

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported):
July 8, 2003

American Airlines, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State of Incorporation)

1-2691
(Commission File Number)

13-1502798
(IRS Employer Identification No.)

4333 Amon Carter Blvd., Fort Worth, Texas
(Address of principal executive offices)

76155
(Zip Code)

(817) 963-1234
(Registrant's telephone number, including area code)

ITEM 7. Financial Statements and Exhibits

(c) Exhibits. The Exhibit Index is hereby incorporated by reference. The documents listed on the Exhibit Index are filed as Exhibits with reference to the Registration Statement on Form S-3 (Registration No. 333-84292) of American Airlines, Inc. ("American"). The Registration Statement and the final Prospectus Supplement, dated June 30, 2003, to the Prospectus, dated March 21, 2002, relate to the offering of American's Class G Pass Through Certificates, Series 2003-1.

SIGNATURE

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

American Airlines, Inc.

/s/ Charles D. Marlett

Charles D. Marlett
Corporate Secretary

Dated: August 29, 2003

EXHIBIT INDEX

Exhibit Number	Description of Document
1	Underwriting Agreement, dated as of June 30, 2003, between American and Citigroup Global Markets Inc.
4(a)(1)	Pass Through Trust Agreement, dated as of March 21, 2002, between American and State Street Bank and Trust Company of Connecticut, National Association, as Trustee (filed as Exhibit 4(a)(1) to the Form 8-K, dated November 25, 2002, of American (SEC File #: 001-02691))
4(a)(2)	Trust Supplement No. 2003-1G, dated as of July 8, 2003, between American and the Pass Through Trustee
4(a)(3)	Form of American Airlines Pass Through Certificate, Series 2003-1G (included in Exhibit 4(a)(2))
4(b)(1)	Intercreditor Agreement, dated as of July 8, 2003, among U.S. Bank Trust National Association, as Pass Through Trustee (the "Pass Through Trustee"), Citibank, N.A., as Class G Liquidity Provider (the "Liquidity Provider"), U.S. Bank Trust National Association, as Subordination Agent (the "Subordination Agent") and Ambac Assurance Corporation, as Policy Provider (the "Policy Provider")
4(c)(1)	Revolving Credit Agreement (2003-1G), dated as of July 8, 2003, between the Subordination Agent and the Liquidity Provider
4(d)(1)	Ambac Assurance Corporation Financial Guaranty Insurance Policy, dated July 8, 2003, Policy No. AB0686BE, and the corresponding Certificate Guaranty Insurance Policy Endorsement, dated July 8, 2003, issued to U.S. Bank Trust National Association, as Subordination Agent and Trustee, and Citibank, N.A., as Class G Liquidity Provider
4(d)(2)	Insurance and Indemnity Agreement, dated as of July 8, 2003, by and among the Policy Provider, American, the Subordination Agent and the Pass Through Trustee

- 4(d)(3) Indemnification Agreement, dated as of June 30, 2003, by and among American, the Policy Provider, Citigroup Global Markets Inc., Morgan Securities Inc., Merrill Lynch Pierce Fenner & Smith Incorporated, and Morgan Stanley & Co. Incorporated.
- 4(e)(1) Participation Agreement, dated as of July 8, 2003, among American, the Pass Through Trustee, U.S. Bank Trust National Association, as Loan Trustee (the "Loan Trustee"), and U.S. Bank Trust National Association, in its individual capacity as set forth therein, relating to one Boeing 737-823 aircraft bearing United States registration number N961AN ("N961AN")
- 4(e)(2) Indenture and Security Agreement, dated as of July 8, 2003, between American and the Loan Trustee, relating to N961AN
- 4(e)(3) Form of Indenture Supplement, relating to N961AN (included in Exhibit 4(e)(2))
- 4(e)(4) Form of Series 2003-1 Equipment Notes, relating to N961AN (included in Exhibit 4(e)(2))
- 23(a) Consent, dated June 26, 2003, of Aircraft Information Services, Inc.
- 23(b) Consent, dated June 26, 2003, of BK Associates, Inc.
- 23(c) Consent, dated June 26, 2003, of Morton Beyer & Agnew
- 99(a) Schedule I

Pursuant to Instruction 2 to Item 601 of Regulation S-K, Exhibit 99(a) filed herewith contains a list of other documents applicable to the Boeing aircraft that relate to the offering of American's Pass Through Certificates, Series 2003-1, which documents are substantially identical to those applicable to the Boeing 737-823 aircraft bearing United States registration number N961AN and which are filed herewith as Exhibits 4(e)(1), 4(e)(2), 4(e)(3) and 4(e)(4). Exhibit 99(a) sets forth the details by which such other documents differ from the corresponding documents filed in respect of the aircraft bearing United States registration number N961AN.

AMERICAN AIRLINES, INC.
Pass Through Certificates, Series 2003-1
UNDERWRITING AGREEMENT

Dated: As of June 30, 2003

AMERICAN AIRLINES, INC.

Pass Through Certificates, Series 2003-1

UNDERWRITING AGREEMENT

June 30, 2003

To the Underwriters named in Schedule I

Ladies and Gentlemen:

American Airlines, Inc., a Delaware corporation (the "Company"), proposes that U.S. Bank Trust National Association ("U.S. Bank") (as successor to State Street Bank and Trust Company of Connecticut, National Association), acting not in its individual capacity but solely as pass through trustee (the "Trustee") under the Pass Through Trust Agreement dated as of March 21, 2002 (the "Basic Agreement"), as supplemented for pass through certificates (the "Offered Certificates") to be purchased hereunder by a Trust Supplement (the "Offered Trust Supplement"), between the Company and the Trustee (the Basic Agreement, as supplemented by the Offered Trust Supplement, the Class C Trust Supplement or the Class D Trust Supplement, as the case may be, being referred to herein as a "Designated Agreement"), issue and sell to the underwriters named in Schedule I hereto its Pass Through Certificates in the aggregate amount and with the interest rate and final expected distribution date set forth on Schedule A hereto (the "Offered Certificates") on the terms and conditions stated herein and in Schedule II.

The Offered Certificates will represent interests in American Airlines, Inc., Pass Through Trust Series 2003-1G (the "Offered Pass Through Trust") established pursuant to the related Designated Agreement to fund the purchase of series G equipment notes (together with the series C and series D equipment notes, the "Equipment Notes") to be issued by the Company in connection with the financing of seven Aircraft. The Equipment Notes will be issued under seven separate Indenture and Security Agreements between U.S. Bank, as Loan Trustee (the "Loan Trustee"), and the Company (each, including any Supplements thereto, an "Indenture" and, collectively, the "Indentures").

The Company will also cause U.S. Bank, as pass through trustee under American Airlines, Inc. Pass Through Trust, Series 2003-1C (the "Class C Trust") and American Airlines, Inc. Pass Through Trust, Series 2003-1D (the "Class D Trust" and, together with the Class C Trust and the Offered Pass Through Trust, the "Trusts"), to issue and privately place pass through certificates (the "Class C and Class D Certificates", and, together with the Offered Certificates, the "Certificates"). The Class C and Class D Certificates will be issued pursuant to the Basic Agreement, as supplemented by a Trust Supplement for the Class C Trust (the "Class C Trust Supplement") and a Trust Supplement for the Class D Trust (the "Class D Trust Supplement" and, together with the Class C Trust Supplement and the Offered Trust Supplement, the "Trust Supplements"). Concurrently with the issuance and sale of the Offered Certificates pursuant hereto, all the Class C and Class D Certificates will be privately placed with

two newly organized Delaware statutory trusts (each an "Initial Holder"), each established pursuant to a separate trust agreement to be entered into between the Company and/or an affiliate and Wilmington Trust Company, as Owner Trustee, as of the Closing Time or prior thereto (the "Statutory Trust Agreements"). All of the beneficial interest in each such Delaware statutory trust will be initially owned by the Company and/or an affiliate of the Company.

Certain amounts of interest payable on the Offered Certificates issued by the Offered Pass Through Trust will be entitled to the benefits of a liquidity facility. Citibank, N.A. (the "Liquidity Provider") will enter into a revolving credit agreement with respect to the Offered Pass Through Trust (the "Liquidity Facility"), to be dated as of the Closing Time for the benefit of the holders of the Offered Certificates. The Liquidity Provider, Ambac Assurance Corporation, as provider of the Policy referred to below (in such capacity, the "Policy Provider"), and the holders of the Offered Certificates will be entitled to the benefits of an Intercreditor Agreement to be dated as of the Closing Time (the "Intercreditor Agreement") among the Trustee, U.S. Bank, as subordination agent and trustee thereunder (the "Subordination Agent"), the Liquidity Provider and the Policy Provider.

Payments of interest on the Offered Certificates will be supported by a financial guaranty insurance policy (the "Policy") issued by the Policy Provider to the extent the Liquidity Facility for such Offered Certificates and any funds contained in the cash collateral account funded from the Liquidity Facility are no longer available for that purpose. The Policy will also support the payment of the final distribution on the Offered Certificates and will take effect in certain other circumstances described in the Intercreditor Agreement and the Policy. The Policy will be issued pursuant to an insurance and indemnity agreement, dated as of the Closing Time (the "Policy Provider Agreement"), among the Policy Provider, the Company and the Subordination Agent. Under the Policy Provider Agreement, the Subordination Agent will reimburse the Policy Provider for amounts paid pursuant to claims made under the Policy.

As used herein, unless the context otherwise requires, the term "Underwriters" shall mean firms named as Underwriters in Schedule I, and the term "you" shall mean Citigroup Global Markets Inc. ("Citigroup").

Capitalized terms not otherwise defined in this Agreement shall have the meanings specified therefore in the related Designated Agreement or the Intercreditor Agreement; provided that, as used in this Agreement, the term "Operative Documents" shall mean the Intercreditor Agreement, the Liquidity Facility, the Designated Agreements, the Policy, the Policy Provider Agreement, the Indemnification Agreement dated the date hereof (the "Indemnification Agreement") among the Company, the Policy Provider and the Underwriters, the Participation Agreements, the Indentures, and the Statutory Trust Agreements.

The Company has prepared and filed on Form S-3 with the Securities and Exchange Commission (the "Commission") a registration statement (File No. 333-84292) (as amended at the date hereof, including the exhibits thereto and the documents incorporated by reference therein, the "Registration Statement") relating to certain pass through certificates (including the Offered Certificates) and the offering thereof from time to time in accordance with Rule 415 under the Securities Act of 1933, as amended (the "Securities Act"). The Registration Statement includes a basic prospectus referred to below which, as supplemented from time to

time, will be used in connection with all offerings of such pass through certificates. As provided in Section 3(a), a prospectus supplement reflecting the terms of the Offered Certificates, the terms of the offering thereof and the other matters set forth therein has been prepared and will be filed together with the basic prospectus referred to below pursuant to Rule 424 under the Securities Act (such prospectus supplement, in the form first filed on or after the date hereof pursuant to Rule 424, is herein referred to as the "Prospectus Supplement"). The basic prospectus included in the Registration Statement and relating to all offerings of pass through certificates under the Registration Statement, as supplemented by the Prospectus Supplement, is herein called the "Prospectus", except that, if such basic prospectus is amended on or prior to the date on which the Prospectus Supplement is first filed pursuant to Rule 424, the term "Prospectus" shall refer to such basic prospectus as so amended and as supplemented by the Prospectus Supplement, in either case including the documents filed by the Company with the Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that are incorporated by reference therein. The term "preliminary prospectus" means a preliminary prospectus supplement specifically relating to the Offered Certificates, together with the basic prospectus and including the documents filed by the Company or AMR Corporation with the Commission pursuant to the Exchange Act that are incorporated by reference therein. Any reference herein to the terms "amendment" or "supplement" with respect to the Registration Statement, the Prospectus, or any preliminary prospectus shall be deemed to refer to and include any documents filed with the Commission under the Exchange Act after the date hereof, the date the Prospectus is filed with the Commission, or the date of such preliminary prospectus, as the case may be, and incorporated therein by reference pursuant to Item 12 of Form S-3 under the Securities Act.

1. Representations and Warranties. The Company represents and warrants to, and agrees with, each Underwriter that:

(a) The Company meets the requirements for use of Form S-3 under the Securities Act.

(b) The Registration Statement has been declared effective by the Commission. On the original effective date of the Registration Statement, on the effective date of any post-effective amendment thereto, and on the date of the filing by the Company of any Annual Report on Form 10-K after the original filing of such Registration Statement, such Registration Statement complied in all material respects with the applicable requirements of the Securities Act and the rules and regulations of the Commission thereunder (the "Securities Act Regulations"), and the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), and the applicable rules and regulations of the Commission thereunder (the "Trust Indenture Act Regulations") and did not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; the Registration Statement and any amendments thereof, on the date hereof, and the Prospectus, and any amendments thereof and supplements thereto, as of their respective filing or issue dates and at the Closing Time, comply and will comply in all material respects with the requirements of the Securities Act, the Securities Act Regulations, the Trust Indenture Act and the Trust Indenture Act Regulations, and (i) neither the Registration Statement nor any amendments thereof, as of any such respective dates,

includes or will include an untrue statement of a material fact or omits or will omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading and (ii) neither the Prospectus nor any amendments thereof or supplements thereto, as of any such respective dates, includes or will include an untrue statement of a material fact or omits or will omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; except that this representation and warranty does not apply to statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company in connection with the Registration Statement or the Prospectus or any amendment thereof or supplement thereto by or on behalf of any Underwriter through you expressly for use in the Registration Statement or the Prospectus, or to statements or omissions in that part of the Registration Statement which constitutes the Statement of Eligibility under the Trust Indenture Act (Form T-1) of the Trustee; provided, however, that the Company makes no representation or warranty as to the Policy Provider Information (as defined in the Indemnification Agreement).

(c) The consolidated financial statements incorporated by reference in the Registration Statement and Prospectus present fairly the consolidated financial position of the Company and its subsidiaries as of the dates indicated and the consolidated results of their operations and cash flows for the periods specified and have been prepared in conformity with generally accepted accounting principles applied on a consistent basis during the periods involved, except as indicated therein, and the supporting schedules incorporated by reference in the Registration Statement present fairly the information required to be stated therein.

(d) The documents incorporated by reference in the Prospectus, at the time they were or hereafter are filed with the Commission, complied and will comply in all material respects with the requirements of the Exchange Act and the rules and regulations thereunder.

(e) Since the respective dates as of which information is given in the Registration Statement and the Prospectus, except as otherwise stated therein or contemplated thereby, there has been no material adverse change in the condition, financial or otherwise, results of operations or general affairs of the Company and its subsidiaries taken as a whole.

(f) The Company is a corporation duly incorporated and validly existing in good standing under the laws of the State of Delaware and has the corporate power and authority under such laws to own its properties and conduct its business as described in the Prospectus.

(g) The Company (i) is an "air carrier" within the meaning of 49 U.S.C. Section 40102(a), (ii) holds an air carrier operating certificate issued by the Secretary of Transportation pursuant to Chapter 447 of Title 49 of the United States Code for aircraft capable of carrying 10 or more individuals or 6,000 pounds or more of cargo, (iii) is a "citizen of the United States" as defined in 49 U.S.C. Section 40102 and (iv) is duly qualified to do business as a foreign corporation in good standing in the jurisdictions in

the United States of America in which the Company has intrastate routes, a principal office (including the jurisdiction in which its principal place of business is located) or major overhaul facility. All of the issued and outstanding capital stock of the Company has been duly authorized and validly issued, is fully paid and nonassessable and is owned by AMR Corporation directly, free and clear of any liens, encumbrances, equities or claims.

(h) The execution and delivery by the Company of this Agreement, the Equipment Notes and the Operative Documents to which the Company is, or is to be, a party, the consummation by the Company of the transactions herein and therein contemplated, and the compliance by the Company with the terms hereof and thereof do not and will not conflict with, or result in a breach of, any of the terms or provisions of, or constitute a default under, the Certificate of Incorporation or By-Laws, as amended, of the Company or any of its subsidiaries or any material indenture, mortgage, or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which any of their respective properties is bound, or any applicable law, rule, regulation, judgment, order or decree of any government, governmental instrumentality or court, domestic or foreign, having jurisdiction over the Company or any of its subsidiaries or any of their respective properties; and no consent, approval, authorization, order or license of, or filing with or notice to, any government, governmental instrumentality, regulatory body or authority or court, domestic or foreign, is required for the valid authorization, issuance and delivery of the Offered Certificates and the Equipment Notes, the valid authorization, execution, delivery and performance by the Company of this Agreement, the Equipment Notes and the Operative Documents to which the Company is, or is to be, a party, or the consummation by the Company of the transactions contemplated by this Agreement, the Equipment Notes and the Operative Documents to which the Company is, or is to be, a party, except (i) such as are required under the Securities Act, the Trust Indenture Act and the securities or Blue Sky laws of the various states, and (ii) filings or recordings with the Federal Aviation Administration ("FAA") and under the Uniform Commercial Code as in effect in Delaware, which filings or recordings shall have been made or duly presented for filing on or prior to the Closing Time.

(i) This Agreement, the Equipment Notes and the Operative Documents to which the Company is, or is to be, a party, have each been duly authorized by the Company, and this Agreement and each Operative Document to which the Company is, or is to be, a party, has been or will be at or prior to the Closing Time, duly executed and delivered by the Company. The Equipment Notes will be duly executed and delivered by the Company at or prior to the Closing Time. The Equipment Notes and the Operative Documents to which the Company is, or is to be, a party, when duly executed and delivered by the Company, assuming in the case of the Operative Documents that such documents constitute the legal, valid and binding obligation of each other party thereto, constitute or will constitute valid and binding obligations of the Company. The Basic Agreement as executed is substantially in the form filed as an exhibit to the Registration Statement and has been duly qualified under the Trust Indenture Act. The Offered Certificates, the Equipment Notes, and the Operative Documents will conform in all material respects to the descriptions thereof in the Prospectus.

(j) Ernst & Young LLP, who reported on the annual consolidated financial statements of the Company incorporated by reference in the Registration Statement and the Prospectus, are independent accountants as required by the Securities Act and the Securities Act Regulations.

(k) When duly executed, authenticated and delivered by the Trustee in accordance with the terms of the related Designated Agreement and sold and paid for as provided (i) in this Agreement (in the case of the Offered Certificates), and (ii) in the Class C Trust Supplement, Class D Trust Supplement and the related Statutory Trust Agreements (in the case of the Class C and Class D Certificates), the Certificates will be validly issued pursuant to the related Designated Agreement and will constitute valid and binding obligations of the related Trustees enforceable against the Trustees in accordance with their terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting enforcement of creditors' rights generally and by general principles of equity; and the holders of the Offered Certificates will be entitled to the benefits of the related Designated Agreement.

(l) The Equipment Notes, when duly executed and delivered by the Company and when duly authenticated by the Loan Trustee in accordance with the terms of the related Indentures, will be duly issued under such Indentures and will constitute valid and binding obligations of the Company; and the holders thereof will be entitled to the benefits of the related Indentures.

(m) At the Closing Time, each Initial Holder will be duly formed and be validly existing in good standing as a statutory trust under the Delaware Statutory Trust Act (the "DBTA") and have the power and authority under the Statutory Trust Agreements and the DBTA to own and hold its property. At the Closing Time, the Company or an affiliate of the Company will directly or indirectly own all of the beneficial interest in each Initial Holder free and clear of any lien, encumbrance, security interest or similar claim or interest.

2. Purchase and Sale. (a) On the basis of the representations and warranties herein contained (except as may be otherwise specified in Schedule II) and subject to the terms and conditions herein and therein set forth, the Company agrees to cause the Trustee to sell to each Underwriter, and each Underwriter agrees, severally and not jointly, to purchase from the Trustee, at a purchase price of 100% of the face amount thereof, the aggregate face amount of Offered Certificates set forth opposite the name of such Underwriter in Schedule I.

(b) Payment of the purchase price for, and delivery of, the Offered Certificates shall be made at the date, time and location or locations specified in Schedule II, or at such other date, time or location or locations as shall be agreed upon by the Company and you, or as shall otherwise be provided in Section 7 (such date and time being herein called the "Closing Time"). Unless otherwise specified in Schedule II, payment shall be made to or upon the order of the Trustee by federal funds wire transfer or other immediately available funds against delivery to the account of Citigroup at The Depository Trust Company for the respective accounts of the several Underwriters of the Offered Certificates. Such Offered Certificates shall be registered in the name of Cede & Co. or in such other names, and in such authorized

denominations as you may request in writing at least two full business days before the Closing Time. Certificates for such Offered Certificates, which may be in temporary form, will be made available for examination and packaging by you at the location or locations at which they are to be delivered at the Closing Time (or such other location as may be specified for that purpose in Schedule II) not later than 10:00 A.M. on the business day prior to the Closing Time.

(c) The Company will pay to Citigroup at the Closing Time for the accounts of the Underwriters any fee, commission or other compensation which is specified in Schedule II hereto. Such payment will be made by federal funds wire transfer or other immediately available funds.

3. Agreements. The Company covenants with each Underwriter as follows:

(a) Immediately following the execution of this Agreement, the Company will prepare a Prospectus Supplement that complies with the Securities Act and the Securities Act Regulations and which sets forth the face amount of the Offered Certificates and their terms not otherwise specified in the basic prospectus relating to all offerings of pass through certificates under the Registration Statement, the name of each Underwriter participating in the offering and the face amount of the Offered Certificates that each severally has agreed to purchase, the name of each Underwriter, if any, acting as representative of the Underwriters in connection with the offering, the price at which the Offered Certificates are to be purchased by the Underwriters from the Trustee, any initial public offering price, any selling concession and reallowance, and such other information as you and the Company deem appropriate in connection with the offering of the Offered Certificates. The Company will promptly transmit copies of the Prospectus Supplement and the Prospectus to the Commission for filing pursuant to Rule 424 under the Securities Act and will furnish to the Underwriters as many copies of the Prospectus Supplement and the Prospectus as you shall reasonably request.

(b) During the period when a prospectus relating to the Offered Certificates is required to be delivered under the Securities Act, the Company will promptly advise you of (i) the effectiveness of any amendment to the Registration Statement, (ii) the transmittal to the Commission for filing of any supplement to the Prospectus or any document that would as a result thereof be incorporated by reference in the Prospectus, (iii) any request by the Commission for any amendment of the Registration Statement or any amendment or supplement to the Prospectus or for any additional information relating thereto or to any document incorporated by reference therein, (iv) the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or the institution or threatening of any proceeding for that purpose, and (v) the receipt by the Company of any notification with respect to the suspension of the qualification of the Offered Certificates for sale in any jurisdiction or the institution or threatening of any proceeding for such purpose. The Company will use its best efforts to prevent the issuance of any such stop order or suspension and, if issued, to obtain as soon as possible the withdrawal thereof.

