under an Award theretofore granted, without the optionee's or participant's consent.

The Committee may amend the terms of any Stock Option or other award theretofore granted, prospectively or retroactively, but subject to Section 3 above, no such amendment shall impair the rights of any holder without the holder's consent.

Subject to the above provisions, the Board shall have broad authority to amend the Plan to take into account changes in applicable securities and tax laws and accounting rules, as well as other developments.

Notwithstanding the above, no amendment shall be made that shall constitute an impermissible acceleration of an award that is subject to section 409A of the Code and awards subject to section 409A of the Code may be amended without participant consent to the extent provided in Section 2 of this Plan.

SECTION 10. *Unfunded Status of Plan.*

The Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payments not yet made to a participant or optionee by the Company, nothing contained herein shall give any such participant or optionee any rights that are greater than those of a general creditor of the Company. In its sole discretion, the Committee may authorize the creation of trusts or other arrangements to meet the obligations created under the Plan to deliver Stock or payments in lieu of or with

respect to awards hereunder; provided, however, that unless the Committee otherwise determines with the consent of the affected participant, the existence of such trusts or other arrangements is consistent with the "unfunded" status of the Plan. Trusts or other arrangements so established shall be subject to the limitations of section 409A(b) of the Code.

SECTION 11. General Provisions.

(a) The Committee may require each person purchasing shares pursuant to a Stock Option or other award under the Plan to represent to and agree with the Company in writing that the optionee or participant is acquiring the shares without a view to distribution thereof. The certificates for such shares may include any legend that the Committee deems appropriate to reflect any restrictions on transfer.

All certificates for shares of Stock or other securities delivered under the Plan shall be subject to such stock-transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Stock is then listed, and any applicable federal or state securities law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(b) Nothing contained in this Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to stockholder approval if such approval is required, and such arrangements may be either generally applicable or applicable only in specific cases.

(c) The adoption of the Plan shall not confer upon any employee of the Company or any Subsidiary or Affiliate any right to continued employment with the Company or a Subsidiary or Affiliate, as the case may be, nor shall it interfere in any way with the right of the Company or a Subsidiary or Affiliate to terminate the employment of any of its employees at any time.

(d) Except as the participant and the Company may otherwise agree, no later than the date as of which an amount first becomes includible in the gross income of the participant for federal income tax purposes with respect to any award under the Plan, the participant shall pay to the Company, or make arrangements satisfactory to the Committee regarding the payment of, any federal, state, or local taxes of any kind required by law to be withheld with respect to such amount. Unless otherwise determined by the Committee, withholding obligations may be settled with Stock, including Stock that is part of the award that gives rise to the withholding requirement. The obligations of the Company under the Plan shall be conditional on such payment or arrangements, and the Company and its Subsidiaries or Affiliates shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the participant.

(e) The actual or deemed reinvestment of dividends or dividend equivalents in additional Restricted Stock (or in Deferred Stock or other types of Plan awards) at the time of any dividend payment shall only be permissible if sufficient shares of Stock are available under Section 3 for such reinvestment (taking into account then outstanding Stock Options and other Plan awards).

(f) The Committee may permit a participant to postpone the delivery of Stock under any award, including a Stock Option, under the Plan upon such terms and conditions as the Committee shall determine, but, with respect to awards subject to section 409A of the Code, only in conformance with section 409A of the Code.

(g) The Plan and all awards made and actions taken thereunder shall be governed by and construed in accordance with the laws of the State of Delaware.

(h) The recipient of an Award hereunder is responsible for ensuring that all applicable taxes are paid when due. The Corporation and any Subsidiary or Affiliate reserve the right to sell all or any part of an Award and apply the proceeds to the tax obligation, or to withhold an amount equal to such tax obligation from the recipient's salary, wages or any other payments made to the recipient by a Subsidiary or Affiliate.

SECTION 12. Effective Date of Plan.

As amended and restated, the Plan shall be effective as of March 18, 2003, with changes effected hereunder effective as of January 1, 2005.

SECTION 13. Term of Plan.