(c) If, at any time when a prospectus relating to the Offered Certificates is required to be delivered under the Securities Act, any event occurs as a result of which

the Prospectus as then amended or supplemented would include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, or if it shall be necessary to amend or supplement the Prospectus to comply with the Securities Act or the Securities Act Regulations, the Company promptly will prepare and file with the Commission, subject to paragraph (d) of this Section 3, an amendment or supplement which will correct such statement or omission or an amendment or supplement which will effect such compliance. Neither your consent to, nor the Underwriters' delivery of, any such amendment or supplement shall constitute a waiver of any of the conditions set forth in Section 4.

(d) At any time when a prospectus relating to the Offered Certificates is required to be delivered under the Securities Act or the Securities Act Regulations, the Company will give you notice of its intention to file any amendment to the Registration Statement or any amendment or supplement to the Prospectus, whether pursuant to the Exchange Act, the Securities Act or otherwise, will furnish you with copies of any such amendment or supplement or other documents proposed to be filed within a reasonable time in advance of filing, and will not file any such amendment or supplement or other documents in a form to which you shall reasonably object.

(e) The Company has furnished or will furnish to you and your counsel, without charge, conformed copies of the Registration Statement as originally filed and of all amendments thereto, whether filed before or after such Registration Statement originally became effective (including exhibits thereto and the documents incorporated therein by reference) and, so long as delivery of a prospectus by an underwriter or dealer may be required by the Securities Act, as many copies of each preliminary prospectus, the Prospectus and any amendments thereof and supplements thereto as you may reasonably request.

(f) The Company will take such actions as you may request to qualify the Offered Certificates for sale under the laws of such jurisdictions as you may reasonably request and will maintain such qualifications in effect so long as required for the distribution of such Offered Certificates. The Company, however, shall not be obligated to qualify as a foreign corporation or file any general consent to service of process under the laws of any such jurisdiction or subject itself to taxation as doing business in any such jurisdiction.

(g) The Company, during the period when a prospectus relating to the Offered Certificates is required to be delivered under the Securities Act and the Securities Act Regulations, will file promptly all documents required to be filed with the Commission pursuant to Section 13 or 14 of the Exchange Act.

(h) The Company will make generally available to its security holders, in each case as soon as practicable, but not later than 45 days after the close of the period covered thereby (90 days in case the period covered corresponds to a fiscal year of the Company), earnings statements of the Company, which will comply as to form with the provisions of Rule 158 under the Securities Act.

(i) Between the date of this Agreement and the Closing Time, the Company will not, without your prior consent, offer, sell or enter into any agreement to sell any public debt securities registered under the Securities Act (other than the Offered Certificates) or any debt securities which may be sold in a transaction exempt from the registration requirements of the Securities Act in reliance on Rule 144A under the Securities Act and which are marketed through the use of a disclosure document containing substantially the same information as a prospectus for similar debt securities registered under the Securities Act; except that the Company may offer and sell pass through certificates representing three mortgage notes secured by the Company's corporate headquarters having an aggregate principal amount of less than \$110 million in a transaction that is exempt from the registration requirements of the Securities Act in reliance on Rule 144A under the Securities Act.

Citigroup agrees that in the aggregate, the Pass Through Certificates will be widely offered. Each Underwriter and each other member of the underwriting group that offers or sells Pass Through Certificates agree that the Pass Through Certificates offered by such Underwriter will be primarily offered in the United States to United States persons. The term "United States person" shall have the meaning set forth in section 7701(a)(30) of the Internal Revenue Code of 1986, as amended.

4. Conditions to the Obligations of the Underwriters.

Except as otherwise provided in Schedule II, the obligations of the Underwriters to purchase and pay for the Offered Certificates pursuant to this Agreement shall be subject to the accuracy of and compliance with the representations and warranties of the Company contained herein as of the date hereof and the Closing Time, to the accuracy of the statements of the Company's officers made in any certificates furnished pursuant to the provisions hereof, to the performance by the Company of its covenants and other obligations hereunder and to the following additional conditions:

(a) At the Closing Time, no stop order suspending the effectiveness of the Registration Statement shall have been issued under the Securities Act and no proceedings therefor shall have been instituted or threatened by the Commission.

(b) At the Closing Time, you shall have received:

(1) An opinion, dated the Closing Time, from Gary F. Kennedy, Senior Vice President and General Counsel of the Company, in form reasonably satisfactory to you and your counsel, to the effect that:

(i) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware and has the corporate power and authority under such laws to own its properties and to conduct its business as described in the Prospectus; and all of the issued and outstanding shares of capital stock of the Company have been duly authorized and validly issued and are fully paid and non-assessable, and the capital stock of the Company is owned by AMR Corporation, directly, free and clear of any liens, encumbrances, equities or claims. The Company is duly qualified to do business as a

foreign corporation in good standing in the state in which its principal place of business is located. The Company holds an air carrier operating certificate issued by the Secretary of Transportation pursuant to Chapter 447 of Title 49 of the United States Code pursuant to which the Company is authorized to operate the Aircraft and the Company is a "citizen of the United States" as defined in 49 U.S.C. Section 40102;

(ii) The Company has the corporate power and authority under Delaware law to perform its obligations hereunder and under the Equipment Notes and the Operative Documents to which the Company is, or is to be, a party;

(iii) The Certificates, the Equipment Notes and the Operative Documents conform in all material respects to the descriptions thereof contained in the Prospectus, and such descriptions conform in all material respects to the rights set forth in the instruments defining the same;

(iv) No authorization, approval, consent, order or license of or filing with, or the giving of notice to, any government, governmental instrumentality, regulatory body or authority or court is required to be made or obtained by the Company for the valid authorization, issuance, sale and delivery of the Certificates or the Equipment Notes, the valid authorization, execution, delivery and performance by the Company of this Agreement and the Operative Documents to which the Company is, or is to be, a party, or the consummation by the Company of the transactions contemplated by this Agreement and the Operative Documents to which the Company is, or is to be, a party, except those that have previously been obtained and are in full force and effect and except (A) such as may be required under the securities or Blue Sky laws of the various states and (B) filings or recordings with the Federal Aviation Administration, as to which such counsel need express no opinion, and under the Uniform Commercial Code as in effect in Delaware, which filings or recordings under the Uniform Commercial Code with respect to the Aircraft shall have been made or duly presented for filing on or prior to the Closing Time;

(v) The Registration Statement has become effective under the Securities Act, the Basic Agreement has been duly qualified under the Trust Indenture Act and, to the best knowledge of such counsel, no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or threatened;

(vi) The Registration Statement, the Prospectus and each amendment thereof or supplement thereto (except in each case for the financial statements and other financial or statistical data included or incorporated by reference therein, as to which such counsel need express no opinion) comply as to form in all material respects with the

requirements of the Securities Act and the Securities Act Regulations; the Basic Agreement and the Statement of Eligibility of the Trustee on Form T-1 filed with the Commission as part of the Registration Statement comply as to form in all material respects with the requirements of the Trust Indenture Act and the rules and regulations thereunder; and each document filed pursuant to the Exchange Act and incorporated by reference in the Prospectus (except in each case for the financial statements and other financial or statistical data included or incorporated by reference therein, as to which counsel need express no opinion) appeared on its face, as of its respective filing date, to comply as to form in all material respects with the requirements of the Exchange Act and the rules and regulations thereunder;

(vii) This Agreement has been duly authorized, validly executed and delivered by the Company;

(viii) Each of the Operative Documents to which the Company is, or is to be, a party has been duly authorized, executed and delivered by the Company and each is a valid and binding obligation of the Company enforceable against the Company in accordance with its respective terms, except as may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other similar laws affecting enforcement of creditors' rights generally and by general principles of equity;

(ix) The execution and delivery by the Company of this Agreement, the Equipment Notes and the Operative Documents to which the Company is, or is to be, a party, the consummation by the Company of the transactions herein and therein contemplated and in the manner herein and therein contemplated and compliance by the Company with the terms hereof and thereof, do not and will not conflict with, or result in a breach of, any of the terms or provisions of, or constitute a default under, the Certificate of Incorporation or By-Laws, as amended, of the Company or any of its subsidiaries or any indenture or other agreement or instrument known to such counsel to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or any law, rule, regulation, judgment, decree or order known to such counsel to be applicable to the Company or any of its subsidiaries of any court, regulatory body, administrative agency, government or governmental body having jurisdiction over the Company or any of its subsidiaries;

(x) The Loan Trustee under each Indenture will be entitled to the benefits of Section 1110 of the U.S. Bankruptcy Code with respect to the airframe and the engines comprising the Aircraft originally subject to the lien of such Indenture;

(xi) The Equipment Notes, when duly authorized, executed and delivered by the Company and duly authenticated by the related Loan Trustee, will constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting enforcement of creditors' rights generally and by general principles of equity and the holders of such Equipment Notes will be entitled to the benefits of the respective Indentures;

(xii) Such counsel has no reason to believe that the statements in the Registration Statement and the Prospectus with respect to statutes, administrative orders and regulations and legal and governmental proceedings do not fairly and accurately present in all material respects the information required to be set forth therein except that such counsel need express no opinion as to the matters to be addressed in clauses (ii) and (iii) and (iv) of the opinion referred to in Section 4(b)(2) hereof and paragraphs 6, 7 and 9 of the form of opinion of Shipman & Goodwin LLP set forth in Exhibit A-1 hereto and paragraphs 1 through 5 of the form of opinion of Parkowski, Guerke & Swayze, P.A. set forth in Exhibit A-2 hereto; and there are, to the best of such counsel's knowledge, no statutes, administrative orders or regulations or legal or governmental proceedings required to be described in the Registration Statement or the Prospectus that are not described as required, nor any contracts or documents of a character required to be described in the Registration Statement or the Prospectus, or to be filed as exhibits to the Registration Statement, that are not so described or filed as required;

(xiii) The routes presently operated by the Company are being operated pursuant to valid certificates or exemption orders issued by the Department of Transportation or its predecessor, the Civil Aeronautics Board, and no such certificate or exemption order is the subject of any "show cause" or other order of, or any proceeding before, or any investigation by, the Department of Transportation or its predecessor (other than proceedings for the renewal of temporary rights) which in the opinion of such counsel might reasonably result in a final order impairing the validity of such certificates or exemption orders;

(xiv) Assuming due authorization, execution and delivery by the Trustee and the Subordination Agent of the Participation Agreements, each Participation Agreement constitutes the valid and binding obligation of each of the Trustee and the Subordination Agent, enforceable in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting enforcement of creditors' rights generally and by general principles of equity;

(xv) Section 1110 of the U.S. Bankruptcy Code ("Section 1110") conforms in all material respects to the description thereof contained in "Description of the Equipment Notes - Remedies" in the Prospectus; and

(xvi) The offer, sale and delivery of the Class C and Class D Certificates, as contemplated by the Operative Documents, do not require registration under the Securities Act, and the related Designated Agreements do not require qualification under the Trust Indenture Act, it being understood that such counsel need express no opinion as to any subsequent resale of Class C and Class D Certificates;

and to such further effect with respect to other legal matters relating to this Agreement, the Equipment Notes and the Operative Documents to which the Company is, or is to be, a party and the sale of the Offered Certificates hereunder as counsel for the Underwriters may reasonably request.

Such counsel shall also state that no facts have come to the attention of such counsel which have caused such counsel to believe (A) that the Registration Statement or any amendment thereto, on the original effective date thereof or on the effective date of any post-effective amendment thereto (except, in each case, for the financial statements and other financial or statistical data included or incorporated by reference therein, and except for the Statement of Eligibility on Form T-1 of the Trustee under the Basic Agreement, as to which such counsel need express no belief), contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or (B) that the Prospectus at the time the Prospectus Supplement was issued or the Prospectus, together with any amendment or supplement thereto, at the time any such amended or supplemental Prospectus was issued or at the Closing Time (except, in each case, for the financial statements and other financial or statistical data included or incorporated by reference therein and the Policy Provider Information, as to which such counsel need express no belief), contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. In giving such opinion, such counsel may state that such opinion is limited to the laws of the States of New York and Texas, the General Corporation Law of the State of Delaware and the Federal laws of the United States, except that such counsel expresses no opinion with respect to the antitrust, bankruptcy (except as set forth in paragraphs (x) or (xv) above), environmental, securities (except as set forth in paragraphs (iv), (v), (vi) and (xvi) above) or tax laws of any jurisdiction. In rendering the opinions set forth above, such counsel may rely upon certificates of officers of the Company and of public officials as to matters of fact.

(2) An opinion, dated the Closing Time, of Debevoise & Plimpton, as counsel for the Company, in form reasonably satisfactory to you and your counsel, to the effect that:

(i) The Certificates have been duly authorized and validly executed, issued and delivered by the Trustee pursuant to the related Designated Agreement and constitute valid and binding obligations of the Trustee enforceable against the Trustee in accordance with their terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting enforcement of creditors' rights generally and by general principles of equity; the holders of the Certificates are entitled to the benefits of the related Designated Agreement;

(ii) The statements in the Registration Statement and Prospectus under the headings "Certain Federal Income Tax Consequences" and "Certain ERISA Considerations", to the extent that they constitute matters of law or legal conclusions with respect thereto, have been prepared or reviewed by such counsel and are correct in all material respects;

(iii) The Pass Through Trusts will not be classified as associations (or as publicly traded partnerships) taxable as corporations for federal income tax purposes;

(iv) The Trusts are not required to be registered under the Investment Company Act of 1940, as amended; and

(v) Assuming due authorization, execution and delivery by the Trustee of the Designated Agreement relating to the Offered Certificates and the Intercreditor Agreement and by the Subordination Agent of the Intercreditor Agreement and the Liquidity Facility, each such agreement constitutes the valid and binding obligation of each respective party, enforceable in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting enforcement of creditors' rights generally and by general principles of equity.

The opinions of such counsel expressed in the immediately preceding clauses (i) and (v) shall be limited to the laws of the State of New York governing the enforceability of contracts as such and in giving such opinion, such counsel may rely as to certain matters acceptable to you upon the opinions referred to in Section 4(b)(1) and Section 4(b)(3) hereof, in which case the opinion shall state that such counsel believes that it and the Underwriters are entitled to so rely. In rendering the opinions set forth above, such counsel may rely upon certificates of officers of the Company and of public officials as to matters of fact.

(3) An opinion, dated the Closing Time, from (i) Shipman & Goodwin LLP, counsel for U.S. Bank, individually, as Subordination Agent, Trustee and Loan Trustee, and (ii) Parkowski, Guerke & Swayze, P.A., each in form and substance reasonably satisfactory to you and your counsel and substantially to the effect set forth in Exhibit A-1 and A-2 hereto, respectively.

(4) An opinion, dated the Closing Time, from (i) Milbank, Tweed, Hadley & McCloy LLP, special counsel for the Liquidity Provider, and (ii) Craig Seledde, in-house counsel for the Liquidity Provider, each in form and substance satisfactory to you and your counsel, substantially to the effect as set forth in Exhibits B-1 and B-2 hereto, respectively.

(5) An opinion, dated the Closing Time, from Juan B. Roman, Vice President and Assistant General Counsel for the Policy Provider, in form and substance satisfactory to you and your counsel, substantially to the effect set forth in Exhibit C hereto.

(6) An opinion, dated the Closing Time, from Richards, Layton & Finger, PA, special Delaware counsel to each Initial Holder, in form and substance reasonably satisfactory to you and your counsel and substantially to the effect set forth in Exhibit D hereto for each Initial Holder.

(7) An opinion, dated the Closing Time, from Shearman & Sterling LLP, counsel for the Underwriters, to the effect that the opinions delivered pursuant to subsections (b)(1) through (b)(6) of this Section 4 appear on their face to be appropriately responsive to the requirements of this Agreement except, specifying the same, to the extent waived by you and with respect to the issuance and sale of the Offered Certificates, the Registration Statement, the Prospectus and other related matters as you may reasonably require.

(c) (1) At the Closing Time, there shall not have been, since the respective dates as of which information is given in the Registration Statement and the Prospectus, any material adverse change in the condition, financial or otherwise, of the Company and its subsidiaries considered as one enterprise, or in the earnings, business affairs or business prospects of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, and you shall have received a certificate of the President, an Executive Vice President, a Senior Vice President or a Vice President of the Company, dated as of such Closing Time, to the effect that there has been no such material adverse change and to the effect that the representations and warranties of the Company contained in Section 1 hereof are true and correct with the same force and effect as though made at such Closing Time.

(2) Subsequent to the execution and delivery of this Agreement and prior to the Closing Time, neither Moody's Investors Service, Inc. ("Moody's") nor Standard & Poor's, a division of The McGraw Hill Companies, Inc. ("S&P") shall have downgraded its rating accorded to any of the Company's taxable debt securities with maturities greater than one year.

(d) You shall have received the letter specified in Schedule III at the Closing Time from Ernst&Young LLP.

(e) At the Closing Time, each of the Equipment Notes and Operative Documents shall have been executed and delivered by each party thereto; the representations and warranties of the Company contained in the Operative Agreements shall be accurate as of the Closing Time and you shall have received a certificate of the President, an Executive Vice President, a Senior Vice President or a Vice President of the Company, dated as of the Closing Time, to such effect.

(f) The Company shall have furnished to you and your counsel, in form and substance satisfactory to them, such other documents, certificates and opinions as such counsel may reasonably request for the purpose of enabling such counsel to pass upon the matters referred to in subsection (b)(7) of this Section 4 and in order to evidence the accuracy and completeness of any of the representations, warranties or statements, the performance of any covenant by the Company theretofore to be performed, or the compliance with any of the conditions herein contained.

(g) Each of the Appraisers shall have furnished to the Underwriters a letter from such Appraiser, addressed to the Company and dated the Closing Time, confirming that such Appraiser and each of its directors and officers (i) is not an affiliate of the Company or any of its affiliates, (ii) does not have any substantial interest, direct or indirect, in the Company or any of its affiliates and (iii) is not connected with the Company or any of its affiliates as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions.

(h) At the Closing Time, the Offered Certificates shall be rated "AAA" by S&P; and "Aaa" by Moody's.

(i) At the Closing Time, all conditions precedent specified in each Participation Agreement with respect to the funding of the related Equipment Notes shall have been satisfied; the representations and warranties of the Company, the Trustee, the Subordination Agent and the Loan Trustee contained in each of the Participation Agreements shall be accurate as of the Closing Time (except to the extent that they relate solely to an earlier date in which case they shall be accurate as of such earlier date) and you shall have received certificates of the Company and appropriate officers of the Subordination Agent, Trustee and Loan Trustees, dated as of the Closing Time, to such effect; and you shall have received a copy of each opinion required to be delivered under each of the Participation Agreements dated as of the Closing Time, and addressed to you, and of such other documents furnished in connection with the fulfillment of such conditions as you may reasonably request.

(j) At the Closing Time, simultaneously with the issuance and sale of the Offered Certificates in accordance with this Agreement, the Class C and Class D Certificates shall have been issued, sold and delivered, as contemplated by the Operative Documents.

All such opinions, certificates, letters and documents shall be deemed to be in compliance with the provisions hereof only if they are in all respects satisfactory to you and your counsel.

If any condition specified in this Section shall not have been fulfilled when and as required to be fulfilled, other than by reason of any default by any Underwriter, such failure to fulfill a condition may be waived by you, or this Agreement may be terminated by you by notice to the Company at any time at or prior to the Closing Time, and such termination shall be without liability of any party to any other party, except as provided in Sections 5, 6 and 8 hereof, which provisions shall remain in effect notwithstanding such termination.

5. Payment of Expenses. The Company will pay or cause to be paid all expenses incident to the performance of the obligations of the Company under this Agreement, including (i) expenses relating to the preparation, printing, filing and distribution of any preliminary prospectus supplements, the Prospectus, the Registration Statement and any amendments thereof or supplements thereto, (ii) expenses relating to the preparation, printing and distribution of any agreement among underwriters, this Agreement, the Certificates, the Equipment Notes, the Operative Documents, any Underwriter's Questionnaire, the Blue Sky Survey and any Legal Investment Survey by the Underwriter's counsel, (iii) expenses relating to the issuance and delivery of the Offered Certificates to the Underwriters, (iv) the fees and disbursements of the Company's counsel and accountants, (v) expenses of qualifying the Offered Certificates under state securities laws in accordance with Section 3(f), including filing fees and fees and disbursements of counsel for the Underwriters in connection therewith and in connection with the Blue Sky Survey and any Legal Investment Survey, (vi) the fees and expenses of the Trustee, the Subordination Agent, the Loan Trustees, the Liquidity Provider, the Policy Provider and the fees and disbursements of their respective counsel, (vii) any fees charged by rating agencies for rating the Offered Certificates, (viii) certain fees and expenses of counsel for the Underwriters as heretofore agreed, and (ix) the fees and expenses, if any, incurred in connection with the listing of the Offered Certificates on any securities exchange. The Company will also cause to be paid all expenses incident to the performance of its obligations under the Operative Documents and each of the other agreements and instruments referred to therein.

If this Agreement is terminated by you in accordance with the provisions of Section 4 or Section 9(i) hereof, the Company shall reimburse the Underwriters for all of their out-of-pocket expenses, including the reasonable fees and disbursements of counsel for the Underwriters, incurred by them in connection with the offering contemplated by this Agreement.

6. Indemnification and Contribution (a) The Company agrees to indemnify and hold harmless each Underwriter and each person who controls any Underwriter within the meaning of the Securities Act against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Securities Act, the Exchange Act, or other Federal or state statutory law or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) (1) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement as originally filed or in any amendment thereof, or arise out of or are based upon the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading, or (2) arise out of or based

upon any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus relating to the Offered Certificates or in the Prospectus or in any amendment thereof or supplement thereto, or arise out of or are based upon the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, and, in each case, agrees to reimburse each such indemnified party for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that (i) the Company will not be liable in any such case to the extent that any such loss, claim, damage, or liability arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission (x) made therein in reliance upon, and in conformity with, written information relating to any Underwriter furnished to the Company by or on behalf of such Underwriter through you specifically for use in connection with the preparation thereof or made in the part of the Registration Statement constituting the Statement of Eligibility under the Trust Indenture Act of the Trustee on Form T-1 or (y) in the Policy Provider Information, (ii) the foregoing indemnity agreement, with respect to any preliminary prospectus, shall not inure to the benefit of any Underwriter (or any person controlling such Underwriter) as to whom it shall be established did not send or deliver to the person asserting any such loss, claim, damage or liability and who purchased Offered Certificates which are the subject thereof a copy of the Prospectus as amended or supplemented (exclusive of material incorporated by reference) at or prior to the written confirmation of the sale of such Offered Certificates in any case where such delivery is required by the Securities Act, and the untrue statement or omission of a material fact contained in such preliminary prospectus was corrected in the Prospectus as amended or supplemented and the Company had previously furnished copies thereof to such Underwriter, and (iii) the Company will not be liable for any loss, liability or expense of any settlement of any pending or threatened litigation or any pending or threatened governmental agency investigation or proceeding if such settlement is effected without the prior written consent of the Company. This indemnity agreement will be in addition to any liability which the Company may otherwise have.

(b) Each Underwriter severally agrees to indemnify and hold harmless the Company, each of its directors, each of its officers who signed the Registration Statement, and each person who controls the Company within the meaning of the Securities Act, against any and all losses, claims, damages, liabilities and expenses described in the indemnity contained in Section 6(a), but only with respect to untrue statements or alleged untrue statements or omissions or alleged omissions made in the Registration Statement (or any amendment thereto) or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with written information relating to such Underwriter furnished to the Company by or on behalf of such Underwriter through you specifically for use in the Registration Statement (or any amendment thereto) or the Prospectus (or any amendment or supplement thereto). This indemnity agreement will be in addition to any liability which any Underwriter may otherwise have.

(c) Promptly after receipt by an indemnified party under this Section 6 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section 6, notify the indemnifying party or parties in writing of the commencement thereof; but the omission so to notify the indemnifying party or parties will not relieve it from any liability which it may have to

any indemnified party otherwise than under this Section 6. In case any such action is brought against any indemnified party and it notifies the indemnifying party or parties of the commencement thereof, the indemnifying party or parties will be entitled to participate therein, and to the extent that it may elect, by written notice delivered to such indemnified party promptly after receiving the aforesaid notice from such indemnified party, to assume the defense thereof, with counsel satisfactory to such indemnified party; provided, however, that if, in the reasonable judgment of such indemnified party, a conflict of interest exists where it is advisable for such indemnified party to be represented by separate counsel, the indemnified party shall have the right to employ separate counsel in any such action, in which event the fees and expenses of such separate counsel shall be borne by the indemnifying party or parties. Upon receipt of notice from the indemnifying party or parties to such indemnified party of the election so to assume the defense of such action and approval by the indemnified party of counsel, the indemnifying party or parties will not be liable to such indemnified party under this Section 6 for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof unless (i) the indemnified party shall have employed separate counsel in accordance with the proviso to the next preceding sentence (it being understood, however, that the indemnifying party or parties shall not be liable for the expenses of more than one such separate counsel representing the indemnified parties under subparagraph (a) of this Section 6 who are parties to such action), (ii) the indemnifying party or parties shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of commencement of the action or (iii) the indemnifying party or parties have authorized the employment of counsel for the indemnified party at the expense of the indemnifying party or parties; and except that, if clause (i) or (iii) is applicable, such liability shall be only in respect of the counsel referred to in such clause (i) or (iii). It is understood that all such fees and expenses of counsel for the indemnified party for which the indemnifying party is liable shall be reimbursed as they are incurred. No indemnifying party shall, without the prior written consent of the indemnified party (which consent shall not be unreasonably withheld), effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding and does not include a statement as to or an admission of fault, culpability or failure to act by or on behalf of any indemnified party.

(d) If the indemnification provided for in paragraph (a) or (b) of this Section 6 is for any reason unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, liabilities, claims, damages or expenses referred to therein, then each indemnifying party shall contribute to the aggregate amount of such losses, liabilities, claims, damages and expenses incurred by such indemnified party, (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other hand from the offering of the Offered Certificates pursuant to this Agreement or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company on the one hand and of the Underwriters on the other hand in connection with the statements or omissions which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other hand in

connection with the offering of the Offered Certificates pursuant to this Agreement shall be deemed to be in the same proportion as the total proceeds from the offering of the Offered Certificates pursuant to this Agreement (net of compensation paid to the Underwriters but before deducting expenses) received by the Company and the total underwriting discounts and commissions received by the Underwriters, in each case as set forth on the cover of the Prospectus, bears to the aggregate initial public offering price of the Offered Certificates as set forth on such cover. The relative fault of the Company on the one hand and the Underwriters on the other hand shall be determined by reference to, among other things, whether any such untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company or by the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section. The aggregate amount of losses, liabilities, claims, damages and expenses incurred by an indemnified party and referred to above in this Section shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any such action or claim. Notwithstanding the provisions of this Section, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Offered Certificates underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of any such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section, each person, if any, who controls an Underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act shall have the same rights to contribution as such Underwriter, and each director of the Company, each officer of the Company who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act shall have the same rights to contribution as the Company. The Underwriters' respective obligations to contribute pursuant to this Section are several in proportion to the principal amount of Offered Certificates set forth opposite their respective names in Schedule I hereto and not joint.

7. Default. If any one or more Underwriters shall fail at the Closing Time to purchase and pay for any of the Offered Certificates agreed to be purchased by such Underwriter or Underwriters pursuant to this Agreement and such failure to purchase shall constitute a default in the performance of its or their obligations under this Agreement, the remaining Underwriters shall be obligated severally to take up and pay for (in the respective proportions which the aggregate face amount of Offered Certificates specified to be purchased by them in Schedule I bears to the aggregate face amount of Offered Certificates to be purchased by all the remaining Underwriters) the Offered Certificates which the defaulting Underwriter or Underwriters agreed but failed to purchase; provided, however, that in the event that the aggregate face amount of Offered Certificates that the defaulting Underwriter or Underwriters agreed but failed to purchase shall exceed 10% of the aggregate face amount of Offered Certificates to be purchased pursuant to this Agreement, the remaining Underwriters shall have the right, but not the

obligation within 24 hours thereafter, to make arrangements to purchase all, but not less than all, of such Offered Certificates, and if such nondefaulting Underwriters do not complete such arrangements within such 24 hour period, then this Agreement will terminate without liability to any nondefaulting Underwriters or the Company. In the event of any such termination, the provisions of Sections 5, 6 and 8 shall remain in effect. In the event of a default by any Underwriter as set forth in this Section 7 that does not result in a termination of this Agreement, the Closing Time shall be postponed for such period, not exceeding seven days, as the nondefaulting Underwriters or the Company shall determine in order that the required changes in the Registration Statement and the Prospectus or in any other documents or arrangements may be effected. Nothing contained in this Agreement shall relieve any defaulting Underwriter of its liability, if any, to the Company and to any nondefaulting Underwriters for damages occasioned by its default hereunder.

8. Representations, Warranties, Indemnities and Agreements to Survive Delivery. All representations, warranties, indemnities and agreements contained in this Agreement, or contained in certificates of officers of the Company submitted pursuant hereto, shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Company or any Underwriter or any controlling person of either and shall survive delivery of any Offered Certificates to the Underwriters.

9. Termination. This Agreement may be terminated immediately upon notice from you to the Company at any time at or prior to the Closing Time (i) if there has been, since the respective dates as of which information is given in the Registration Statement and the Prospectus, any material adverse change in the condition, financial or otherwise, of the Company and its subsidiaries considered as one enterprise, or in the earnings, business affairs or business prospects of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, or (ii) if there has occurred any outbreak or escalation of hostilities or any material change in the financial markets or any other calamity or crisis the effect of any of which on the financial markets is such as to make it, in your judgment, impracticable to market the Offered Certificates or enforce contracts for the sale of the Offered Certificates, or (iii) if trading in the securities of the Company has been suspended by the Commission or a national securities exchange, or if trading generally on the New York Stock Exchange has been suspended, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices for securities have been required, by said exchange or by order of the Commission or any other governmental authority, or (iv) if a banking moratorium has been declared by either Federal or New York authorities. In the event of any such termination, the provisions of Sections 5, 6 and 8 shall remain in effect.

10. Notices. All notices and other communications hereunder shall be in writing and effective only upon receipt, and, if sent to the Underwriters, will be mailed or transmitted by any standard form of telecommunication to the Underwriters as set forth in Schedule I or, if sent to the Company, will be mailed or transmitted by any standard form of telecommunication to it at P.O. Box 619616, Dallas/Fort Worth Airport, Texas 75261-9616, attention of the Treasurer.

11. Parties. This Agreement shall inure to the benefit of and be binding upon the Underwriters and the Company and their respective successors. Nothing expressed or

mentioned in this Agreement is intended or shall be construed to give any person, firm or corporation, other than the parties hereto and their respective successors and the controlling persons and officers and directors referred to in Section 6 and their successors, heirs and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained. This Agreement and all conditions and provisions hereof are intended to be for the sole and exclusive benefit of the parties and their respective successors and said controlling persons and officers and directors and their successors, heirs and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser of Offered Certificates from any Underwriter shall be deemed to be a successor by reason merely of such purchase.

12. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

13. Counterparts. This Agreement may be executed in one or more counterparts and when a counterpart has been executed by each party hereto all such counterparts taken together shall constitute one and the same agreement.

[Remainder of page intentionally left blank.]

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us a counterpart hereof, whereupon this instrument will become a binding agreement between the Company and each Underwriter in accordance with its terms.

Very truly yours,

AMERICAN AIRLINES, INC.

By: /s/ Michael P. Thomas

Name: Michael P. Thomas
Title: Managing Director
Corporate Finance & Banking

confirmed and accepted as of
the date first above written:

CITIGROUP GLOBAL MARKETS INC.
On its behalf and on behalf of each of the
several Underwriters named in Schedule I hereto.

By: CITIGROUP GLOBAL MARKETS INC.

By: /s/ Jeffrey J. Singer

Name: Jeffrey J. Singer
Title: Director

SCHEDULE A
to
Underwriting
Agreement

Class of Pass Through Certificates	Aggregate Face Amount	Interest Rate	Final Expected Regular Distribution Date
2003-1, Class G	\$254,863,000	3.857%	July 9, 2010

SCHEDULE I
to
Underwriting
Agreement

Dated: As of June 30, 2003

AMERICAN AIRLINES, INC.

	FACE AMOUNT OF CLASS G CERTIFICATES -----
Citigroup Global Markets Inc.	\$ 63,718,000
J.P. Morgan Securities Inc.	63,715,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	63,715,000
Morgan Stanley & Co. Incorporated	63,715,000
Total	----- \$ 254,863,000

All notices to the Underwriters shall be sent as follows:

c/o Mr. Mark Rhodes
Citigroup Global Markets Inc.
388 Greenwich Street
New York, New York 10013

SCHEDULE II
to
Underwriting
Agreement

Dated: As of June 30, 2003

AMERICAN AIRLINES, INC.

Underwriting fees, discounts, commissions or other compensation: \$1,784,041.00

Closing date, time and location: 10:00 A.M. on July 8, 2003 at the offices of Debevoise
& Plimpton, 919 Third Avenue, New York, NY 10022

SCHEDULE III
to
Underwriting
Agreement

[Letter From Ernst & Young LLP]

TRUST SUPPLEMENT NO. 2003-1G

Dated as of July 8, 2003

between

AMERICAN AIRLINES, INC.

and

U.S. BANK TRUST NATIONAL ASSOCIATION,
as Trustee,

to

PASS THROUGH TRUST AGREEMENT

Dated as of March 21, 2002

American Airlines Pass Through Trust 2003-1G
American Airlines Pass Through Certificates,
Series 2003-1G

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TRUST SUPPLEMENT NO. 2003-1G

This TRUST SUPPLEMENT NO. 2003-1G, dated as of July 8, 2003 (the "Trust Supplement"), between American Airlines, Inc., a Delaware corporation, and U.S. Bank Trust National Association, a national banking association, as successor Trustee, to the Pass Through Trust Agreement, dated as of March 21, 2002, between the Company (such term and other capitalized terms used herein without definition being defined as provided in Section 1.01) and the Trustee (the "Basic Agreement").

W I T N E S S E T H:

WHEREAS, the Basic Agreement, which is unlimited as to the aggregate face amount of Certificates that may be issued and authenticated thereunder, has heretofore or concurrently herewith been executed and delivered;

WHEREAS, the Company is the owner of seven aircraft described in Schedule II (collectively, the "Aircraft");

WHEREAS, pursuant to each Indenture, the Company will issue, on a recourse basis, the Equipment Notes, which Equipment Notes are to be secured by a security interest in all right, title and interest of the Company in and to the Aircraft and certain other property described in such Indenture;

WHEREAS, the Trustee shall hereby declare the creation of the Applicable Trust (as defined below) for the benefit of Holders of the Applicable Certificates (as defined below) to be issued in respect of such Applicable Trust, and the initial Holders of the Applicable Certificates, as grantors of such Applicable Trust, by their respective acceptances of the Applicable Certificates, shall join in the creation of the Applicable Trust with the Trustee;

WHEREAS, all Certificates to be issued by the Applicable Trust will evidence Fractional Undivided Interests in the Applicable Trust and will have no rights, benefits or interests in respect of any other separate Trust or the property held therein;

WHEREAS, pursuant to the terms and conditions of the Basic Agreement, as supplemented by this Trust Supplement, and the Participation Agreements, the Trustee on behalf of the Applicable Trust shall on the date hereof purchase the Equipment Notes issued by the Company pursuant to the Indenture relating to the relevant Aircraft, having the identical interest rate as, and final maturity dates not later than the final Regular Distribution Date of, the Applicable Certificates issued hereunder and shall hold such Equipment Notes in trust for the benefit of the Applicable Certificateholders;

WHEREAS, pursuant to the terms and conditions of the Intercreditor Agreement (as defined below), the Trustee and the other parties thereto will agree to the terms of subordination set forth therein;

WHEREAS, all of the conditions and requirements necessary to make this Trust Supplement, when duly executed and delivered, a valid, binding and legal instrument in accordance with its terms and for the purposes herein expressed, have been done, performed and

fulfilled, and the execution and delivery of this Trust Supplement in the form and with the terms hereof have been in all respects duly authorized;

WHEREAS, this Trust Supplement is subject to the provisions of the Trust Indenture Act and shall, to the extent applicable, be governed by such provisions;

NOW THEREFORE, in consideration of the mutual agreements herein contained, and of other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions. Unless otherwise specified herein or the context otherwise requires, capitalized terms used but not defined herein shall have the respective meanings set forth, and shall be construed and interpreted in the manner described, in the Basic Agreement or, to the extent not defined therein, in the Intercreditor Agreement.

Applicable Certificateholder: Means the Person in whose name an Applicable Certificate is registered on the Register for the Applicable Certificates.

Applicable Certificates: Has the meaning specified in Section 3.01 of this Trust Supplement.

Applicable Trust: Has the meaning specified in Section 2.01 of this Trust Supplement.

Basic Agreement: Has the meaning specified in the first paragraph of this Trust Supplement.

Intercreditor Agreement: Means the Intercreditor Agreement, dated as of the date hereof, by and among the Trustee, the Other Trustees, the Liquidity Provider named therein, the Policy Provider and U.S. Bank Trust National Association, as Subordination Agent, as amended, supplemented or otherwise modified from time to time in accordance with its terms.

Note Documents: Means the Equipment Notes with respect to the Applicable Certificates and, with respect to any such Equipment Note, the related Indenture and Participation Agreement.

Other Agreements: Means (i) the Basic Agreement as supplemented by Trust Supplement No. 2003-1C dated as of the date hereof relating to American Airlines Pass Through Trust 2003-1C or, in connection with a refunding of the Class C Certificates in accordance with Exhibit A to the Intercreditor Agreement, as supplemented by the trust supplement executed in connection with the new class C certificates issued upon such refunding; (ii) the Basic Agreement as supplemented by Trust Supplement No. 2003-1D dated as of the date hereof relating to American Airlines Pass Through Trust 2003-1D or,

in connection with a refunding of the Class D Certificates in accordance with Exhibit A to the Intercreditor Agreement, as supplemented by the trust supplement executed in connection with the new class D certificates issued upon such refunding; and (iii) if Class E Certificates are issued, the Basic Agreement as supplemented by Trust Supplement No. 2003-1E relating to American Airlines Pass Through Trust 2003-1E.

Other Trustees: Means the trustees under the Other Agreements, and any successor or other trustee appointed as provided therein.

Other Trusts: Means the American Airlines Pass Through Trust 2003-1C created on the date hereof (or, in connection with a refunding of the Class C Certificates in accordance with Exhibit A to the Intercreditor Agreement, the trust formed in connection therewith for the issuance of the new class C certificates) and the American Airlines Pass Through Trust 2003-1D created on the date hereof (or, in connection with a refunding of the Class D Certificates in accordance with Exhibit A to the Intercreditor Agreement, the trust formed in connection therewith for the issuance of the new class D certificates), and, if Class E Certificates are issued, the American Airlines Pass Through Trust 2003-1E.

Participation Agreement: Means each Participation Agreement among the Company and U.S. Bank Trust National Association as the Trustee, the Other Trustees, the Subordination Agent and the Loan Trustee and in its individual capacity, as the same may be amended, supplemented or otherwise modified in accordance with its terms.

Policy: Has the meaning specified in Section 3.01(i).

Pool Balance: Means, as of any date, (i) the original aggregate face amount of the Applicable Certificates less (ii) the aggregate amount of all distributions made in respect of such Applicable Certificates other than distributions made in respect of interest, Make-Whole Amount, if any, or reimbursement of any costs or expenses incurred in connection therewith. The Pool Balance as of any Distribution Date shall be computed after giving effect to the payment of principal, if any, on the Equipment Notes or other Trust Property and the distribution thereof to be made on that date and payments under the Policy made for the benefit of the Applicable Certificateholders (other than in respect of the Class G Liquidity Facility or interest on the Applicable Certificates).

Pool Factor: Means, as of any Distribution Date, the quotient (rounded to the seventh decimal place (and rounding 0.00000005 up)) computed by dividing (i) the Pool Balance by (ii) the original aggregate face amount of the Applicable Certificates. The Pool Factor as of any Distribution Date shall be computed after giving effect to the payment of principal, if any, on the Equipment Notes or other Trust Property and the distribution thereof to be made on that date and payments under the Policy made for the benefit of the Applicable Certificateholders (other than in respect of the Class G Liquidity Facility or interest on Applicable Certificates).

Prospectus Supplement: Means the Prospectus Supplement dated June 30, 2003, relating to the offering of the Class G Certificates.

Trust Property: Means (i) subject to the Intercreditor Agreement, the Equipment Notes held as the property of the Applicable Trust, all monies at any time paid thereon and all monies due and to become due thereunder, (ii) funds from time to time deposited in the Certificate Account and the Special Payments Account and (iii) all rights of the Applicable Trust and the Trustee, on behalf of the Applicable Trust, under the Intercreditor Agreement, the Policy and the Class G Liquidity Facility, including, without limitation, all rights to receive certain payments under such documents, and all monies paid to the Trustee on behalf of the Applicable Trust pursuant to the Intercreditor Agreement, the Policy and the Class G Liquidity Facility.

Trusts: Means, collectively, the American Airlines 2003-1 Pass Through Trusts to be formed pursuant to the Basic Agreement, as supplemented by this Trust Supplement and the Other Agreements.

Trustee Agreements: Has the meaning specified in Section 3.04(a).

Trust Supplement: Has the meaning specified in the first paragraph of this Trust Supplement.

ARTICLE II

THE TRUST AND THE TRUSTEE

Section 2.01 Declaration of Trust. The Trustee hereby declares the creation of a Trust, designated the "American Airlines Pass Through Trust 2003-1G" (the "Applicable Trust"), for the benefit of the Holders of the Applicable Certificates to be issued in respect of such Applicable Trust, and the initial Holders of the Applicable Certificates, as grantors of such Applicable Trust, by their respective acceptances of the Applicable Certificates, join in the creation of such Applicable Trust with the Trustee. The Trustee, by the execution and delivery of this Trust Supplement, acknowledges its acceptance of all right, title and interest in and to the Trust Property to be acquired pursuant to Section 2.02 of the Basic Agreement and each Participation Agreement and the Trustee will hold such right, title and interest for the benefit of all present and future Holders of the Applicable Certificates, upon the trusts set forth in the Basic Agreement and this Trust Supplement.

Section 2.02 Activities of Trust. (a) Other than in connection with the transactions contemplated by this Agreement or the Note Documents, the Trustee on behalf of the Applicable Trust shall not (i) borrow money or issue debt or (ii) merge with another entity, reorganize, liquidate or sell its assets.

(b) The activities of the Trustee engaged in on behalf of the Applicable Trust shall be limited to those activities authorized by this Agreement or the Note Documents.

ARTICLE III

THE APPLICABLE CERTIFICATES

Section 3.01 The Certificates. There is hereby created a series of Certificates to be issued under this Agreement designated as "American Airlines Pass Through Certificates, Series 2003-1G" (the "Applicable Certificates"). Each Applicable Certificate represents a Fractional Undivided Interest in the Applicable Trust created hereby. The Applicable Certificates shall be the only instruments evidencing a fractional undivided interest in the Applicable Trust.

The terms and conditions applicable to the Applicable Certificates and the Applicable Trust are as follows:

(a) The aggregate face amount of the Applicable Certificates that may be authenticated and delivered under this Agreement (except for Applicable Certificates authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Applicable Certificates pursuant to Sections 3.03, 3.04, 3.05 and 3.06 of the Basic Agreement) is \$254,863,000.

(b) The Cut-Off Date is September 8, 2003.

(c) The Regular Distribution Dates with respect to any payment of Scheduled Payments means January 9 and July 9 of each year, commencing on January 9, 2004 until payment of all of the Scheduled Payments to be made under the Equipment Notes has been made. The principal amount of the Equipment Notes to be held by the Applicable Trust is scheduled for payment on January 9 and July 9 in certain years, beginning on January 9, 2004 and ending on July 9, 2010, as set out in Schedule I.

(d) The Special Distribution Dates with respect to the Applicable Certificates means any Business Day on which a Special Payment is to be distributed pursuant to this Agreement.

(e) The Applicable Certificates shall be in the form attached hereto as Exhibit A, shall be Book-Entry Certificates and shall be subject to the conditions set forth in the Letter of Representations between the Company and The Depository Trust Company, as initial Clearing Agency, attached hereto as Exhibit B.

(f) The proceeds of the Applicable Certificates issued by the Applicable Trust shall be used to acquire the Equipment Notes described in Schedule II, such Equipment Notes to relate to the Aircraft described in Schedule II and the Note Documents described in Schedule III.

(g) Any Person acquiring or accepting an Applicable Certificate or an interest therein will, by such acquisition or acceptance, be deemed to represent and warrant to the Company, the Loan Trustees and the Trustee that either (i) no assets of an employee benefit plan subject to Title I of ERISA, or of an employee benefit plan or an individual retirement account subject to Section 4975 of the Internal Revenue Code of 1986, as

amended (the "Code") or a governmental or church plan, or any trust established under such plan or account, have been used to purchase ---- Applicable Certificates or an interest therein or (ii) the purchase and holding of Applicable Certificates or interests therein by such Person is exempt from the prohibited transaction restrictions of ERISA and the Code or any provisions of state or federal laws or regulations that are substantially similar to the foregoing provisions of ERISA and the Code, as applicable, pursuant to one or more prohibited transaction statutory or administrative exemptions.