No Award shall be granted pursuant to the Plan on or after the tenth anniversary of the date of adoption of the Plan, but awards granted prior to such tenth anniversary may extend beyond that date, in accordance with the terms of such awards.

FIRST AMENDMENT

TO

AMR CORPORATION

1994 DIRECTORS STOCK INCENTIVE PLAN

THIS FIRST AMENDMENT TO AMR CORPORATION 1994 DIRECTORS STOCK INCENTIVE PLAN, is made this 17th day of November, 2008, by AMR Corporation (the "Company").

PREAMBLE

The Company established the AMR Corporation 1994 Directors Stock Incentive Plan, as amended (the "Plan") to enable the Company to attract, retain and motivate the best qualified directors and to enhance a long-term mutuality of interest between the directors and stockholders of the Company by providing the directors with a direct economic interest in the Common Stock of the Company. Since the adoption of the Plan, section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), has been enacted and requires amendment of the Plan. Such required amendments are accomplished by adoption of this instrument, which is effective as of January 1, 2005. Except as amended by this instrument, the Plan shall remain in full force and effect.

AMENDMENTS

1. Section 2(e) of the Plan is hereby amended by the addition of the following language, at the end thereof:

"Notwithstanding the foregoing, with respect to any Deferred Share not vested under the terms of this Plan on or before December 31, 2004, a Change in Control shall be deemed to have occurred only if the event is also a change in ownership of the Company, or change in effective control of the Company, or change in ownership of a substantial portion of the Company's assets, in each case as defined in Treasury Regulation 1.409A-3(i)(5) or successor guidance thereto. For such purpose the specified percentages in Treasury Regulation 1.409A-3(i)(5)(v), (vi) and (vii) or successor guidance thereto shall be utilized, rather than any elective percentage. The determination of the occurrence of a Change in Control shall be made by the Board, consistent with the definition of such term as contained in Treasury Regulation 1.409A-3(i)(5) or successor guidance thereto."

2. Section 2(k) of the Plan is hereby amended by the addition of the following language, at the end thereof:

"Notwithstanding the foregoing, with respect to any Deferred Share not vested under the terms of this Plan on or before December 31, 2004, the term "Disability" shall mean "Disability" as defined in section 409A(a)(2)(C) of the Internal Revenue Code of 1986, as amended. Determination of Disability shall be made by the Board consistently with Treasury Regulation 1.409A-3(i)(4)(i) or successor guidance thereto."

3. Section 9(a) of the Plan is hereby amended by the addition of the following sentence, at the end thereof:

"With respect to any Deferred Share not vested as of December 31, 2004, such Deferred Share may not be distributed until the later of any date specified above or a date that is within thirty (30) days after the Eligible Director has a "separation from service" within the meaning of Treasury Regulation 1.409A-1(h) or successor guidance thereto."

4. Section 9(c) of the Plan is hereby amended by the addition of the following sentence, at the end thereof:

"This Section 9(c) is inapplicable to any Deferred Share not vested on or before December 31, 2004."

5. Section 13(a) of the Plan is hereby amended by the addition of the following sentence, at the end thereof:

"Any distribution on termination of the Plan shall be made only in a manner permitted by Treasury Regulation 1.409A-3(j)(4)(ix)."

This First Amendment to AMR Corporation 1994 Directors Stock Incentive Plan is executed this 17th day of November, 2008, and is effective as of January 1, 2005.

AMR CORPORATION

By:
Its: Corporate Secretary



FIRST AMENDMENT

TO

AMR CORPORATION

1994 DIRECTORS STOCK INCENTIVE PLAN

THIS FIRST AMENDMENT TO AMR CORPORATION 1994 DIRECTORS STOCK INCENTIVE PLAN, is made this 17th day of November, 2008, by AMR Corporation (the "Company").