(h) The Applicable Certificates will be subject to the Intercreditor Agreement (and to the extent the terms of the Intercreditor Agreement (including the definitions of defined terms) are inconsistent with the terms of this Agreement, such Intercreditor Agreement shall control). Potential Purchasers shall have the rights upon the occurrence of a Triggering Event set forth in Article IV hereof. The Trustee and, by acceptance of any Applicable Certificate, each Certificateholder thereof, agrees to be bound by all of the provisions of the Intercreditor Agreement, including the subordination provisions of Section 9.09 thereof.

(i) Distributions of interest on the Applicable Certificates when scheduled and distributions of the outstanding Pool Balance on the Applicable Certificates on the Final Legal Distribution Date (as defined in the Intercreditor Agreement) for such Applicable Certificates and under certain other circumstances will be supported by a certificate guaranty insurance policy to be issued by the Policy Provider pursuant to the Policy Provider Agreement ("Policy").

(j) Distributions of interest on the Applicable Certificates will be supported by the Class G Liquidity Facility to be provided by the Class G Liquidity Provider for the benefit of the Applicable Certificateholders.

(k) As of the Issuance Date, the Parent will not guarantee the obligations of the Company under any Equipment Notes to be acquired by the Trust.

(l) Subject to Section 2.02(b) of the Basic Agreement, there will not be any deposit agreement, escrow agreement or other similar arrangement prior to delivery of the Aircraft.

(m) The Responsible Party is the Company.

Section 3.02 Delivery of Documents. The Trustee is hereby directed (a) to execute and deliver, on or prior to the Issuance Date, the Intercreditor Agreement, the Policy Provider Agreement and each Participation Agreement, each in the form delivered to the Trustee by the Company, and (b) subject to the respective terms thereof, to perform its obligations thereunder. On the Issuance Date, the Trustee shall duly execute, deliver, authenticate, issue and sell Applicable Certificates in authorized denominations equaling in the aggregate the amount set forth in Schedule I to the Underwriting Agreement, which Applicable Certificates shall evidence the entire ownership interest in the Applicable Trust and which amount equals the aggregate principal amount of Equipment Notes to be purchased by the Trustee on the Issuance Date pursuant to the Participation Agreements. Except as provided in Sections 3.03, 3.04, 3.05 and

3.06 of the Basic Agreement, the Trustee shall not execute, authenticate or deliver Applicable Certificates in excess of the aggregate amount specified in this paragraph. The provisions of this Section 3.02(a) supersede and replace the first sentence of Section 3.02(a) of the Basic Agreement, with respect to the Applicable Trust.

Section 3.03 The Trustee. (a) Subject to Section 3.04 of this Trust Supplement and Section 7.15 of the Basic Agreement, the Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Trust Supplement or the due execution hereof by the Company or the other parties hereto (other than the Trustee), or for or in respect of the recitals and statements contained herein, all of which recitals and statements are made solely by the Company, except that the Trustee hereby represents and warrants that each of this Trust Supplement, the Basic Agreement, each Applicable Certificate, the Intercreditor Agreement, the Policy Provider Agreement and each Participation Agreement has been executed and delivered by one of its officers who is duly authorized to execute and deliver such document on its behalf.

(b) Except as herein otherwise provided, no duties, responsibilities or liabilities are assumed, or shall be construed to be assumed, by the Trustee by reason of this Trust Supplement other than as set forth in the Basic Agreement and this Trust Supplement, and this Trust Supplement is executed and accepted on behalf of the Trustee, subject to all the terms and conditions set forth in the Basic Agreement as fully to all intents as if the same were herein set forth at length.

Section 3.04 Representations and Warranties of the Trustee.
The Trustee hereby represents and warrants that:

(a) the Trustee has full power, authority and legal right to execute, deliver and perform each Applicable Certificate, this Trust Supplement, the Intercreditor Agreement, the Policy Provider Agreement and the Note Documents to which it is a party (collectively, the "Trustee Agreements") and has taken all necessary action to authorize the execution, delivery and performance by it of the Trustee Agreements;

(b) the execution, delivery and performance by the Trustee of the Trustee Agreements (i) will not violate any provision of any United States federal law or the law of the state of the United States where it is located governing the banking and trust powers of the Trustee or any order, writ, judgment, or decree of any court, arbitrator or governmental authority applicable to the Trustee or any of its assets, (ii) will not violate any provision of the articles of association or by-laws of the Trustee, and (iii) will not violate any provision of, or constitute, with or without notice or lapse of time, a default under, or result in the creation or imposition of any lien on any properties included in the Trust Property pursuant to the provisions of any mortgage, indenture, contract, agreement or other undertaking to which it is a party, which violation, default or lien could reasonably be expected to have an adverse effect on the Trustee's performance or ability to perform its duties hereunder or thereunder or on the transactions contemplated herein or therein;

(c) the execution, delivery and performance by the Trustee of the Trustee Agreements will not require the authorization, consent, or approval of, the giving of notice to, the filing or registration with, or the taking of any other action in respect of, any governmental authority or agency of the United States or the state of the United States where it is located regulating the banking and corporate trust activities of the Trustee; and

(d) the Trustee Agreements have been, or will be, as applicable, duly executed and delivered by the Trustee and constitute, or will constitute, as applicable, the legal, valid and binding agreements of the Trustee, enforceable against it in accordance with their respective terms; provided, however, that enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and (ii) general principles of equity.

Section 3.05 Amendment of Section 7.12(c) of the Basic Agreement. For purposes of this Agreement, references to the term "corporation" as used in Section 7.12(c) of the Basic Agreement shall be deemed to include a bank or trust company.

Section 3.06 Amendment of Section 7.02 of the Basic Agreement. The Trustee agrees, in addition to the agreements contained in Section 7.02 of the Basic Agreement, that it will promptly transmit any such notices to the Class G Liquidity Provider and the Policy Provider.

ARTICLE IV

DEFAULT

Section 4.01 Purchase Rights of Certificateholders. (a) By acceptance of its Applicable Certificate, each Applicable Certificateholder agrees that at any time after the occurrence and during the continuation of a Triggering Event,

(i) unless the Policy Provider has purchased or given notice of its election to purchase pursuant to Section 4.01(a)(iv) below, each Class C Certificateholder (other than any American Entity) shall have the right to purchase all, but not less than all, of the Applicable Certificates upon ten days' prior written notice to the Trustee and each other Class C Certificateholder, provided that (A) if prior to the end of such ten-day period any other Class C Certificateholder (other than any American Entity) notifies such purchasing Class C Certificateholder that such other Class C Certificateholder wants to participate in such purchase, then such other Class C Certificateholder may join with the purchasing Class C Certificateholder to purchase all, but not less than all, of the Applicable Certificates pro rata based on the Fractional Undivided Interest in the Class C Trust held by each such Class C Certificateholder and (B) if prior to the end of such ten-day period any other Class C Certificateholder fails to notify the purchasing Class C Certificateholder of such other Class C Certificateholder's desire to participate in such a purchase, then such other Class C Certificateholder shall lose its right to purchase the Applicable Certificates pursuant to this Section 4.01(a)(i); and

(ii) unless the Policy Provider has purchased or given notice of its election to purchase pursuant to Section 4.01(a)(iv) below, each Class D Certificateholder (other than any American Entity) shall have the right (which shall not expire upon any purchase of the Applicable Certificates pursuant to clause (i) above) to purchase all, but not less than all, of the Applicable Certificates and the Class C Certificates upon ten days' prior written notice to the Trustee, the Class C Trustee and each other Class D Certificateholder, provided that (A) if prior to the end of such ten-day period any other Class D Certificateholder (other than any American Entity) notifies such purchasing Class D Certificateholder that such other Class D Certificateholder wants to participate in such purchase, then such other Class D Certificateholder may join with the purchasing Class D Certificateholder to purchase all, but not less than all, of the Applicable Certificates and the Class C Certificates pro rata based on the Fractional Undivided Interest in the Class D Trust held by each such Class D Certificateholder and (B) if prior to the end of such ten-day period any other Class D Certificateholder fails to notify the purchasing Class D Certificateholder of such other Class D Certificateholder's desire to participate in such a purchase, then such other Class D Certificateholder shall lose its right to purchase the Applicable Certificates and the Class C Certificates pursuant to this Section 4.01(a)(ii); and

(iii) unless the Policy Provider has purchased or given notice of its election to purchase pursuant to Section 4.01(a)(iv) below, each Class E Certificateholder (other than any American Entity) (if the Class E Certificates are issued) shall have the right (which shall not expire upon any purchase of the Applicable Certificates or the Class C Certificates pursuant to clause (i) or (ii) above) to purchase all, but not less than all, of the Applicable Certificates, the Class C Certificates and the Class D Certificates upon ten days' prior written notice to the Trustee, the Class C Trustee, the Class D Trustee and each other Class E Certificateholder, provided that (A) if prior to the end of such ten-day period any other Class E Certificateholder (other than any American Entity) notifies such purchasing Class E Certificateholder that such other Class E Certificateholder wants to participate in such purchase, then such other Class E Certificateholder may join with the purchasing Class E Certificateholder to purchase all, but not less than all, of the Applicable Certificates, the Class C Certificates, and the Class D Certificates pro rata based on the Fractional Undivided Interest in the Class E Trust held by each such Class E Certificateholder and (B) if prior to the end of such ten-day period any other Class E Certificateholder fails to notify the purchasing Class E Certificateholder of such other Class E Certificateholder's desire to participate in such a purchase, then such other Class E Certificateholder shall lose its right to purchase the Applicable Certificates, the Class C Certificates and the Class D Certificates pursuant to this Section 4.01(a)(iii); and

(iv) whether or not any Certificateholder of any Class has exercised its rights pursuant to the foregoing provisions of this Section 4.01, the Policy Provider (except in the case of a Policy Provider Default), if it is then the Controlling Party, shall have the right to purchase all, but not less than all, of the Applicable Certificates upon ten days' written notice to the Trustee (which shall promptly notify the holders of the Applicable Certificates, the Class C Trustee, the Class D Trustee and the Class E Trustee (if any) of receipt of such notice).

The purchase price with respect to the Applicable Certificates shall be equal to the Pool Balance of the Applicable Certificates, together with accrued and unpaid interest in respect thereof to the date of such purchase, without any Make-Whole Amount, but including any other amounts then due and payable to the Applicable Certificateholders under this Agreement, the Intercreditor Agreement or any Note Document or on or in respect of the Applicable Certificates; provided, however, that if such purchase occurs after the Record Date relating to any Distribution Date, such purchase price shall be reduced by the amount to be distributed hereunder on such related Distribution Date (which deducted amounts shall remain distributable to, and may be retained by, the Applicable Certificateholders as of such Record Date); provided further that no such purchase of Applicable Certificates pursuant to clause (ii) or (iii) above shall be effective unless the purchaser(s) shall certify to the Trustee that contemporaneously with such purchase, such purchaser(s) is purchasing, pursuant to the terms of this Agreement and the Intercreditor Agreement, all of the Applicable Certificates, the Class C Certificates and the Class D Certificates, if any, that are senior to the securities held by such purchaser(s). Each payment of the purchase price of the Applicable Certificates referred to in the first sentence hereof shall be made to an account or accounts designated by the Trustee and each such purchase shall be subject to the terms of this Section 4.01(a). Each Applicable Certificateholder agrees by its acceptance of its Certificate that it will, subject to Section 3.04 of the Basic Agreement, upon payment from such Class C Certificateholder(s), Class D Certificateholder(s), Class E Certificateholder(s) or the Policy Provider, as the case may be, of the purchase price set forth in the first sentence of this paragraph, forthwith sell, assign, transfer and convey to the purchaser(s) thereof (without recourse, representation or warranty of any kind except as to its own acts) all of the right, title, interest and obligation of such Applicable Certificateholder in the Agreement, the Intercreditor Agreement, the Class G Liquidity Facility, the Policy, the Policy Provider Agreement, the Note Documents and all Applicable Certificates held by such Applicable Certificateholder (excluding all right, title and interest under any of the foregoing to the extent such right, title or interest is with respect to an obligation not then due and payable as respects any action or inaction or state of affairs occurring prior to such sale) and the purchaser(s) shall assume all of such Applicable Certificateholder's obligations under this Agreement, the Intercreditor Agreement, the Class G Liquidity Facility, the Policy, the Policy Provider Agreement, the Note Documents and all such Applicable Certificates. The Applicable Certificates will be deemed to be purchased on the date payment of the purchase price is made notwithstanding the failure of any Applicable Certificateholder to deliver any Applicable Certificate and, upon such a purchase, (i) the only rights of the Applicable Certificateholders will be to deliver the Applicable Certificates and (ii) if the purchaser(s) shall so request, each such Applicable Certificateholder will comply with all the provisions of Section 3.04 of the Basic Agreement to enable new Applicable Certificates to be issued to the purchaser(s) in such denominations as it shall request. All charges and expenses in connection with the issuance of any such new Applicable Certificates shall be borne by the purchaser(s) thereof.

(b) This Section 4.01 supplements and, to the extent inconsistent with any provision of Section 6.01(d) of the Basic Agreement, replaces the provisions of Section 6.01(d) of the Basic Agreement. Notwithstanding anything to the contrary set forth herein or in any Operative Agreement, the provisions of this Section 4.01 may not be amended in any manner without the consent of each Class C Certificateholder, Class D Certificateholder or Class E Certificateholder, if any, that would be adversely affected thereby, or the Policy Provider, if it would be adversely affected thereby.

(c) Unless otherwise specified in the relevant documents relating to a Refunding: (i) following a Refunding of the Series C Equipment Notes in accordance with Exhibit A to the Intercreditor Agreement, the terms "Class C Certificates", "Class C Certificateholders", "Class C Trust", and "Class C Trustee", as used in this Section 4.01 and in Section 9.01(16) of the Basic Agreement (as amended by this Trust Supplement), will be deemed to mean the "New Class C Certificates", the Holders of the New Class C Certificates, the trust issuing the New Class C Certificates, and the trustee for the New Class C Certificates, respectively; and (ii) following a Refunding of the Series D Equipment Notes or New Series of Series D Equipment Notes in accordance with Exhibit A to the Intercreditor Agreement, the terms "Class D Certificates", "Class D Certificateholders", "Class D Trust", and "Class D Trustee", as used in this Section 4.01 and in Section 9.01(16) of the Basic Agreement (as amended by this Trust Supplement), will be deemed to mean the "New Class D Certificates", the Holders of the New Class D Certificates, the trust issuing the New Class D Certificates, and the trustee for the New Class D Certificates, respectively.

ARTICLE V

STATEMENTS TO CERTIFICATEHOLDERS

Section 5.01. Statements to Applicable Certificateholders. (a) On each Distribution Date, the Trustee will include with each distribution to Applicable Certificateholders of a Scheduled Payment or Special Payment, as the case may be, a statement setting forth the information provided below. Such statement shall set forth the following information (per \$1,000 aggregate face amount of Applicable Certificate as to (i) and (ii) below):

(i) the amount of such distribution under this Agreement allocable to principal (indicating any portion thereof paid by the Policy Provider) and the amount allocable to Make-Whole Amount, if any;

(ii) the amount of such distribution under this Agreement allocable to interest, indicating any portion thereof paid by the Class G Liquidity Provider and/or Policy Provider; and

(iii) the Pool Balance and the Pool Factor.

With respect to the Applicable Certificates registered in the name of a Clearing Agency or its nominee, on the Record Date prior to each Distribution Date, the Trustee will request from the Clearing Agency a securities position listing setting forth the names of all the Clearing Agency Participants reflected on the Clearing Agency's books as holding interests in the Applicable Certificates on such Record Date. On each Distribution Date, the Trustee will mail to each such Clearing Agency Participant, whose name has been provided by the Clearing Agency, the statement described above and will make available additional copies as requested by such Clearing Agency Participants for forwarding to holders of interests in the Applicable Certificates.

(b) Within a reasonable period of time after the end of each calendar year but not later than the latest date permitted by law, the Trustee shall furnish to each Person who at any

time during such calendar year was an Applicable Certificateholder of record a statement containing the sum of the amounts determined pursuant to clauses (a)(i) and (a)(ii) above for such calendar year or, in the event such Person was an Applicable Certificateholder of record during a portion of such calendar year, for the applicable portion of such year, and such other items as are readily available to the Trustee and which an Applicable Certificateholder may reasonably request as necessary for the purpose of such Applicable Certificateholder's preparation of its federal income tax returns. With respect to Certificates registered in the name of a Clearing Agency or its nominee, such statement and such other items shall be prepared on the basis of information supplied to the Trustee by the Clearing Agency Participants and shall be delivered by the Trustee to such Clearing Agency Participants to be available for forwarding by such Clearing Agency Participants to the holders of interests in the Applicable Certificates.

(c) This Section 5.01 supersedes and replaces Section 4.03 of the Basic Agreement.

ARTICLE VI

SUPPLEMENTAL AGREEMENTS

Section 6.01. Supplemental Agreements. For purposes of the Applicable Trust, the following provisions of the Basic Agreement shall be amended to read as follows:

(a) Section 7.09(b) of the Basic Agreement shall be amended by inserting the phrase "the Policy Provider," immediately after each reference to "the Company" therein.

(b) Section 9.01 of the Basic Agreement shall be amended to read as follows:

"Section 9.01. Supplemental Agreements Without Consent of Applicable Certificateholders. Without the consent of the Applicable Certificateholders, the Company may (but will not be required to), and the Trustee (subject to Section 9.03) shall, at the Company's request, at any time and from time to time, enter into one or more agreements supplemental hereto or, at the request of the Company, enter into one or more amendments or supplements to the Intercreditor Agreement, the Participation Agreements, any Liquidity Facility, the Policy or the Policy Provider Agreement, for any of the following purposes:

- (1) to provide for the formation of a Trust, the issuance of a series of Certificates and other matters contemplated by Section 2.01 or to add, or to change or eliminate, any provision affecting a series of Certificates not yet issued; or
- (2) to evidence the succession of another Person to the Company and the assumption by any such successor of the covenants of the Company contained in this Agreement or of the Company's obligations under any of the Participation Agreements, any Liquidity Facility or the Policy Provider Agreement; or
- (3) to add to the covenants of the Company for the benefit of the Certificateholders of any series, or to surrender any right or power conferred upon the Company in this Agreement, the Intercreditor Agreement, the Participation Agreements, any Liquidity Facility, the Policy or the Policy Provider Agreement; or

- (4) to cure any ambiguity or to correct any mistake or inconsistency contained in the Certificates of any series, in this Agreement or in any related Trust Supplement, the Intercreditor Agreement, the Participation Agreements, any Liquidity Facility, the Policy or the Policy Provider Agreement; or
- (5) to make or modify any other provision in regard to matters or questions arising under the Certificates of any series, this Agreement or in any related Trust Supplement, the Intercreditor Agreement, the Participation Agreements, any Liquidity Facility, the Policy or the Policy Provider Agreement as the Company may deem necessary or desirable and that will not materially adversely affect the interests of the related Certificateholders; or
- (6) to comply with any requirement of the SEC, any applicable law, rules or regulations of any exchange or quotation system on which the Applicable Certificates are listed (or to facilitate any listing of the Applicable Certificates on any exchange or quotation system), or of any regulatory body; or
- (7) to modify, eliminate or add to the provisions of this Agreement, the Intercreditor Agreement, any Liquidity Facility, the Policy or the Policy Provider Agreement to such extent as shall be necessary to establish or continue the qualification of this Agreement (including any supplemental agreement), the Intercreditor Agreement, the Participation Agreements, any Liquidity Facility, the Policy or the Policy Provider Agreement or any other agreement or instrument related to the Applicable Certificates under the Trust Indenture Act or under any similar Federal statute hereafter enacted, and to add to this Agreement, the Intercreditor Agreement, the Participation Agreements, any Liquidity Facility, the Policy or the Policy Provider Agreement such other provisions as may be expressly permitted by the Trust Indenture Act, excluding, however, the provisions referred to in Section 316(a)(2) of the Trust Indenture Act as in effect at the date as of which this Trust Supplement was executed or any corresponding provision in any similar Federal statute hereafter enacted; or
- (8) to evidence and provide for the acceptance of appointment by a successor Trustee under this Agreement, with respect to one or more Trusts and to add to or change any of the provisions of this Agreement, the Intercreditor Agreement, the Participation Agreements, any Liquidity Facility, the Policy or the Policy Provider Agreement as shall be necessary to provide for or facilitate the administration of the Trust hereunder and thereunder by more than one Trustee, pursuant to the requirements of Section 7.10, or to provide one or more Liquidity Facilities with respect to one or more Trusts; or
- (9) to provide the information required under Section 7.12 and Section 12.04 as to the Trustee; or
- (10) to add to or change any of the provisions of the Certificates of any series, this Agreement or any Trust Supplement to such extent as shall be necessary to facilitate the issuance of Certificates of such series in bearer form or to facilitate

or provide for the issuance of Certificates of such series in global form in addition to or in place of Certificates in certificated form; or

- (11) to provide for the delivery of agreements supplemental hereto or the Certificates of any series in or by any means of any computerized, electronic or other medium, including without limitation by computer diskette; or
- (12) to provide for the guarantee by AMR Corporation or another entity of one or more Indentures, one or more series of Equipment Notes or of Series E Equipment Notes (other than in connection with the issuance of new series C equipment notes or new series D equipment notes in connection with a Refunding, or Series E Equipment Notes, subject to obtaining written confirmation from each Rating Agency that the provision of such guarantee will not result in a withdrawal or downgrading of the rating of the Applicable Certificates (without regard to the Policy)); or
- (13) to correct or supplement the description of any property constituting property of such Trust; or
- (14) to modify, eliminate or add to the provisions of this Agreement or any Trust Supplement or any Participation Agreement in order to reflect the substitution of a Substitute Aircraft for any Aircraft; or
- (15) to make any other amendments or modifications hereto, provided that such amendments or modifications shall only apply to Certificates of one or more series to be thereafter issued; or
- (16) to modify, eliminate or add to provisions of this Agreement, the Intercreditor Agreement, the Participation Agreements, any Liquidity Facility, the Policy or the Policy Provider Agreement to the extent necessary in connection with a refunding of the Class C Certificates and/or the Class D Certificates in accordance with Exhibit A to the Intercreditor Agreement;

provided, however, that, unless there shall have been obtained from each Rating Agency written confirmation that such supplemental agreement would not result in a reduction of the rating for any Class of Certificates below the then current rating for such Class of Certificates or a withdrawal or suspension of the rating of any Class of Certificates, the Company shall provide the Trustee with an opinion of counsel (i) if an Event of Default shall have occurred and be continuing, to the effect that such supplemental agreement will not cause the Trust to become an association taxable as a corporation for United States federal income tax purposes or (ii) in other circumstances, to the effect that such supplemental agreement will not cause the Trust to be treated as other than a grantor trust for United States federal income tax purposes."

(c) Section 9.02 of the Basic Agreement shall be amended as follows:

"Section 9.02. Supplemental Agreements with Consent of Certificateholders. With respect to each separate Trust and the series of Certificates relating thereto, with the consent of the Certificateholders holding Certificates of such series (including consents obtained

in connection with a consent solicitation, tender offer or exchange offer for the Certificates) evidencing Fractional Undivided Interests aggregating not less than a majority in interest in such Trust, by Direction of said Certificateholders delivered to the Company and the Trustee, the Company may, but shall not be obligated to, and the Trustee (subject to Section 9.03) shall, enter into an agreement or agreements supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Agreement, the Intercreditor Agreement, the Participation Agreements, any Liquidity Facility, the Policy or the Policy Provider Agreement to the extent applicable to such Certificateholders or of modifying in any manner the rights and obligations of such Certificateholders under this Agreement, the Intercreditor Agreement, the Participation Agreements, any Liquidity Facility, the Policy or Policy Provider Agreement; provided, however, that no such agreement shall, without the consent of the Certificateholder of each Outstanding Certificate adversely affected thereby:

- (1) reduce in any manner the amount of, or delay the timing of, any receipt by the Trustee of payments on the Equipment Notes held in such Trust or distributions that are required to be made herein on any Certificate of such series, or change any date of payment on any Certificate of such series, or change the place of payment where, or the coin or currency in which, any Certificate of such series is payable (other than as provided for in such Certificate), or impair the right to institute suit for the enforcement of any such payment or distribution on or after the Regular Distribution Date or Special Distribution Date applicable thereto; or
- (2) except as permitted by this Agreement, the Intercreditor Agreement or the applicable Liquidity Facility, permit the disposition of any Equipment Note included in the Trust Property of such Trust or otherwise deprive such Certificateholder of the benefit of the ownership of the Equipment Notes in such Trust; or
- (3) alter the priority of distributions specified in the Intercreditor Agreement in a manner materially adverse to the interests of the Certificateholders of any series; or
- (4) reduce the percentage of the aggregate Fractional Undivided Interests of such Trust, the consent of the holders of which is required for any such supplemental agreement, or reduce such percentage required for any waiver (of compliance with certain provisions of this Agreement or certain defaults hereunder and their consequences) or modification provided for in this Agreement; or
- (5) cause any Trust to become an association taxable as a corporation for United States federal income tax purposes; or
- (6) terminate or modify the Policy.

It shall not be necessary for any Direction of such Certificateholders under this Section 9.02 to approve the particular form of any proposed supplemental agreement, but it shall be sufficient if such Direction shall approve the substance thereof."

ARTICLE VII

MISCELLANEOUS PROVISIONS

Section 7.01. Final Termination Date. The respective obligations and responsibilities of the Company and the Trustee created hereby and the Applicable Trust created hereby shall terminate upon the distribution to all Certificateholders of Applicable Certificates and the Trustee of all amounts required to be distributed to them pursuant to this Agreement and the disposition of all property held as part of the Trust Property; provided, however, that in no event shall the Trust created hereby continue beyond the expiration of 21 years from the death of the last survivor of the descendants of Joseph P. Kennedy, Sr., the father of John F. Kennedy, former President of the United States, living on the date of this Trust Supplement.

Section 7.02. Basic Agreement Ratified. Except and so far as herein expressly provided, all of the provisions, terms and conditions of the Basic Agreement are in all respects ratified and confirmed; and the Basic Agreement and this Trust Supplement shall be taken, read and construed as one and the same instrument.

Section 7.03. Governing Law. THIS AGREEMENT HAS BEEN DELIVERED IN THE STATE OF NEW YORK AND THIS AGREEMENT AND THE APPLICABLE CERTIFICATES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER AND THEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Section 7.04. Counterparts. This Trust Supplement may be executed in any number of counterparts (and each of the parties shall not be required to execute the same counterpart). Each counterpart of this Trust Supplement including a signature page or pages executed by each of the parties hereto shall be an original counterpart of this Trust Supplement, but all of such counterparts together shall constitute one instrument.

Section 7.05. Intention of Parties. The parties hereto intend that the Applicable Trust be classified for United States federal income tax purposes as a grantor trust under Part 1E of Chapter 1J of Subtitle A of the Internal Revenue Code of 1986, as amended, and not as a trust or association taxable as a corporation or as a partnership. Each Applicable Certificateholder of an Applicable Certificate, by its acceptance of its Applicable Certificate or a beneficial interest therein, agrees to treat the Applicable Trust as a grantor trust for all United States federal, state and local income tax purposes. The Trustee shall not be authorized or empowered to do anything that would cause the Applicable Trust to fail to qualify as a grantor trust for such tax purposes (including as subject to this restriction, acquiring any Aircraft by bidding the Equipment Notes relating thereto or otherwise, or taking any action with respect to any such Aircraft once acquired).

Section 7.06. Notices. The Trustee agrees to promptly furnish to S&P (at its address at 55 Water Street, 39th Floor, New York, New York, 10041-0003, Attention: Philip A. Baggaley, or such other address as S&P may notify the Trustee), Moody's (at its address at 99

Church Street, New York, New York 10007, Attention: Richard Bittenbender, or such other address as Moody's may notify the Trustee) and the Policy Provider (at its address specified in the Intercreditor Agreement) a copy of each notice, statement, report or other written communication sent by the Trustee to each Applicable Certificateholder.

Section 7.07. Third Party Beneficiary. The parties hereto agree and acknowledge that the Policy Provider shall be a third party beneficiary of the provisions of Section 4.01 of this Trust Supplement providing for the Policy Provider's purchase rights as stated therein.

IN WITNESS WHEREOF, the parties have caused this Trust Supplement to be duly executed by their respective officers thereto duly authorized as of the date first written above.

AMERICAN AIRLINES, INC.

By: /s/ Michael P. Thomas

Name: Michael P. Thomas
Title: Managing Director
Corporate Finance & Banking

U.S. BANK TRUST NATIONAL ASSOCIATION,
as Trustee

By: /s/ Alison D.B. Nadeau

Name: Alison D.B. Nadeau
Title: Vice President

FORM OF CERTIFICATE

*Unless this Certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange or payment, and any Certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

AMERICAN AIRLINES PASS THROUGH TRUST 2003-1G

AMERICAN AIRLINES PASS THROUGH CERTIFICATE, SERIES 2003-1G

Final Expected Regular Distribution Date: July 9, 2010

evidencing a fractional undivided interest in a trust, the property of which includes, among other things, certain Equipment Notes each secured by Aircraft owned by American Airlines, Inc.

CUSIP No. 023769 AA0
ISIN No. US023769 AA01

Certificate

No. _____ \$ _____ Fractional Undivided Interest representing
0.0003924% of the Trust per \$1,000 face amount

THIS CERTIFIES THAT _____, for value received, is the registered owner of a \$ _____ (_____ dollars) Fractional Undivided Interest in the American Airlines Pass Through Trust, Series 2003-1G (the "Trust") created by U.S. Bank Trust National Association, as successor trustee (the "Trustee"), pursuant to a Pass Through Trust Agreement, dated as of March 21, 2002 (the "Basic Agreement"), as supplemented by Trust Supplement No. 2003-1G thereto dated as of July 8, 2003 (collectively, the "Agreement"), between the Trustee and American Airlines, Inc., a corporation incorporated under Delaware law (the "Company"), a

- - - - -
*This legend to appear on Book-Entry Certificates to be deposited with The Depository Trust Company.

summary of certain of the pertinent provisions of which is set forth below. To the extent not otherwise defined herein, the capitalized terms used herein have the meanings assigned to them in the Agreement. This Certificate is one of the duly authorized Certificates designated as "American Airlines Pass Through Certificates, Series 2003-1G" (herein called the "Certificates"). This Certificate is issued under and is subject to the terms, provisions and conditions of the Agreement. By virtue of its acceptance hereof, the Certificateholder of this Certificate assents to and agrees to be bound by all of the provisions of the Agreement and the Intercreditor Agreement, including the subordination provisions of Section 9.09 of the Intercreditor Agreement. The property of the Trust (the "Trust Property") includes certain Equipment Notes and all rights of the Trust and the Trustee, on behalf of the Trust, to receive any payments under the Intercreditor Agreement, the Class G Liquidity Facility and the Policy. Each issue of the Equipment Notes is or will be secured by, among other things, a security interest in Aircraft owned by the Company.

The Certificates represent Fractional Undivided Interests in the Trust and the Trust Property, and will have no rights, benefits or interest in respect of any other separate trust established pursuant to the terms of the Basic Agreement for any other series of certificates issued pursuant thereto.

Subject to and in accordance with the terms of the Agreement and the Intercreditor Agreement, from funds then available to the Trustee, there will be distributed on each January 9 and July 9 (a "Regular Distribution Date"), commencing on January 9, 2004, to the Person in whose name this Certificate is registered at the close of business on the 15th day preceding the Regular Distribution Date, an amount in respect of the principal and interest constituting Scheduled Payments on the Equipment Notes due on such Regular Distribution Date, the receipt of which has been confirmed by the Trustee, equal to the product of the percentage interest in the Trust evidenced by this Certificate and an amount equal to the sum of such Scheduled Payments. Subject to and in accordance with the terms of the Agreement and the Intercreditor Agreement, in the event that Special Payments on the Equipment Notes are received by the Trustee, from funds then available to the Trustee, there shall be distributed on the applicable Special Distribution Date, to the Person in whose name this Certificate is registered at the close of business on the 15th day preceding the Special Distribution Date, an amount in respect of such Special Payments on the Equipment Notes, the receipt of which has been confirmed by the Trustee, equal to the product of the percentage interest in the Trust evidenced by this Certificate and an amount equal to the sum of such Special Payments so received. If a Regular Distribution Date or Special Distribution Date is not a Business Day, distribution shall be made on the immediately following Business Day without additional interest. The Trustee shall mail notice of each Special Payment and the Special Distribution Date therefor to the Certificateholder of this Certificate.

Distributions on this Certificate will be made by the Trustee by check mailed to the Person entitled thereto, without the presentation or surrender of this Certificate or the making of any notation hereon, except that with respect to Certificates registered on the Record Date in the name of a Clearing Agency (or its nominee), such distributions shall be made by wire transfer. Except as otherwise provided in the Agreement and notwithstanding the above, the final distribution on this Certificate will be made after notice mailed by the Trustee of the

dependency of such distribution and only upon presentation and surrender of this Certificate at the office or agency of the Trustee specified in such notice.

The Certificates do not represent a direct obligation of, or an obligation guaranteed by, or an interest in, the Company, the Trustee, the Subordination Agent or any Loan Trustee or any Affiliate of any thereof. The Certificates are limited in right of payment, all as more specifically set forth on the face hereof and in the Agreement. All payments or distributions made to Certificateholders under the Agreement shall be made only from the Trust Property and only to the extent that the Trustee shall have sufficient income or proceeds from the Trust Property to make such payments in accordance with the terms of the Agreement. Each Certificateholder of this Certificate, by its acceptance hereof, agrees that it will look solely to the income and proceeds from the Trust Property to the extent available for any payment or distribution to such Certificateholder pursuant to the terms of the Agreement and that it will not have any recourse to the Company, the Trustee, the Subordination Agent or the Loan Trustees except as otherwise expressly provided in the Agreement, in any Note Document or in the Intercreditor Agreement. This Certificate does not purport to summarize the Agreement and reference is made to the Agreement for information with respect to the interests, rights, benefits, obligations, proceeds and duties evidenced hereby. A copy of the Agreement may be examined during normal business hours at the principal office of the Trustee, and at such other places, if any, designated by the Trustee, by any Certificateholder upon request.

The Agreement permits, with certain exceptions therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Certificateholders under the Agreement at any time by the Company and the Trustee with the consent of the Certificateholders holding Certificates evidencing Fractional Undivided Interests aggregating not less than a majority in interest in the Trust. Any such consent by the Certificateholder of this Certificate shall be conclusive and binding on such Certificateholder and upon all future Certificateholders of this Certificate and of any Certificate issued upon the transfer hereof or in exchange hereof or in lieu hereof whether or not notation of such consent is made upon this Certificate. The Agreement also permits the amendment thereof, in certain limited circumstances, without the consent of the Certificateholders of any of the Certificates.

As provided in the Agreement and subject to certain limitations set forth therein, the transfer of this Certificate is registrable in the Register upon surrender of this Certificate for registration of transfer at the offices or agencies maintained by the Trustee in its capacity as Registrar, or by any successor Registrar duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Trustee and the Registrar, duly executed by the Certificateholder hereof or such Certificateholder's attorney duly authorized in writing, and thereupon one or more new Certificates of authorized denominations evidencing the same aggregate Fractional Undivided Interest in the Trust will be issued to the designated transferee or transferees.

The Certificates are issuable only as registered Certificates without coupons in minimum denominations of \$1,000 Fractional Undivided Interest and integral multiples thereof except that one Certificate may be issued in a different denomination. As provided in the Agreement and subject to certain limitations therein set forth, the Certificates are exchangeable

for new Certificates of authorized denominations evidencing the same aggregate Fractional Undivided Interest in the Trust, as requested by the Certificateholder surrendering the same.

No service charge will be made for any such registration of transfer or exchange, but the Trustee shall require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

The Company, the Trustee, the Registrar and any Paying Agent shall deem and treat the person in whose name this Certificate is registered as the owner hereof for all purposes, and none of the Company, the Trustee, the Registrar or any such agent shall be affected by any notice to the contrary.

The obligations and responsibilities created by the Agreement and the Trust created thereby shall terminate upon the distribution to Certificateholders of all amounts required to be distributed to them pursuant to the Agreement and the disposition of all property held as part of the Trust Property.

Any Person acquiring or accepting this Certificate or an interest herein will, by such acquisition or acceptance, be deemed to represent and warrant to the Company, the Loan Trustees and the Trustee that either: (i) no assets of an employee benefit plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or of an employee benefit plan or an individual retirement account subject to Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code") or of a governmental or church plan, or any trust established under such plan or account, have been used to purchase this Certificate or an interest herein or (ii) the purchase and holding of this Certificate or interest herein by such Person are exempt from the prohibited transaction restrictions of ERISA and the Code or any provisions of state or federal laws or regulations that are substantially similar to the foregoing provisions of ERISA and the Code, as applicable, pursuant to one or more prohibited transaction statutory or administrative exemptions.

THIS CERTIFICATE AND THE AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES AND CERTIFICATEHOLDERS HEREUNDER AND THEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Unless the certificate of authentication hereon has been executed by the Trustee, by manual signature, this Certificate shall not be entitled to any benefit under the Agreement or be valid for any purpose.

IN WITNESS WHEREOF, the Trustee has caused this Certificate to be duly executed.

AMERICAN AIRLINES PASS
THROUGH TRUST 2003-1G

By: U.S. BANK TRUST NATIONAL
ASSOCIATION,
as Trustee

By: _____

Title: _____

Dated:

[FORM OF THE TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This is one of the Certificates referred to in the within-mentioned Agreement.

U.S. BANK TRUST NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

[DTC Letter of Representations]

B-1

AGGREGATE EQUIPMENT NOTE PRINCIPAL PAYMENTS

Date -----	Scheduled Principal Payment -----
July 8, 2003	\$ 0.00
January 9, 2004	5,874,081.82
July 9, 2004	14,379,065.23
January 9, 2005	6,721,670.93
July 9, 2005	20,557,658.13
January 9, 2006	5,385,310.37
July 9, 2006	14,603,121.37
January 9, 2007	6,140,343.05
July 9, 2007	18,087,539.63
January 9, 2008	5,355,972.81
July 9, 2008	14,631,056.79
January 9, 2009	5,108,965.21
July 9, 2009	14,027,789.75
January 9, 2010	4,861,957.66
July 9, 2010	119,128,467.25

SCHEDULE II

EQUIPMENT NOTES, PRINCIPAL AMOUNTS,
MATURITIES AND AIRCRAFT

Series 2003-1G Equipment Notes with a maturity date of July 9, 2010 in the following principal amounts relating to the following Aircraft:

Principal Amount	Aircraft Type	Aircraft Registration No.
\$ 20,264,620.17	Boeing 737-823.....	N961AN
20,264,620.20	Boeing 737-823.....	N963AN
20,679,653.55	Boeing 737-823.....	N967AN
20,382,883.43	Boeing 767-300ER.....	N388AA
50,638,269.59	Boeing 777-223ER.....	N784AN
61,316,476.53	Boeing 777-223ER.....	N760AN
61,316,476.53	Boeing 777-223ER.....	N761AJ

SCHEDULE III

NOTE DOCUMENTS

Aircraft -----	Aircraft Registration Number -----	Note Documents -----
Boeing 737-823.....	N967AN	Participation Agreement Indenture and Security Agreement Series 2003-1G Equipment Note Series 2003-1C Equipment Note Series 2003-1D Equipment Note
Boeing 737-823.....	N963AN	Participation Agreement Indenture and Security Agreement Series 2003-1G Equipment Note Series 2003-1C Equipment Note Series 2003-1D Equipment Note
Boeing 737-823.....	N961AN	Participation Agreement Indenture and Security Agreement Series 2003-1G Equipment Note Series 2003-1C Equipment Note Series 2003-1D Equipment Note
Boeing 767-300ER.....	N388AA	Participation Agreement Indenture and Security Agreement Series 2003-1G Equipment Note Series 2003-1C Equipment Note Series 2003-1D Equipment Note
Boeing 777-223ER.....	N761AJ	Participation Agreement Indenture and Security Agreement Series 2003-1G Equipment Note Series 2003-1C Equipment Note Series 2003-1D Equipment Note
Boeing 777-223ER.....	N760AN	Participation Agreement Indenture and Security Agreement Series 2003-1G Equipment Note Series 2003-1C Equipment Note Series 2003-1D Equipment Note

Aircraft	Aircraft Registration	Note Documents
-----	Number	-----
Boeing 777-223ER.....	N784AN	Participation Agreement Indenture and Security Agreement Series 2003-1G Equipment Note Series 2003-1C Equipment Note Series 2003-1D Equipment Note

=====

INTERCREDITOR AGREEMENT

Dated as of July 8, 2003

among

U.S. BANK TRUST NATIONAL ASSOCIATION,
as Trustee of the
American Airlines Pass Through Trust 2003-1G,
American Airlines Pass Through Trust 2003-1C,
and
American Airlines Pass Through Trust 2003-1D

CITIBANK, N.A.,
as Class G Liquidity Provider,

U.S. BANK TRUST NATIONAL ASSOCIATION,
as Subordination Agent

and

AMBAC ASSURANCE CORPORATION,
as Policy Provider

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Exhibit A Refunding Terms

INTERCREDITOR AGREEMENT

This INTERCREDITOR AGREEMENT, dated as of July 8, 2003, is made by and among U.S. BANK TRUST NATIONAL ASSOCIATION, a national banking association (in its individual capacity, together with its successors and permitted assigns, "U.S. Bank"), not in its individual capacity but solely as trustee of each Trust (such term and other capitalized terms used herein without definition being defined as provided in Article I); CITIBANK, N.A., a national banking association, as Class G Liquidity Provider; U.S. BANK TRUST NATIONAL ASSOCIATION, not in its individual capacity except as expressly set forth herein, but solely as Subordination Agent and trustee hereunder (in such capacity, together with any successor appointed pursuant to Article VII, the "Subordination Agent"); and AMBAC ASSURANCE CORPORATION, a Wisconsin domiciled stock insurance Company ("AMBAC"), as the Policy Provider.

WHEREAS, pursuant to each Indenture with respect to an Aircraft, American will issue on a recourse basis several series of Equipment Notes secured by such Aircraft;

WHEREAS, pursuant to the Participation Agreements, each Trust will acquire those Equipment Notes having an interest rate identical to the interest rate applicable to the Certificates to be issued by such Trust;

WHEREAS, pursuant to each Trust Agreement, the Trust created thereby proposes to issue a single class of Certificates (a "Class") bearing the interest rate and having the final distribution date described in such Trust Agreement on the terms and subject to the conditions set forth therein;

WHEREAS, the Underwriters propose to purchase the Certificates issued by the Class G Trust pursuant to the Underwriting Agreement and certain investors propose to purchase the Certificates issued by the Class C Trust and the Class D Trust;

WHEREAS, on the date hereof the Class G Liquidity Provider proposes to enter into a revolving credit agreement with the Subordination Agent, as agent and trustee for the Trustee of the Class G Trust, for the benefit of the Certificateholders of the Class G Trust and in connection with the issuance of New Class C Certificates, the Subordination Agent, as agent and trustee of the trustee of the New Class C Certificates, may enter into a Class C Liquidity Facility for the benefit of the holders of the New Class C Certificates;

WHEREAS, the Policy Provider proposes to enter into the Policy Provider Agreement providing for the issuance by the Policy Provider of a Policy for the benefit of the Certificateholders of the Class G Trust; and

WHEREAS, it is a condition precedent to the obligations of the Underwriters under the Underwriting Agreement that the Subordination Agent, the Trustees, the Class G Liquidity Provider and the Policy Provider agree to the terms of subordination set forth in this Agreement in respect of each Class of Certificates, and the Subordination Agent, the Trustees, the Class G Liquidity Provider and the Policy Provider, by entering into this Agreement, hereby acknowledge and agree to such terms of subordination and the other provisions of this Agreement;

NOW, THEREFORE, in consideration of the mutual agreements herein contained, and of other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions. (a) The definitions stated herein apply equally to the singular and the plural forms of the terms defined.

(b) All references in this Agreement to designated "Articles", "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this Agreement.

(c) The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision.

(d) Unless the context otherwise requires, whenever the words "including", "include" or "includes" are used herein, it shall be deemed to be followed by the phrase "without limitation".

(e) For purposes of this Agreement, unless the context otherwise requires, the following capitalized terms shall have the following meanings:

"Acceleration" means, with respect to the amounts payable in respect of the Equipment Notes issued under any Indenture, such amounts becoming immediately due and payable by declaration or otherwise. "Accelerate", "Accelerated" and "Accelerating" have meanings correlative to the foregoing.