PREAMBLE

The Company established the AMR Corporation 1994 Directors Stock Incentive Plan, as amended (the "Plan") to enable the Company to attract, retain and motivate the best qualified directors and to enhance a long-term mutuality of interest between the directors and stockholders of the Company by providing the directors with a direct economic interest in the Common Stock of the Company. Since the adoption of the Plan, section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), has been enacted and requires amendment of the Plan. Such required amendments are accomplished by adoption of this instrument, which is effective as of January 1, 2005. Except as amended by this instrument, the Plan shall remain in full force and effect.

AMENDMENTS

1. Section 2(e) of the Plan is hereby amended by the addition of the following language, at the end thereof:

"Notwithstanding the foregoing, with respect to any Deferred Share not vested under the terms of this Plan on or before December 31, 2004, a Change in Control shall be deemed to have occurred only if the event is also a change in ownership of the Company, or change in effective control of the Company, or change in ownership of a substantial portion of the Company's assets, in each case as defined in Treasury Regulation 1.409A-3(i)(5) or successor guidance thereto. For such purpose the specified percentages in Treasury Regulation 1.409A-3(i)(5)(v), (vi) and (vii) or successor guidance thereto shall be utilized, rather than any elective percentage. The determination of the occurrence of a Change in Control shall be made by the Board, consistent with the definition of such term as contained in Treasury Regulation 1.409A-3(i)(5) or successor guidance thereto."

2. Section 2(k) of the Plan is hereby amended by the addition of the following language, at the end thereof:

"Notwithstanding the foregoing, with respect to any Deferred Share not vested under the terms of this Plan on or before December 31, 2004, the term "Disability" shall mean "Disability" as defined in section 409A(a)(2)(C) of the Internal Revenue Code of 1986, as amended. Determination of Disability shall be made by the Board consistently with Treasury Regulation 1.409A-3(i)(4)(i) or successor guidance thereto."

3. Section 9(a) of the Plan is hereby amended by the addition of the following sentence, at the end thereof:

"With respect to any Deferred Share not vested as of December 31, 2004, such Deferred Share may not be distributed until the later of any date specified above or a date that is within thirty (30) days after the Eligible Director has a "separation from service" within the meaning of Treasury Regulation 1.409A-1(h) or successor guidance thereto."

4. Section 9(c) of the Plan is hereby amended by the addition of the following sentence, at the end thereof:

"This Section 9(c) is inapplicable to any Deferred Share not vested on or before December 31, 2004."

5. Section 13(a) of the Plan is hereby amended by the addition of the following sentence, at the end thereof:

"Any distribution on termination of the Plan shall be made only in a manner permitted by Treasury Regulation 1.409A-3(j)(4)(ix)."

This First Amendment to AMR Corporation 1994 Directors Stock Incentive Plan is executed this 17th day of November, 2008, and is effective as of January 1, 2005.

AMR CORPORATION

By:
Its: Corporate Secretary



AMR CORPORATION
Computation of Ratio of Earnings to Fixed Charges
(in millions)

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Earnings:					
Income (loss) before income taxes and cumulative effect of accounting change	\$ (2,071)	\$ 504	\$ 231	\$ (857)	\$ (751)
Add: Total fixed charges (per below)	1,631	1,828	1,945	1,846	1,755
Less: Interest capitalized	33	20	29	65	80
Total earnings (loss)	<u>\$ (473)</u>	<u>\$ 2,312</u>	<u>\$ 2,147</u>	<u>\$ 924</u>	<u>\$ 924</u>
Fixed charges:					
Interest	\$ 703	\$ 857	\$ 969	\$ 897	\$ 822
Portion of rental expense representative of the interest factor	847	898	898	876	869
Amortization of debt expense	81	73	78	73	64
Total fixed charges	<u>\$ 1,631</u>	<u>\$ 1,828</u>	<u>\$ 1,945</u>	<u>\$ 1,846</u>	<u>\$ 1,755</u>
Ratio of earnings to fixed charges		<u>1.26</u>	<u>1.10</u>	<u>-</u>	<u>-</u>
Coverage deficiency	<u>\$ 2,104</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 922</u>	<u>\$ 831</u>

AMR CORPORATION
SUBSIDIARIES OF THE REGISTRANT
As of December 31, 2008

Subsidiary companies of the Registrant are listed below. With respect to the companies named, all voting securities are owned directly or indirectly by the Registrant, except where otherwise indicated.