"Accrued Class G Interest" means, with respect to any Distribution Date, all amounts due and owing in respect of accrued and unpaid interest on the Class G Certificates at the Stated Interest Rate for the Class G Certificates on such Distribution Date.

"Adjusted Expected Distributions" means, with respect to the Certificates of any Trust on any Current Distribution Date, the sum of (x) accrued and unpaid interest in respect of such Certificates and (y) the greater of:

(A) the difference between (x) the Pool Balance of such Certificates as of the immediately preceding Distribution Date (or, if the Current Distribution Date is the first Distribution Date, the original aggregate face amount of the Certificates of such Trust) and (y) the Pool Balance of such Certificates as of the Current Distribution Date calculated on the basis that (i) the principal of the Non-Performing Equipment Notes held in such Trust has been paid in full and such payments have been distributed to the holders of such Certificates, (ii) the

principal of the Performing Equipment Notes held in such Trust has been paid when due (whether at the stated maturity or upon redemption (including, but not limited to, redemption pursuant to Section 2.10 or 2.11 of the applicable Indenture) prepayment, purchase or otherwise, but without giving effect to any Acceleration of Performing Equipment Notes) and such payments have been distributed to the holders of such Certificates and (iii) the principal of any Equipment Notes formerly held in such Trust that have been sold pursuant to the terms hereof has been paid in full and such payments have been distributed to the holders of such Certificates, and

(B) the amount of the excess, if any, of (i) the Pool Balance of such Class of Certificates as of the immediately preceding Distribution Date (or, if the Current Distribution Date is the first Distribution Date, the original aggregate face amount of the Certificates of such Trust) over (ii) the Aggregate LTV Collateral Amount for such Class of Certificates for the Current Distribution Date;

provided that, until the date of the initial LTV Appraisals for all of the Aircraft, clause (B) shall not apply.

For purposes of calculating Adjusted Expected Distributions with respect to the Certificates of any Trust, any Make-Whole Amount paid on the Equipment Notes held in such Trust that has not been distributed to the Certificateholders of such Trust (other than such Make-Whole Amount or a portion thereof applied to the distribution of interest on the Certificates of such Trust or the reduction of the Pool Balance of such Trust) shall be added to the amount of Adjusted Expected Distributions.

"Advance" with respect to any Liquidity Facility, has the meaning specified in such Liquidity Facility.

"Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, 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, directly or indirectly, to direct the management and policies of such Person, whether through the ownership of voting securities or by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Aggregate LTV Collateral Amount" for any Class of Certificates for any Distribution Date means an amount, not less than zero, equal to (i) the sum of the applicable LTV Collateral Amounts for such Class of Certificates for all Aircraft, minus (ii) the Pool Balance for each Class of Certificates, if any, senior to such Class, after giving effect to any distribution of principal on such Distribution Date with respect to such senior Class or Classes.

"Aircraft" means, with respect to each Indenture, the "Aircraft" referred to therein.

"American" means American Airlines, Inc., a Delaware corporation, and its successors and assigns.

"American Bankruptcy Event" means the occurrence and continuation of any of the following:

(a) American consents to the appointment of or the taking of possession by a receiver, trustee or liquidator of itself or of a substantial part of its property, admits in writing its inability to pay its debts generally as they come due or makes a general assignment for the benefit of creditors;

(b) American files a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization, liquidation or other relief in a case under any bankruptcy laws or insolvency laws (as in effect at such time) or an answer admitting the material allegations of a petition filed against American in any such case, or American seeks relief by voluntary petition, answer or consent, under the provisions of any other bankruptcy or other similar law providing for the reorganization or winding-up of corporations (as in effect at such time), or American seeks an agreement, composition, extension or adjustment with its creditors under such laws; or

(c) an order, judgment or decree is entered by any court of competent jurisdiction appointing, without the consent of American, a receiver, trustee or liquidator of American or of any substantial part of its property, or any substantial part of its property is sequestered, or granting any other relief as a debtor in respect of American as a debtor under any bankruptcy laws or insolvency laws (as in effect at such time), and any such order, judgment or decree of appointment or sequestration remains in force undismissed, unstayed and unvacated for a period of 90 days after the date of entry thereof, or

(d) a petition against American in a case under the federal bankruptcy laws or other insolvency laws (as in effect at such time) is filed and not withdrawn or dismissed within 90 days thereafter, or if, under the provisions of any law providing for reorganization or winding-up of corporations that may apply to American, any court of competent jurisdiction assumes jurisdiction, custody or control of American or of any substantial part of its property and such jurisdiction, custody or control remains in force unrelinquished, unstayed and unterminated for a period of 90 days.

"American Entity" has the meaning specified in the Policy Provider Agreement.

"American Provisions" has the meaning specified in Section 8.01(a).

"Appraisal" means a current fair market value appraisal (which may be a "desktop" appraisal) performed by any Appraiser or any other nationally recognized appraiser on the basis of an arm's-length transaction between an informed and willing purchaser under no compulsion to buy and an informed and willing seller under no compulsion to sell and both having knowledge of all relevant facts.

"Appraised Current Market Value" of any Aircraft means the lower of the average and the median of the three most recent LTV Appraisals of such Aircraft.

"Appraisers" means Aircraft Information Systems, Inc., BK Associates, Inc. and Morton Beyer & Agnew, Inc.

"Available Amount" means, with respect to any Liquidity Facility on any drawing date, subject to the two provisos contained in the first sentence of Section 3.06(g), an amount equal to (a) the Stated Amount of such Liquidity Facility at such time, less (b) the aggregate amount of each Interest Drawing honored by such Liquidity Provider under such Liquidity Facility on or prior to such date that has not been reimbursed or reinstated as of such date; provided that, following a Downgrade Drawing, a Non-Extension Drawing or a Final Drawing under such Liquidity Facility, the Available Amount of such Liquidity Facility shall be zero.

"Bankruptcy Code" means the United States Bankruptcy Code, 11 United States Code Sections 101 et seq., as amended, or any successor statutes thereto.

"Basic Agreement" means that certain Pass Through Trust Agreement, dated as of March 21, 2002, between American and U.S. Bank, as successor trustee, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms, but does not include any Trust Supplement.

"Business Day" means, with respect to the Certificates of any Class, any day other than a Saturday, a Sunday or a day on which (i) for purposes of the Policy and the Policy Provider, the fiscal agent under the Policy, at its office specified in the Policy, the Policy Provider at its office specified in the Policy and insurance companies in New York, New York are required or authorized by law or executive order to close and (ii) for all such and all other purposes hereunder, commercial banks are required or authorized to close in New York, New York, Dallas, Texas, or, so long as any Certificate of such Class is outstanding, the city and state in which the Trustee, the Subordination Agent or any related Loan Trustee maintains its Corporate Trust Office or receives and disburses funds, and that, solely with respect to draws under any Liquidity Facility, also is a "Business Day" as defined in such Liquidity Facility.

"Cash Collateral Account" means the Class G Cash Collateral Account or the Class C Cash Collateral Account, as applicable.

"Certificate" means a Class G Certificate, a Class C Certificate or a Class D Certificate, as applicable.

"Certificateholder" means, with respect to any Class of Certificates, the Person in whose name a Certificate is registered in the Register for the Certificates of such Class.

"Citizen of the United States" has the meaning specified in Section 40102(a)(15) of Title 49 of the United States Code or any similar legislation of the United States enacted in substitution or replacement therefor.

"Class" has the meaning specified in the recitals to this Agreement.

"Class C Cash Collateral Account" means an Eligible Deposit Account in the name of the Subordination Agent maintained at an Eligible Institution, which shall be the Subordination Agent if it shall so qualify, into which amounts shall be deposited as referred to in Section 3.06(f).

"Class C Certificateholder" means, at any time, any Certificateholder of one or more Class C Certificates.

"Class C Certificates" means the certificates issued by the Class C Trust, substantially in the form of Exhibit A to the Class C Trust Agreement, and authenticated by the Class C Trustee, representing Fractional Undivided Interests in the Class C Trust, and any certificates issued in exchange therefor or replacement thereof pursuant to the terms of the Class C Trust Agreement.

"Class C Liquidity Facility" means a revolving credit agreement (or agreements) in substantially the form of the Class G Liquidity Facility, including reinstatement provisions, or in such other form (which may include a letter of credit, surety bond, financial insurance policy or guaranty) between the Subordination Agent, as agent and trustee for the trustee of the New Class C Certificates, and the Class C Liquidity Provider complying with the provisions of Exhibit A, and from and after the replacement of such agreement pursuant hereto, the Replacement Liquidity Facility therefor, if any, in each case as amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Class C Liquidity Provider" means the Person issuing the initial Class C Liquidity Facility or, upon the issuance of a Replacement Liquidity Facility to replace the Class C Liquidity Facility pursuant to Section 3.06(c) or 3.06(e), the Replacement Liquidity Provider issuing such Replacement Liquidity Facility.

"Class C Trust" means the American Airlines Pass Through Trust 2003-1C created and administered pursuant to the Class C Trust Agreement.

"Class C Trust Agreement" means the Basic Agreement, as supplemented by Trust Supplement No. 2003-1C thereto, dated as of the date hereof, governing the creation and administration of the American Airlines Pass Through Trust 2003-1C and the issuance of the Class C Certificates, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Class C Trustee" means U.S. Bank, not in its individual capacity except as expressly set forth in the Class C Trust Agreement, but solely as trustee under the Class C Trust Agreement, together with any successor trustee appointed pursuant thereto.

"Class D Certificateholder" means, at any time, any Certificateholder of one or more Class D Certificates.

"Class D Certificates" means the certificates issued by the Class D Trust, substantially in the form of Exhibit A to the Class D Trust Agreement, and authenticated by the Class D Trustee, representing Fractional Undivided Interests in the Class D Trust, and any certificates issued in exchange therefor or replacement thereof pursuant to the terms of the Class D Trust Agreement.

"Class D Trust" means the American Airlines Pass Through Trust 2003-1D created and administered pursuant to the Class D Trust Agreement.

"Class D Trust Agreement" means the Basic Agreement, as supplemented by Trust Supplement No. 2003-1D thereto, dated as of the date hereof, governing the creation and administration of the American Airlines Pass Through Trust 2003-1D and the issuance of the Class D Certificates, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Class D Trustee" means U.S. Bank, not in its individual capacity except as expressly set forth in the Class D Trust Agreement, but solely as trustee under the Class D Trust Agreement, together with any successor trustee appointed pursuant thereto.

"Class E Certificateholder" means, at any time, any Certificateholder of one or more Class E Certificates, if and when issued.

"Class E Certificates" means any Certificates issued by the Class E Trust, if and when created, representing Fractional Undivided Interests in the Class E Trust.

"Class E Trust" means the American Airlines Pass Through Trust 2003-1E, if and when created, administered pursuant to the Basic Agreement and a Trust Supplement.

"Class E Trustee" means the trustee of the Class E Trust, if and when created.

"Class G Cash Collateral Account" means an Eligible Deposit Account in the name of the Subordination Agent maintained at an Eligible Institution, which shall be the Subordination Agent if it shall so qualify, into which amounts shall be deposited as provided in Section 3.06(f).

"Class G Certificateholder" means, at any time any Certificateholder of one or more Class G Certificates.

"Class G Certificates" means the certificates issued by the Class G Trust, substantially in the form of Exhibit A to the Class G Trust Agreement, and authenticated by the Class G Trustee, representing Fractional Undivided Interests in the Class G Trust, and any certificates issued in exchange therefor or replacement thereof pursuant to the terms of the Class G Trust Agreement.

"Class G Liquidity Facility" means, initially, the Revolving Credit Agreement, dated as of the date hereof, between the Subordination Agent, as agent and trustee of the Class G Trustee, and the initial Class G Liquidity Provider, and, from and after the replacement of such agreement pursuant hereto, the Replacement Liquidity Facility

therefor, if any, in each case as amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Class G Liquidity Provider" means, initially, Citibank, N.A., or, upon the issuance of Replacement Liquidity Facility to replace the Class G Liquidity Facility pursuant to Section 3.06(c) or 3.06(e), the Replacement Liquidity Provider issuing such Replacement Liquidity Facility.

"Class G Trust" means the American Airlines Pass Through Trust 2003-1G created and administered pursuant to the Class G Trust Agreement.

"Class G Trust Agreement" means the Basic Agreement, as supplemented by Trust Supplement No. 2003-1G thereto, dated as of the date hereof, governing the creation and administration of the American Airlines Pass Through Trust 2003-1G and the issuance of the Class G Certificates, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Class G Trustee" means U.S. Bank, not in its individual capacity except as expressly set forth in the Class G Trust Agreement, but solely as trustee under the Class G Trust Agreement, together with any successor trustee appointed pursuant thereto.

"Closing Date" means July 8, 2003.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and Treasury Regulations promulgated thereunder.

"Collateral" means, with respect to any Indenture, the "Collateral" referred to therein.

"Collection Account" means the Eligible Deposit Account established by the Subordination Agent pursuant to Section 2.02(a)(i) in and from which the Subordination Agent shall make deposits and withdrawals in accordance with this Agreement.

"Consent Notice" has the meaning specified in Section 3.06(d).

"Consent Period" has the meaning specified in Section 3.06(d).

"Controlling Party" means the Person entitled to act as such pursuant to the terms of Section 2.06.

"Corporate Trust Office" means, with respect to any Trustee, the Subordination Agent or any Loan Trustee, the office of such Person in the city at which, at any particular time, its corporate trust business shall be principally administered.

"Current Distribution Date" means a Distribution Date specified as a reference date for calculating the Expected Distributions or the Adjusted Expected Distributions with respect to the Certificates of any Trust as of such Distribution Date.

"Defaulted Series G Equipment Note" has the meaning specified in Section 3.07(c).

"Designated Representatives" means the Subordination Agent Representatives, the Trustee Representatives, the LP Representatives and the Policy Provider Representatives identified under Section 2.05.

"Disposition Payment" has the meaning specified in Section 3.07(b).

"Distribution Date" means a Regular Distribution Date or a Special Distribution Date.

"Dollars" means the lawful currency of the United States.

"Downgrade Drawing" has the meaning specified in Section 3.06(c).

"Downgraded Facility" has the meaning specified in Section 3.06(c).

"Drawing" means an Interest Drawing, a Final Drawing, a Non-Extension Drawing or a Downgrade Drawing, as the case may be.

"Election Distribution Date" has the meaning specified in Section 3.07(c).

"Election Interest Payment" has the meaning specified in Section 3.07(c).

"Eligible Deposit Account" means either (a) a segregated account with an Eligible Institution or (b) a segregated trust account with the corporate trust department of a depository institution organized under the laws of the United States or any one of the states thereof or the District of Columbia (or any United States branch of a foreign bank), having corporate trust powers and acting as trustee for funds deposited in such account, so long as any of the securities of such depository institution has a long-term unsecured debt rating of at least A3 or its equivalent by Moody's or at least A- or its equivalent by S&P. An Eligible Deposit Account may be maintained with the Subordination Agent or a Liquidity Provider so long as the Subordination Agent or such Liquidity Provider is an Eligible Institution; provided that the Subordination Agent, in its individual capacity, or such Liquidity Provider shall have waived all rights of set-off and counterclaim with respect to such account.

"Eligible Institution" means (a) the corporate trust department of the Subordination Agent or any Trustee, as applicable, or (b) a depository institution organized under the laws of the United States of America or any state thereof or the District of Columbia (or any U.S. branch of a foreign bank), which has a long-term unsecured debt rating of at least A3 or its equivalent by Moody's or a long-term issuer credit rating of at least A- or its equivalent by S&P.

"Eligible Investments" means investments in (a) obligations of the United States government or agencies thereof, or obligations guaranteed by the United States government, (b) open market commercial paper of any corporation incorporated under

the laws of the United States or any state thereof rated at least P-1 or its equivalent by Moody's or at least A-1 or its equivalent by S&P, (c) certificates of deposit issued by commercial banks organized under the laws of the United States or of any political subdivision thereof (or any United States branch of a foreign bank) having a combined capital and surplus in excess of \$500,000,000 which banks or their holding companies have a rating of A or its equivalent by Moody's or A or its equivalent by S&P; provided, however, that the aggregate amount at any one time invested in certificates of deposit issued by any one bank shall not be in excess of 5% of such bank's capital and surplus, (d) Dollar denominated offshore certificates of deposit issued by, or offshore time deposits with, any commercial bank described in (c) or any subsidiary thereof, and (e) repurchase agreements with any financial institution having combined capital and surplus of at least \$500,000,000 with any of the obligations described in clauses (a) through (d) as collateral so long as such investment is held by a third party custodian also qualifying as an Eligible Institution. Notwithstanding the foregoing, no investment of the type described in clause (b) above which is issued or guaranteed by any American Entity and no investment in the obligations of any one bank in excess of \$10,000,000 shall be an Eligible Investment unless written approval has been obtained from the Policy Provider and a Ratings Confirmation shall have been received with respect to the making of such investment. If all of the above investments are unavailable, the entire amounts to be invested may be used to purchase Federal funds from an entity described in clause (c) above. All Eligible Investments must be held in an Eligible Deposit Account. Any of the investments described herein may be made through or with, as applicable, the bank acting as Trustee or its Affiliates.

"Eligible Provider" has the meaning specified in Section 2.06(c).

"Equipment Notes" means, at any time, the Series G Equipment Notes, the Series C Equipment Notes and the Series D Equipment Notes collectively, and in each case, any Equipment Notes issued in exchange therefor or replacement thereof pursuant to the terms of the Indentures.

"Excess Interest Policy Drawing" has the meaning specified in Section 3.07(c).

"Excess Reimbursement Obligations" means (a) in the event of any Policy Provider Election with respect to a Series G Equipment Note, interest on the Series G Equipment Notes in respect of which the Policy Provider Election has been made in excess of 24 months of interest at the interest rate applicable to such Series G Equipment Notes and (b) any interest on the Liquidity Obligations in respect of the Class G Liquidity Facility paid by the Policy Provider to the Class G Liquidity Provider from and after the end of the 24-month period referred to in Section 3.07(c) hereof.

"Expected Distributions" means, with respect to the Certificates of any Trust on any Current Distribution Date, the sum of (x) accrued and unpaid interest in respect of such Certificates and (y) the difference between (A) the Pool Balance of such Certificates as of the immediately preceding Distribution Date (or, if the Current Distribution Date is the first Distribution Date, the original aggregate face amount of the Certificates of such Trust) and (B) the Pool Balance of such Certificates as of the Current Distribution Date

calculated on the basis that (i) the principal of the Equipment Notes held in such Trust has been paid when due (whether at stated maturity or upon redemption (including, but not limited to, any redemption pursuant to Section 2.10 or 2.11 of any Indenture), prepayment, purchase or Acceleration or otherwise) and such payments have been distributed to the holders of such Certificates and (ii) the principal of any Equipment Notes formerly held in such Trust that have been sold pursuant to the terms hereof has been paid in full and such payments have been distributed to the holders of such Certificates.

For purposes of calculating Expected Distributions with respect to the Certificates of any Trust, any Make-Whole Amount paid on the Equipment Notes held in such Trust which has not been distributed to the Certificateholders of such Trust (other than such Make-Whole Amount or a portion thereof applied to distributions of interest on the Certificates of such Trust or the reduction of the Pool Balance of such Trust) shall be added to the amount of such Expected Distributions.

"Expiry Date" with respect to any Liquidity Facility, shall have the meaning specified in such Liquidity Facility.

"Fee Letter" means, with respect to each Liquidity Facility, the Fee Letter among such Liquidity Provider, the Subordination Agent and American with respect to the related Liquidity Facility and any fee letter entered into among the Subordination Agent, American and any Replacement Liquidity Provider.

"Final Distributions" means, with respect to the Certificates of any Trust on any Distribution Date, the sum of (x) the aggregate amount of all accrued and unpaid interest in respect of such Certificates and (y) the Pool Balance of such Certificates as of the immediately preceding Distribution Date. For purposes of calculating Final Distributions with respect to the Certificates of any Trust, any Make-Whole Amount paid on the Equipment Notes held in such Trust that has not been distributed to the Certificateholders of such Trust (other than such Make-Whole Amount or a portion thereof applied to distributions of interest on the Certificates of such Trust or the reduction of the Pool Balance of such Trust) shall be added to the amount of such Final Distributions.

"Final Drawing" has the meaning specified in Section 3.06(i).

"Final Legal Distribution Date" means with respect to the Class G Certificates, January 9, 2012, and with respect to the Class C and Class D Certificates, July 9, 2010.

"Fractional Undivided Interest" means the fractional undivided interest in a Trust that is represented by a Certificate relating to such Trust.

"Indenture" means each of the Indenture and Security Agreements entered into by the Loan Trustee and American pursuant to the Participation Agreements, in each case as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Indenture Event of Default" means, with respect to any Indenture, any Event of Default (as such term is defined in such Indenture) thereunder.

"Interest Drawing" has the meaning specified in Section 3.06(a).

"Interest Payment Date" means, with respect to any Liquidity Facility, each date on which interest is due and payable under Section 3.07(c) or (d) of such Liquidity Facility on a Drawing thereunder.

"Interest Period" has the meaning specified in the Indentures.

"Investment Earnings" means investment earnings on funds on deposit in the Trust Accounts net of losses and the Subordination Agent's reasonable expenses in making such investments.

"Late Payment Rate" has the meaning specified in the Policy Provider Agreement.

"Lending Office", with respect to any Liquidity Facility, has the meaning specified in such Liquidity Facility.

"Lien" means any mortgage, pledge, lien, charge, claim, encumbrance, lease, sublease or security interest of any kind.

"Liquidity Event of Default" with respect to any Liquidity Facility, has the meaning specified in such Liquidity Facility.

"Liquidity Expenses" means with respect to the Liquidity Facilities, all Liquidity Obligations other than (i) the principal amount of any Drawings under the Liquidity Facilities and (ii) any interest accrued on any Liquidity Obligations.

"Liquidity Facility" means, at any time, the Class G Liquidity Facility or the Class C Liquidity Facility, as applicable.

"Liquidity Guarantee" means, with respect to any Liquidity Facility, if applicable, a guarantee executed and delivered by a Liquidity Guarantor fully and unconditionally guaranteeing the obligations of the Liquidity Provider under such Liquidity Facility.

"Liquidity Guarantee Event" means, with respect to any Liquidity Guarantee, (i) such Liquidity Guarantee ceasing to be in full force and effect or becoming invalid or unenforceable or (ii) the Liquidity Guarantor under such Liquidity Guarantee denying its liability thereunder.

"Liquidity Guarantor" means, with respect to any Liquidity Facility, if applicable, any Person that shall execute and deliver a Liquidity Guarantee and at the time of such execution and delivery shall meet the ratings requirements applicable to a Replacement Liquidity Provider.

"Liquidity Obligations" means all principal, interest, fees and other amounts owing to the Liquidity Providers under the Liquidity Facilities, the indemnity provisions of the Participation Agreements or the Fee Letters.

"Liquidity Provider" means the Class G Liquidity Provider or the Class C Liquidity Provider, as applicable.

"Loan Trustee" means, with respect to any Indenture, the bank, trust company or other financial institution designated as loan trustee thereunder, and any successor to such loan trustee.

"LP Incumbency Certificate" has the meaning specified in Section 2.05(c).

"LP Representatives" has the meaning specified in Section 2.05(c).

"LTV Appraisals" has the meaning specified in Section 4.01(a)(iv).

"LTV Collateral Amount" of any Aircraft for any Class of Certificates means, as of any Distribution Date, the lesser of (i) (x) with respect to any Aircraft other than an Aircraft referred to in the following clause (y), the LTV Ratio for such Class of Certificates multiplied by the Appraised Current Market Value of such Aircraft or (y) with respect to any such Aircraft that has suffered an Event of Loss under and as defined in the relevant Indenture, the amount of the insurance proceeds paid to the related Loan Trustee in respect thereof to the extent then held by such Loan Trustee (and/or on deposit in the Special Payments Account) or payable to such Loan Trustee in respect thereof and (ii) the outstanding principal amount of the Equipment Notes secured by such Aircraft after giving effect to any principal payments of such Equipment Notes on or before such Distribution Date.

"LTV Ratio" means (i) for the Class G Certificates, 47.4%, (ii) for the Class C Certificates, 65.1% and (iii) for the Class D Certificates, 71.1%.

"Majority in Interest of Noteholders" has the meaning specified in each Indenture.

"Make-Whole Amount" has the meaning specified in the Indentures.

"Minimum Sale Price" means, with respect to any Aircraft or the Equipment Notes issued in respect of such Aircraft, at any time, the lesser of (a) 75% of the Appraised Current Market Value of such Aircraft and (b) the aggregate outstanding principal amount of such Equipment Notes, plus accrued and unpaid interest thereon.

"Moody's" means Moody's Investors Service, Inc.

"New Class C Certificates" has the meaning specified in Exhibit A.

"New Class D Certificates" has the meaning specified in Exhibit A.

"New Series" has the meaning specified in Exhibit A.

"Non-Controlling Party" means, at any time, any Trustee or Liquidity Provider or the Policy Provider that is not the Controlling Party at such time.

"Non-Extended Facility" has the meaning specified in Section 3.06(d).

"Non-Extension Drawing" has the meaning specified in Section 3.06(d).

"Non-Performing Equipment Note" means an Equipment Note issued pursuant to an Indenture that is not a Performing Equipment Note; provided, that, any Equipment Note discharged (in whole or in part) without full performance in a bankruptcy proceeding shall be deemed to be a Non-Performing Equipment Note (but, in the case of any such partial discharge, only to the extent of such discharge).

"Notice of Avoided Payment" has the meaning specified in the Policy.

"Notice of Nonpayment" has the meaning specified in the Policy.

"Officer's Certificate" of any Person means a certification signed by a Responsible Officer of such Person.

"Operative Agreements" means this Agreement, the Liquidity Facilities, the Policy, the Policy Provider Agreement, the Liquidity Guarantees, if any, the Policy Fee Letter, the Fee Letters, the Indentures, the Trust Agreements, the Participation Agreements, the Equipment Notes and the Certificates, together with all exhibits and schedules included with any of the foregoing.

"Order" has the meaning specified in the Policy.

"Outstanding" means, when used with respect to each Class of Certificates, as of the date of determination, all Certificates of such Class theretofore authenticated and delivered under the related Trust Agreement, except:

(i) Certificates of such Class theretofore cancelled by the Registrar (as defined in such Trust Agreement) or delivered to the Trustee thereunder or such Registrar for cancellation;

(ii) all of the Certificates of such Class if money in the full amount required to make the final distribution with respect to such Class pursuant to Section 11.01 of such Trust Agreement has been theretofore deposited with the related Trustee in trust for the Certificateholders of the Certificates of such Class as provided in Section 4.01 of such Trust Agreement, pending distribution of such money to such Certificateholders pursuant to payment of such final distribution payment; and

(iii) Certificates of such Class in exchange for or in lieu of which other Certificates of such Class have been authenticated and delivered pursuant to such Trust Agreement;

provided, however, that in determining whether the holders of the requisite Fractional Undivided Interest of such Certificates have given any request, demand, authorization, direction, notice, consent or waiver hereunder, any Certificates owned by any American Entity shall be disregarded and deemed not to be Outstanding. In determining whether such Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Certificates that such Trustee knows to be so owned shall be so disregarded. Notwithstanding the foregoing, (x) if American Entities own 100% of the Certificates of each Class, such Certificates shall not be so disregarded and (y) if any amount of such Certificates owned by American Entities have been pledged in good faith, such Certificates shall not be disregarded if the pledgee establishes to the satisfaction of the applicable Trustee the pledgee's right so to act with respect to such Certificates and that the pledgee is not an American Entity.

"Overdue Scheduled Payment" means any Scheduled Payment which is not in fact received by the Subordination Agent within five days after the Scheduled Payment Date relating thereto.

"Participation Agreement" means, with respect to each Aircraft, the related Participation Agreement dated as of July 8, 2003 among American, each Trustee, the Subordination Agent and the Loan Trustee, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Payee" has the meaning specified in Section 2.03(c).

"Performing Equipment Note" means an Equipment Note issued pursuant to an Indenture with respect to which no payment default has occurred and is continuing (without giving effect to any Acceleration); provided that in the event of a bankruptcy proceeding in which American is a debtor under the Bankruptcy Code, (i) any payment default occurring before the date of the order of relief in such proceeding will not be taken into account during the 60-day period under Section 1110(a)(2)(A) of the Bankruptcy Code (or such longer period (not to exceed an additional 75 days) as may apply under Section 1110(b) of the Bankruptcy Code) (the "Section 1110 Period"), (ii) any payment default occurring after the date of the order of relief in such proceeding shall not be taken into consideration if (x) on or before the expiry of the Section 1110 Period American shall have entered into an agreement of the kind described in Section 1110(a)(2)(A) of the Bankruptcy Code with respect such Equipment Note and (y) such payment default is cured under Section 1110(a)(2)(B) of the Bankruptcy Code before the later of 30 days after the date of such default or the expiration of the Section 1110 Period and (iii) any payment default occurring after the Section 1110 Period will not be taken into consideration if (x) on or before the expiry of the Section 1110 Period American shall have entered into an agreement of the kind described in Section 1110(a)(2)(A) of the Bankruptcy Code with respect such Equipment Note and (y) such payment default is cured before the end of the grace period, if any, set forth in the related Indenture.

"Performing Note Deficiency" means any time that less than 65% of the then aggregate outstanding principal amount of all Equipment Notes are Performing Equipment Notes.

"Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, trustee, unincorporated organization or government or any agency or political subdivision thereof.

"Policy" means the Ambac Certificate Guaranty Insurance Policy No. AB0686BE, together with the Certificate Guaranty Insurance Policy Endorsement attached thereto, issued as of the Closing Date, by the Policy Provider in favor of the Subordination Agent, for the benefit of the Class G Certificateholders, as amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Policy Account" means the Eligible Deposit Account established by the Subordination Agent pursuant to Section 2.02(a)(iii) into which amounts shall be deposited as referred to in Section 3.07.

"Policy Drawing" means any payment of a claim under the Policy (but shall not include, for the avoidance of doubt, amounts payable directly by the Policy Provider to any Liquidity Provider as contemplated by Section 2.06(c) and the last paragraph of Section 3.07(c)).

"Policy Expenses" means all amounts (including amounts in respect of expenses) owing to the Policy Provider under the Policy Provider Agreement, the Policy Provider Indemnity and Inspection Agreement or the Participation Agreements but excluding (i) any amounts due under the Policy Fee Letter (including, without limitation, the Policy Premium), (ii) the amount of any Policy Drawing or other payments made directly by the Policy Provider to the Liquidity Providers as contemplated in Section 2.06(c) and the last paragraph of Section 3.07(c) and any interest accrued thereon, (iii) reimbursement of and interest on the Liquidity Obligations paid to the Liquidity Providers by the Policy Provider, (iv) any indemnity payments owed to the Policy Provider, (v) any amounts that the Policy Provider is entitled to receive by virtue of the subrogation rights of the Policy Provider hereunder, including, without limitation, fees and expenses incurred in connection with the enforcement of such rights and (vi) any Excess Reimbursement Obligations.

"Policy Fee Letter" means the fee letter from the Policy Provider to American and the Subordination Agent setting forth the Policy Premium and certain other amounts payable in respect of the Policy.

"Policy Premium" has the meaning specified in the Policy Fee Letter.

"Policy Provider" means Ambac Assurance Corporation, a Wisconsin domiciled stock insurance company, or any successor thereto, as issuer of the Policy.

"Policy Provider Agreement" means the Insurance and Indemnity Agreement, dated as of the date hereof, among the Subordination Agent, the Class G Trustee, American and the Policy Provider, as amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Policy Provider Default" means the occurrence of any of the following events: (a) the Policy Provider fails to make a payment required under the Policy in accordance with its terms and such failure remains unremedied for two Business Days following the delivery of Written Notice of such failure to the Policy Provider, (b) the Policy Provider (i) files any petition or commences any case or proceeding under any provisions of any federal or state law relating to insolvency, bankruptcy, rehabilitation, liquidation or reorganization, (ii) makes a general assignment for the benefit of its creditors or (iii) has an order for relief entered against it under any federal or state law relating to insolvency, bankruptcy, rehabilitation, liquidation or reorganization that is final and nonappealable or (c) a court of competent jurisdiction, the Wisconsin Department of Insurance or another competent regulatory authority enters a final and nonappealable order, judgment or decree (i) appointing a custodian, trustee, agent or receiver for the Policy Provider or for all or any material portion of its property or (ii) authorizing the taking of possession by a custodian, trustee, agent or receiver of the Policy Provider (or taking of possession of all or any material portion of the Policy Provider's property).

"Policy Provider Election" has the meaning specified in Section 3.07(c).

"Policy Provider Incumbency Certificate" has the meaning assigned to such term in Section 2.05(d).

"Policy Provider Indemnity and Inspection Agreement" means, collectively, the Policy Provider Indemnity and Inspection Agreements between American and the Policy Provider, each dated the date hereof, relating to the Aircraft, as amended, supplemented or otherwise modified from time to time in accordance with their terms.

"Policy Provider Interest Amounts" means interest on (i) unreimbursed Policy Drawings and (ii) amounts paid by the Policy Provider to any Liquidity Provider pursuant to Section 2.06(c) or 3.07(c) (other than Policy Provider Interest Drawing Amounts), in each case, accruing at the Late Payment Rate. For the avoidance of doubt, interest on unreimbursed Policy Drawings shall be deemed to commence accruing on the date on which such Policy Drawing is made.

"Policy Provider Interest Drawing Amount" means, in the event the Class G Liquidity Provider has failed to honor its obligation to make a payment on any Interest Drawing in respect of the Class G Certificates, the aggregate amount of interest accrued on the portion of any Policy Drawing made to cover the shortfall attributable to such failure by the Class G Liquidity Provider, the amount of such interest to be equal to the amount of interest that would have accrued on such Interest Drawing if such Interest Drawing had been made at the interest rate applicable to such Interest Drawing under the Class G Liquidity Facility until such Policy Drawing has been repaid in full, up to a maximum of three such Policy Drawings under the Policy.

"Policy Provider Obligations" means (i) all reimbursement and other amounts, including fees and indemnities, due to the Policy Provider under the Policy Provider Agreement and the Policy Fee Letter (including, without limitation, Policy Drawings) to the extent not included in the definition of Policy Expenses and (ii) interest on all

amounts due and unpaid to the Policy Provider under the Policy Provider Agreement and Policy Fee Letter (including, without limitation, interest on all due and unpaid premium, fees, expenses, and indemnities), in each case accruing at the Late Payment Rate, but shall not include (x) any Excess Reimbursement Obligations, (y) any Policy Provider Interest Amounts or (z) any Policy Provider Interest Drawing Amounts.

"Policy Provider Representatives" has the meaning specified in Section 2.05(d).

"Pool Balance" means, with respect to the Certificates of any Class, as of any date, (i) the original aggregate face amount of the Certificates of such Class less (ii) the aggregate amount of all distributions made as of such date in respect of such Certificates other than distributions made in respect of interest or any Make-Whole Amount payable in respect of the Equipment Notes or reimbursement of any costs or expenses incurred in connection therewith. The Pool Balance as of any Distribution Date with respect to each Class shall be computed after giving effect to the payment of principal, if any, on the Equipment Notes or other Trust Property held in the related Trust and the distribution thereof to be made on such date and, with respect to the Class G Certificates, any payments under the Policy made for the benefit of the Class G Certificateholders (other than payments in respect of the Class G Liquidity Facility or interest on the Class G Certificates).

"Preference Amount" has the meaning specified in the Policy.

"Proceeding" means any suit in equity, action at law or other judicial or administrative proceeding.

"PTC Event of Default" means, with respect to each Trust Agreement, the failure to distribute within 10 Business Days after the applicable Distribution Date: (i) the outstanding Pool Balance of the applicable Class of Certificates on the Final Legal Distribution Date for such Class (unless, in the case of the Class G Certificates, the Subordination Agent shall have made a drawing under the Policy, in an aggregate amount sufficient to pay such outstanding Pool Balance, and shall have distributed such amount to the Class G Trustee) or (ii) interest scheduled for distribution on such Certificates on any Distribution Date (unless, in the case of the Class G Certificates or Class C Certificates, the Subordination Agent shall have made an Interest Drawing, a withdrawal from the related Cash Collateral Account or, in the case of the Class G Certificates, a drawing under the Policy with respect thereto in an aggregate amount sufficient to pay such interest and shall have distributed such amount to the Trustee entitled thereto).

"Rating Agencies" means, collectively, at any time, Moody's and S&P or if either S&P or Moody's is unable to rate the Certificates, such other nationally recognized rating agency that has been requested to rate the Certificates and that is then rating the Certificates. The initial Rating Agencies will be Moody's and S&P.

"Ratings Confirmation" means, with respect to any action proposed to be taken, a written confirmation from each of the Rating Agencies (without regard to the Policy in the case of the Class G Certificates) that such action would not result in (i) a reduction of

the rating for any Class of Certificates below the then current rating for such Class of Certificates (without regard to the Policy in the case of the Class G Certificates) or (ii) a withdrawal or suspension of the rating of any Class of Certificates.

"Refunding" means a refunding of the Series C Equipment Notes, Series D Equipment Notes and/or New Series (as defined in Exhibit A) of Series D Equipment Notes in accordance with Exhibit A hereto.

"Register", with respect to any Trust, has the meaning ascribed to such term in the Trust Agreement for such Trust.

"Regular Distribution Dates" means each January 9 and July 9, commencing on January 9, 2004; provided, however, that, if any such day shall not be a Business Day, the related distribution shall be made on the next succeeding Business Day without additional interest.

"Replacement Liquidity Facility" means, for any Liquidity Facility, an irrevocable revolving credit agreement (or agreements) in substantially the form of the replaced Liquidity Facility, including reinstatement provisions, or in such other form (which may include a letter of credit, surety bond, financial insurance policy or guaranty) as shall permit the Rating Agencies to issue a Ratings Confirmation (before downgrading of the applicable ratings on the Certificates, if any, as a result of the downgrading, if any, of the applicable Liquidity Provider, or, if applicable, the downgrading of the Liquidity Guarantor or the occurrence of a Liquidity Guarantee Event) in a face amount (or in an aggregate face amount) equal to the applicable Required Amount and issued by a Person (or Persons) (or whose obligations are guaranteed by a Liquidity Guarantor) (i) having a short-term issuer credit rating (with respect to S&P) and a short-term unsecured debt rating (with respect to Moody's) that are equal to or higher than the Threshold Rating specified in clause (a) of the definition of Threshold Rating or (ii) if such Person (or Persons) or such Liquidity Guarantor does not have such a rating from a given Rating Agency, a long-term issuer credit rating (with respect to S&P) or a long-term unsecured debt rating (with respect to Moody's) issued by such Rating Agency that is equal to or higher than the Threshold Rating specified in clause (b) of the definition of Threshold Rating. Without limitation of the form that a Replacement Liquidity Facility otherwise may have pursuant to the preceding sentence, a Replacement Liquidity Facility for the Class G Certificates or Class C Certificates may have a stated expiration date earlier than 15 days after the Final Legal Distribution Date of such Class of Certificates so long as such Replacement Liquidity Facility provides for a Non-Extension Drawing as contemplated by Section 3.06(d) hereof.

"Replacement Liquidity Provider" means a Person who issues a Replacement Liquidity Facility.

"Required Amount" means, with respect to the Liquidity Facility or the Cash Collateral Account for any Class, for any day, the sum of the aggregate amount of interest, calculated at the rate per annum equal to the applicable Stated Interest Rate applicable to the related Class of Certificates on the basis of a 360-day year comprised of

twelve 30-day months, that would be distributable on such Class of Certificates on each of the three successive Regular Distribution Dates immediately following such day or, if such day is a Regular Distribution Date, on such day and the succeeding two Regular Distribution Dates, in each case calculated on the basis of the Pool Balance of such Class of Certificates on such date and without regard to expected future distributions of principal on such Class of Certificates. The Pool Balance for purposes of the definition of Required Amount with respect to the Class G Liquidity Facility shall, in the event of any Policy Provider Election, be deemed to be reduced by an amount (if positive) by which (i) the outstanding principal balance of the Series G Equipment Notes in respect of which such Policy Provider Election has been made shall exceed (ii) the amount of any Policy Drawings previously paid by the Policy Provider in respect of principal on such Series G Equipment Notes.

"Responsible Officer" means (i) with respect to the Subordination Agent and each of the Trustees, any officer in the Corporate Trust Department or similar department of the Subordination Agent or such Trustee, as the case may be, or any other officer customarily performing functions similar to those performed by the persons who at the time shall be such officers or to whom any corporate trust matter is referred because of his knowledge of and familiarity with a particular subject, (ii) with respect to a Liquidity Provider, any authorized officer of such Liquidity Provider and (iii) with respect to the Policy Provider, any authorized officer of the Policy Provider.

"Scheduled Payment" means, with respect to any Equipment Note, (i) any payment of principal or interest on such Equipment Note (other than an Overdue Scheduled Payment) or (ii) any distribution in respect of interest on such Equipment Note to the Certificateholders of Certificates of the corresponding Class with funds drawn under the Liquidity Facility for such Class or withdrawn from the Cash Collateral Account for such Class or, in the case of the Class G Certificates, drawn under the Policy, which payment in the case of clause (i) or clause (ii) represents an installment of principal on such Equipment Note at the stated maturity of such installment, or the payment of regularly scheduled interest accrued on the unpaid principal amount of such Equipment Note, or both; provided, however, that any payment of principal, Make-Whole Amount, if any, or interest resulting from the redemption or purchase of any Equipment Note shall not constitute a Scheduled Payment.

"Scheduled Payment Date" means, with respect to any Scheduled Payment, the date on which such Scheduled Payment is scheduled to be made.

"Section 2.04(b) Fraction" has the meaning specified in Section 2.04(b).

"Series C Equipment Notes" means the Series C Equipment Notes issued pursuant to each Indenture by American and authenticated by the Loan Trustee thereunder, and any such Equipment Notes issued in exchange therefor or replacement thereof pursuant to the terms of such Indenture.

"Series D Equipment Notes" means the Series D Equipment Notes issued pursuant to each Indenture by American and authenticated by the Loan Trustee

thereunder, and any such Equipment Notes issued in exchange therefor or replacement thereof pursuant to the terms of such Indenture.

"Series E Equipment Notes" means the equipment notes, if any, issued pursuant to any Indenture by American and authenticated by the Loan Trustee thereunder, and designated "Series E Equipment Notes" thereunder, and any such equipment notes issued in exchange therefor or replacement thereof pursuant to the terms of such Indenture.

"Series G Equipment Notes" means the Series G Equipment Notes issued pursuant to each Indenture by American and authenticated by the Loan Trustee thereunder, and any such Equipment Notes issued in exchange therefor or replacement thereof pursuant to the terms of such Indenture.

"Special Distribution Date" means (i) with respect to any Special Payment, the Business Day chosen by the Subordination Agent pursuant to Section 2.04(a) or Section 3.07(b) for the distribution of such Special Payment in accordance with this Agreement, (ii) an Election Distribution Date or (iii) each date designated as a Special Distribution Date pursuant to Section 3.07(c) or Section 3.07(e).

"Special Payment" means any payment (other than a Scheduled Payment or a distribution referred to in Section 2.03(c)) in respect of, or any proceeds of, any Equipment Note or Collateral (as defined in each Indenture).

"Special Payments Account" means the Eligible Deposit Account created pursuant to Section 2.02(a)(ii) as a sub-account to the Collection Account.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

"Stated Amount", with respect to any Liquidity Facility, means the Maximum Commitment (as defined in such Liquidity Facility).

"Stated Expiration Date" has the meaning specified in Section 3.06(d).

"Stated Interest Rate" means (i) with respect to the Class G Certificates, 3.857% per annum, (ii) with respect to the Class C Certificates, 8.0% per annum and (iii) with respect to the Class D Certificates, 12.0% per annum.

"Subordination Agent" has the meaning specified in the introductory paragraph to this Agreement.

"Subordination Agent Incumbency Certificate" has the meaning specified in Section 2.05(a).

"Subordination Agent Representatives" has the meaning specified in Section 2.05(a).

"Tax" and "Taxes" means all governmental fees (including, without limitation, license, filing and registration fees) and all taxes (including, without limitation, franchise, excise, stamp, value added, income, gross receipts, sales, use and property taxes), withholdings, assessments, levies, imposts, duties or charges, of any nature whatsoever, together with any related penalties, fines, additions to tax or interest thereon imposed, withheld, levied or assessed by any country, taxing authority or governmental subdivision thereof or therein or by any international authority, including any taxes imposed on any Person as a result of such Person being required to collect and pay over withholding taxes.

"Termination Notice", with respect to any Liquidity Facility, has the meaning specified in such Liquidity Facility.

"Threshold Rating" means (a) a short-term unsecured debt rating of P-1 in the case of Moody's and a short-term issuer credit rating of A-1 in the case of S&P, and (b) in the case of any Person who does not have a short-term unsecured debt rating from Moody's or a short-term issuer credit rating from S&P, then in lieu of such rating from such Rating Agency or Rating Agencies, a long-term unsecured debt rating of A1 in the case of Moody's and a long-term issuer credit rating of A+ in the case of S&P.