State or Sovereign Power Name of Subsidiary	of Incorporation
Subsidiaries included in the Registrant's consolidated financial statements	
American Airlines, Inc.	Delaware
AA 2002 Class C Certificate Corporation	Delaware
AA 2002 Class D Certificate Corporation I	Delaware
AA 2003-1 Class C Certificate Corporation	Delaware
AA 2003-1 Class D Certificate Corporation	Delaware
AA 2004-1 Class B Note Corporation	Delaware
AA 2005-1 Class C Certificate Corporation	Delaware
AA Real Estate Holding GP LLC	Delaware
AA Real Estate Holding L.P.	Delaware
Admirals Club, Inc. (Massachusetts only)	Massachusetts
American Airlines de Mexico, S.A.	Mexico
American Airlines de Venezuela, S.A.	Venezuela
American Airlines Marketing Services LLC	Virginia
American Airlines Realty (NYC) Holdings, Inc.	New York
American Airlines Vacations LLC	Delaware
American Aviation Supply LLC	Delaware
Packcall Limited	United Kingdom
Texas Aero Engine Services, L.L.C, dba TAESL*	Delaware
Americas Ground Services, Inc.	Delaware
Aerodespachos Colombia, S.A. AERCOL S.A.	Colombia
Caribbean Dispatch Services, Ltd.	St. Lucia
American Airlines, Division de Servicios Aeroportuarios (R.D.), S.A.(DSA)	Dominican Republic
International Ground Services, S.A. de C.V.	Mexico
AMR Eagle Holding Corporation	Delaware
American Eagle Airlines, Inc.	Delaware
Eagle Aviation Services, Inc.	Delaware
Executive Airlines, Inc.	Delaware
Avion Assurance Ltd.	Bermuda
PMA Investment Subsidiary, Inc.	Delaware
SC Investment, Inc.	Delaware

*Entities with 50% or less ownership.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements (Form S-8 No. 2-68366, Form S-8 No. 333-19325, Form S-8 No. 33-27866, Form S-8 No. 33-60725, Form S-8 No. 333-13751, Form S-8 No. 33-60727, Form S-8 No. 333-56947, Form S-8 No. 333-70239, Form S-8 No. 333-104611, Form S-3 No. 33-46325, Form S-3 No. 33-52121, Form S-3 No. 333-68211, Form S-3 No. 333-84292-01, Form S-3 No. 333-110760 and Form S-3 No. 333-136563-01) of AMR Corporation, and in the related Prospectuses, of our reports dated February 18, 2009, with respect to the consolidated financial statements and schedule of AMR Corporation and the effectiveness of internal control over financial reporting of AMR Corporation, included in this Annual Report (Form 10-K) for the year ended December 31, 2008.

/s/ **ERNST & YOUNG LLP**

Dallas, Texas
February 18, 2009

I, Gerard J. Arpey, certify that:

1. I have reviewed this annual report on Form 10-K of AMR Corporation;
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: February 18, 2009

/s/ Gerard J. Arpey

Gerard J. Arpey

Chairman, President and Chief Executive Officer

I, Thomas W. Horton, certify that:

1. I have reviewed this annual report on Form 10-K of AMR Corporation;
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: February 18, 2009

/s/ Thomas W. Horton

Thomas W. Horton

Executive Vice President and Chief Financial Officer

AMR CORPORATION
Certification
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of AMR Corporation, a Delaware corporation (the Company), does hereby certify, to such officer's knowledge, that:

The Annual Report on Form 10-K for the year ended December 31, 2008 (the Form 10-K) of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 18, 2009 /s/ Gerard J. Arpey
Gerard J. Arpey
Chairman, President and Chief Executive Officer

Date: February 18, 2009 /s/ Thomas W. Horton
Thomas W. Horton
Executive Vice President and Chief Financial Officer

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Form 10-K or as a separate disclosure document.