"Treasury Regulations" means regulations, including proposed or temporary regulations, promulgated under the Code. References herein to specific provisions of proposed or temporary regulations shall include analogous provisions of final Treasury Regulations or other successor Treasury Regulations.

"Triggering Event" means (x) the occurrence of an Indenture Event of Default under all of the Indentures resulting in a PTC Event of Default with respect to the most senior Class of Certificates then Outstanding, (y) the Acceleration of all of the outstanding Equipment Notes or (z) the occurrence of an American Bankruptcy Event.

"Trust" means any of the Class G Trust, the Class C Trust or the Class D Trust.

"Trust Accounts" has the meaning specified in Section 2.02(a).

"Trust Agreement" means any of the Class G Trust Agreement, the Class C Trust Agreement or the Class D Trust Agreement.

"Trust Property", with respect to any Trust, has the meaning specified in the Trust Agreement for such Trust.

"Trust Supplement" means an agreement supplemental to the Basic Agreement pursuant to which (i) a separate trust is created for the benefit of the holders of Certificates of a series, (ii) the issuance of the Certificates of a series representing fractional undivided interests in such trust is authorized and (iii) the terms of the Certificates of such series are established, as such agreement may from time to time be supplemented, amended or otherwise modified.

"Trustee" means any of the Class G Trustee, the Class C Trustee or the Class D Trustee.

"Trustee Incumbency Certificate" has the meaning specified in Section 2.05(b).

"Trustee Representatives" has the meaning specified in Section 2.05(b).

"Underwriters" means the several Underwriters listed as such in the Underwriting Agreement.

"Underwriting Agreement" means the Underwriting Agreement dated June 30, 2003, among the Underwriters and American, relating to the purchase of the Class G Certificates by the Underwriters, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

"United States" means the United States of America.

"U.S. Bank" has the meaning specified in the introductory paragraph to this Agreement.

"Withdrawal Notice" has the meaning specified in Section 3.06(d).

"Written Notice" means, from the Subordination Agent, any Trustee, any Liquidity Provider or the Policy Provider, a written instrument executed by the Designated Representative of such Person. An invoice delivered by any Liquidity Provider pursuant to Section 3.01 in accordance with its normal invoicing procedures shall constitute Written Notice under such Section.

ARTICLE II

TRUST ACCOUNTS; CONTROLLING PARTY

Section 2.01 Agreement to Terms of Subordination; Payments from Monies Received Only. (a) Each Trustee (i) hereby acknowledges and agrees to the terms of subordination and distribution set forth in this Agreement in respect of each Class of Certificates, (ii) agrees to enforce such provisions and cause all payments in respect of the Equipment Notes, the Liquidity Facilities and the Policy to be applied in accordance with the terms of this Agreement and (iii) with respect to payments in respect of the Equipment Notes received by it, agrees to allocate such payments first, to interest distributable in respect of the Certificates of the related Class, second, to Make-Whole Amount, if any, distributable in respect of the Certificates of the related Class, and third, to principal distributable in respect of the Certificates of the related Class. In addition, each Trustee hereby agrees to cause the Equipment Notes purchased by the related Trust to be registered in the name of the Subordination Agent or its nominee, as agent and trustee for such Trustee, to be held in trust by the Subordination Agent solely for the purpose of facilitating the enforcement of the subordination and other provisions of this Agreement.

(b) Except as otherwise expressly provided in the next succeeding sentence of this Section 2.01(b), all payments to be made by the Subordination Agent hereunder shall be made only from amounts received by it that constitute Scheduled Payments, Special Payments or other payments under the Policy Provider Indemnity and Inspection Agreement, the Operative Agreements, including payments under Section 4.02 of the Participation Agreements and Section 2.14 of the Indentures, and only to the extent that the Subordination Agent shall have received sufficient income or proceeds therefrom to enable it to make such payments in accordance with the terms hereof. Each of the Trustees and the Subordination Agent hereby agrees and each Certificateholder, by its acceptance of a Certificate, the Policy Provider, by entering into the Policy Provider Agreement, and each Liquidity Provider, by entering into its respective Liquidity Facility, has agreed to look solely to such amounts to the extent available for distribution to it as provided in this Agreement or the applicable Trust Agreement, as the case may be, and that none of the Trustees, Loan Trustees or the Subordination Agent is personally liable to any of them for any amounts payable or any liability under this Agreement, any Trust Agreement, any Liquidity Facility, the Policy Provider Agreement, the Policy or such Certificate, except (in the case of the Subordination Agent) as expressly provided herein or (in the case of the Trustees) as expressly provided herein and in each Trust Agreement or (in the case of the Loan Trustees) as expressly provided in any Operative Agreement.

Notwithstanding anything to the contrary in this Agreement and in the other Operative Agreements, the Certificates do not represent indebtedness of the related Trust, and references in this Agreement and the Operative Agreements to accrued interest or principal amounts payable on the Certificates of any Class are included only for computational purposes. For purposes of such computations, the Certificates of any Class shall be deemed to be comprised of interest and principal components, with the principal component deemed to be the Pool Balance, and the interest component deemed to equal interest accruing at the Stated Interest Rate for such Class of Certificates from (i) the later of (1) the date of the issuance thereof and (2) the most recent but preceding Distribution Date to which such interest was distributed to, but excluding, (ii) the applicable date of determination, such interest to be considered payable in arrears and to be calculated on the basis of a 360-day year comprised of twelve 30-day months.

Section 2.02 Trust Accounts. (a) Upon the execution of this Agreement, the Subordination Agent shall establish and maintain in its name (i) the Collection Account as an Eligible Deposit Account, bearing a designation clearly indicating that the funds deposited therein are held in trust for the benefit of the Trustees, the Certificateholders, the Liquidity Providers and the Policy Provider, (ii) as a sub-account in the Collection Account, the Special Payments Account as an Eligible Deposit Account, bearing a designation clearly indicating that the funds deposited therein are held in trust for the benefit of the Trustees, the Certificateholders, the Liquidity Providers and the Policy Provider and (iii) a Policy Account as an Eligible Deposit Account, bearing a designation clearly indicating that the funds deposited therein are held in trust for the benefit of the Class G Trustee and the Class G Certificateholders. The Subordination Agent shall establish and maintain the Cash Collateral Accounts pursuant to and under the circumstances set forth in Section 3.06(f). Upon such establishment and maintenance under Section 3.06(f), the Cash Collateral Accounts shall, together with the Collection Account and the Policy Account, constitute the "Trust Accounts" hereunder. Without limiting the foregoing, all monies credited to the Trust Accounts shall be, and shall remain, the property of the relevant Trust(s).

(b) Funds on deposit in the Trust Accounts shall be invested and reinvested by the Subordination Agent in Eligible Investments selected by American or its designated representative if such investments are reasonably available and have maturities no later than the earlier of (i) 90 days following the date of such investment and (ii) the Business Day immediately preceding the Regular Distribution Date or the date of the related distribution pursuant to Section 2.04, as the case may be, next following the date of such investment; provided, however, that, following the making of a Downgrade Drawing or a Non-Extension Drawing under any Liquidity Facility, the Subordination Agent shall invest and reinvest the amounts in the applicable Cash Collateral Account in Eligible Investments pursuant to the written instructions of American, and provided further, however, that upon the occurrence and during the continuation of a Triggering Event, the Subordination Agent shall invest and reinvest such amounts in Eligible Investments in accordance with the written instructions of the Controlling Party. Unless otherwise expressly provided in this Agreement (including, without limitation, with respect to Investment Earnings on amounts on deposit in the Cash Collateral Accounts as provided in Section 3.06(f)), any Investment Earnings shall be deposited in the Collection Account when received by the Subordination Agent and shall be applied by the Subordination Agent in the same manner as the other amounts on deposit in the Collection Account are to be applied. The Subordination Agent's reasonable fees and expenses in making such investments and any losses incurred in such investments shall be charged against the principal amount invested. The Subordination Agent shall not be liable for any loss resulting from any investment, reinvestment or liquidation required to be made under this Agreement other than by reason of its willful misconduct or negligence. Eligible Investments and any other investment required to be made hereunder shall be held to their maturities except that any such investment may be sold (without regard to its maturity) by the Subordination Agent without instructions whenever such sale is necessary to make a distribution required under this Agreement. Uninvested funds held hereunder shall not earn or accrue interest.

(c) The Subordination Agent shall possess all right, title and interest in all funds on deposit from time to time in the Trust Accounts and in all proceeds thereof (including all income thereon, except as otherwise expressly provided herein with respect to Investment Earnings). The Trust Accounts shall be held in trust by the Subordination Agent under the sole dominion and control of the Subordination Agent for the benefit of the Trustees, the Certificateholders, the Liquidity Providers and the Policy Provider, as the case may be. If, at any time, any of the Trust Accounts ceases to be an Eligible Deposit Account, the Subordination Agent shall within 10 Business Days (or such longer period, not to exceed 30 calendar days, to which the Policy Provider and each Rating Agency may consent) establish a new Collection Account, Special Payments Account, Cash Collateral Account or Policy Account, as the case may be, as an Eligible Deposit Account and shall transfer any cash and/or any investments to such new Collection Account, Special Payments Account, Cash Collateral Account or Policy Account, as the case may be. So long as the Subordination Agent is an Eligible Institution, the Trust Accounts shall be maintained with it as Eligible Deposit Accounts.

Section 2.03 Deposits to the Collection Account and Special Payments Account; Certain Distributions. (a) The Subordination Agent shall, on each day when one or more Scheduled Payments (other than any Scheduled Payment which by the express terms hereof is to be deposited to the Policy Account or a Cash Collateral Account) are made to the Subordination

Agent as holder of the Equipment Notes, deposit in the Collection Account the aggregate amount of such Scheduled Payments.

(b) The Subordination Agent shall, on each day when one or more Special Payments are made to the Subordination Agent as holder of the Equipment Notes, deposit in the Special Payments Account the aggregate amount of such Special Payments.

(c) In the event that a Loan Trustee distributes to the Subordination Agent pursuant to Section 3.05 of any Indenture or clause "first" of Section 3.04 of any Indenture any amounts payable under Section 2.14 of any Indenture, the Subordination Agent shall promptly deposit such amounts in the Collection Account. The Subordination Agent will distribute promptly upon receipt thereof (or in the case of any such payment, compensation or reimbursement in respect of the Subordination Agent, will retain) (i) any indemnity payment received by it from American in respect of any Trustee or the Subordination Agent (collectively, the "Payees") and (ii) any compensation or reimbursement received by it from American or the Loan Trustee under any Operative Agreement in respect of any Payee, in any such case directly to the Payee entitled thereto, provided that if such Payee has previously received from the Collection Account such payment, compensation or reimbursement, then the Subordination Agent shall deposit such amount in the Collection Account.

Section 2.04 Distributions of Special Payments. (a) Notice of Special Payment. Upon receipt by the Subordination Agent, as registered holder of the Equipment Notes, of any notice of a Special Payment (or, in the absence of any such notice, upon receipt by the Subordination Agent of a Special Payment), the Subordination Agent shall promptly give notice thereof to each Trustee, the Liquidity Providers and the Policy Provider. The Subordination Agent shall promptly calculate the amount of the prepayment (including upon Acceleration), redemption or purchase of Equipment Notes or the amount of any Overdue Scheduled Payment, or the proceeds of Equipment Notes or Collateral, as the case may be, comprising such Special Payment under the applicable Indenture or Indentures and shall promptly send to each Trustee, the Policy Provider and the Liquidity Providers a Written Notice of such amount and the amount allocable to each Trust. Such Written Notice shall also set the distribution date for such Special Payment, which shall be the first Business Day that follows the later to occur of (x) the 15th day after the date of such Written Notice or (y) the date the Subordination Agent has received or expects to receive such Special Payment. Amounts on deposit in the Special Payments Account shall be distributed in accordance with Sections 2.04(b) and 2.04(c) hereof, as applicable.

(b) Redemptions, Purchases and Prepayments of Equipment Notes. (i) So long as no Triggering Event shall have occurred (whether or not continuing), subject to Section 2.04(b)(iii), the Subordination Agent shall make distributions pursuant to this Section 2.04(b) of amounts on deposit in the Special Payments Account on account of the redemption, purchase or prepayment of all of the Equipment Notes issued pursuant to an Indenture on the Special Distribution Date for such Special Payment in the following order of priority:

first, such amount as shall be required to pay (A) all accrued and unpaid Liquidity Expenses and Policy Expenses then in arrears plus (B) the product of (x) the aggregate amount of all accrued and unpaid Liquidity Expenses and Policy Expenses not in arrears to such Special Distribution Date multiplied by (y) a fraction, the numerator of which is

the aggregate outstanding principal amount of Equipment Notes being redeemed, purchased or prepaid on such Special Distribution Date and the denominator of which is the aggregate outstanding principal amount of all Equipment Notes (the "Section 2.04(b) Fraction"), shall be distributed to the applicable Liquidity Provider and the Policy Provider, first, in satisfaction of any past due amounts, and then, in satisfaction of the accrued amounts, in each case, pro rata on the basis of the amount of Liquidity Expenses owed to each Liquidity Provider and Policy Expenses owed to the Policy Provider;

second, such amount as shall be required to pay (i) (A) all accrued and unpaid interest (including interest accrued and unpaid on any Interest Drawing or any Applied Provider Advance (as defined in the respective Liquidity Facility)) then in arrears on all Liquidity Obligations (at the rate provided in the applicable Liquidity Facility) plus (B) the aggregate amount of all accrued and unpaid interest on all Liquidity Obligations not in arrears to such Special Distribution Date (at the rate provided in the applicable Liquidity Facility, determined after giving effect to payments made by the Policy Provider to each Liquidity Provider, if any, in respect of interest on Drawings under the Liquidity Facilities), (ii) all accrued and unpaid Policy Provider Interest Drawing Amounts then in arrears plus (B) the aggregate amount of all accrued and unpaid Policy Provider Interest Drawing Amounts not in arrears to such Special Distribution Date and (iii) if the Policy Provider has paid to each Liquidity Provider all outstanding Drawings and interest owing to such Liquidity Provider under its Liquidity Facility pursuant to Section 2.06(c), the amount of such payment made to the Liquidity Providers attributable to such interest accrued on such Drawings, shall be distributed in the case of clause (i) above to the respective Liquidity Provider and in the case of clauses (ii) and (iii) above, to the Policy Provider pro rata (without duplication) on the basis of the amounts owing to each under this clause "second";

third, such amount as shall be required (A) if any Cash Collateral Account has been previously funded as provided in Section 3.06(f), to fund such Cash Collateral Account up to the applicable Required Amount shall be deposited in such Cash Collateral Account, (B) if any Liquidity Facility shall have become a Downgraded Facility or a Non-Extended Facility at a time when unreimbursed Interest Drawings under such Liquidity Facility have reduced the Available Amount thereunder to zero, to deposit into the related Cash Collateral Account an amount equal to the applicable Required Amount shall be deposited in such Cash Collateral Account, (C) if neither subclause (A) nor subclause (B) of this clause "third" is applicable, to pay or reimburse the Liquidity Provider in respect of such Liquidity Facility in an amount equal to the amount of any unreimbursed Interest Drawings under such Liquidity Facility shall be distributed to such Liquidity Provider, in each case pro rata with any amount distributable pursuant to subclause (D) of this clause "third" on the basis of the amount of unreimbursed Interest Drawings and the amount of unreimbursed Policy Provider Obligations payable to the Policy Provider under subclause (D) of this clause "third" and (D) if the Policy Provider has paid to each Liquidity Provider all outstanding Drawings and interest thereon owing to such Liquidity Provider under its Liquidity Facility pursuant to Section 2.06(c), to reimburse the Policy Provider for the principal amount of such payment made to the Liquidity Providers, but only after giving effect to the application of amounts, if any, under subclause (A) or (B) of this clause "third" and if any amount shall be distributable

under subclause (C) of this clause "third", pro rata (without duplication) with any amount distributable pursuant to such subclause (C), on the basis of the amount of unreimbursed Interest Drawings and the amount of such unreimbursed Policy Provider Obligations payable to the Policy Provider under this clause "third";

fourth, if, with respect to any Liquidity Facility, any amounts are to be distributed pursuant to either subclause (A) or (B) of clause "third" above, then the related Liquidity Provider shall be paid the excess of (x) the aggregate outstanding amount of unreimbursed Advances under such Liquidity Facility (whether or not then due, and after giving effect to any payments to be made under Section 3.06(f)(ii)), over (y) the Required Amount for the relevant Class, pro rata, on the basis of such amounts in respect of each Liquidity Facility;

fifth, if any Class G Certificates are Outstanding on such Special Distribution Date, such amount as shall be required to pay in full Expected Distributions to the holders of Class G Certificates on such Special Distribution Date shall be distributed to the Class G Trustee;

sixth, such amount as shall be required to pay all Policy Provider Obligations then due (with any amount due under the Policy Fee Letter calculated to equal the product of the Section 2.04(b) Fraction and the amount due under the Policy Fee Letter) shall be distributed to the Policy Provider;

seventh, such amount as shall be required to pay Excess Reimbursement Obligations and Policy Provider Interest Amounts, shall be distributed to the Policy Provider;

eighth, if any Class C Certificates are Outstanding on such Special Distribution Date, such amount as shall be required to pay in full Expected Distributions to the holders of Class C Certificates on such Special Distribution Date shall be distributed to the Class C Trustee, provided, however, that if all of the Class C Certificates have been sold by the initial holder thereof to one or more Persons that are not an American Entity and the sale or sales of such Class C Certificates to such Person or Persons occurred prior to the occurrence of an Indenture Event of Default under any Indenture, the Expected Distributions on the Class C Certificates shall be distributed immediately prior to the payment in clause "seventh" above;

ninth, if any Class D Certificates are Outstanding on such Special Distribution Date, such amount as shall be required to pay in full Expected Distributions to the holders of Class D Certificates on such Special Distribution Date shall be distributed to the Class D Trustee;

tenth, if the Class E Certificates have been issued and any Class E Certificates are Outstanding on such Special Distribution Date, such amount as shall be required to pay in full Expected Distributions to holders of Class E Certificates on such Special Distribution Date shall be distributed to the Class E Trustee; and

eleventh, the balance, if any, of such Special Payment shall be deposited in the Collection Account for distribution in accordance with Section 3.02 hereof.

For the purposes of this Section 2.04(b)(i), clause (x) of the definition of "Expected Distributions" shall be deemed to read as follows: "(x) accrued, due and unpaid interest in respect of such Certificates, together with (without duplication) accrued and unpaid interest in respect of a portion of such Certificates equal to the outstanding principal amount of Equipment Notes being redeemed, purchased or prepaid (immediately prior to such redemption, purchase or prepayment)".

(ii) Upon the occurrence of a Triggering Event (whether or not continuing), the Subordination Agent shall make distributions pursuant to this Section 2.04(b) of amounts on deposit in the Special Payments Account on account of the redemption, purchase or prepayment of the Equipment Notes issued pursuant to an Indenture on the Special Distribution Date for such Special Payment in accordance with Section 3.03.

(iii) Notwithstanding the provisions of Section 2.04(b)(i), whether or not a Triggering Event shall have occurred, the Subordination Agent shall make distributions of amounts deposited in the Special Payments Account constituting proceeds from the exercise of remedies under an Indenture after the occurrence of an Indenture Event of Default thereunder (including, without limitation, the sale of any Equipment Notes) in the order of priority provided in Section 3.03 on the Special Distribution Date for such Special Payment.

(c) Other Special Payments. Any amounts on deposit in the Special Payments Account other than in respect of amounts to be distributed pursuant to Section 2.04(b) shall be distributed on the Special Distribution Date therefor in accordance with Article III.

(d) Investment of Amounts in Special Payments Account. Any amounts on deposit in the Special Payments Account prior to the distribution thereof pursuant to Section 2.04(b) or Section 2.04(c) shall be invested in accordance with Section 2.02(b). Investment Earnings on such investments shall be distributed in accordance with Section 2.04(b) or Section 2.04(c), as the case may be.

Section 2.05 Designated Representatives. (a) With the delivery of this Agreement, the Subordination Agent shall furnish to the Liquidity Providers, the Policy Provider and each Trustee, and from time to time thereafter may furnish to the Liquidity Providers, the Policy Provider and each Trustee, at the Subordination Agent's discretion, or upon a Liquidity Provider's, the Policy Provider's or any Trustee's request (which request shall not be made more than one time in any 12-month period), a certificate (a "Subordination Agent Incumbency Certificate") of a Responsible Officer of the Subordination Agent certifying as to the incumbency and specimen signatures of the officers of the Subordination Agent and the attorney-in-fact and agents of the Subordination Agent (the "Subordination Agent Representatives") authorized to give Written Notices on behalf of the Subordination Agent hereunder. Until the Liquidity Providers, the Policy Provider and each Trustee receives a subsequent Subordination Agent Incumbency Certificate, it shall be entitled to rely on the last Subordination Agent Incumbency Certificate delivered to it hereunder.

(b) With the delivery of this Agreement, each Trustee shall furnish to the Subordination Agent, and from time to time thereafter may furnish to the Subordination Agent, at such Trustee's discretion, or upon the Subordination Agent's request (which request shall not be made more than one time in any 12-month period), a certificate (with respect to each such Trustee, a "Trustee Incumbency Certificate") of a Responsible Officer of such Trustee certifying as to the incumbency and specimen signatures of the officers of such Trustee and the attorney-in-fact and agents of such Trustee (with respect to each such Trustee, the "Trustee Representatives") authorized to give Written Notices on behalf of such Trustee hereunder. Until the Subordination Agent receives a subsequent Trustee Incumbency Certificate from a Trustee, it shall be entitled to rely on the last Trustee Incumbency Certificate with respect to such Trustee delivered to it hereunder.

(c) With the delivery of this Agreement, each Liquidity Provider shall furnish to the Subordination Agent, and from time to time thereafter may furnish to the Subordination Agent, at such Liquidity Provider's discretion, or upon the Subordination Agent's request (which request shall not be made more than one time in any 12-month period), a certificate (an "LP Incumbency Certificate") of a Responsible Officer of such Liquidity Provider certifying as to the incumbency and specimen signatures of the officers of such Liquidity Provider and the attorney-in-fact and agents of such Liquidity Provider (the "LP Representatives") authorized to give Written Notices on behalf of such Liquidity Provider hereunder. Until the Subordination Agent receives a subsequent LP Incumbency Certificate from a Liquidity Provider, it shall be entitled to rely on the last LP Incumbency Certificate with respect to such Liquidity Provider delivered to it hereunder.

(d) With the delivery of this Agreement, the Policy Provider shall furnish to the Subordination Agent, and from time to time thereafter may furnish to the Subordination Agent, at the Policy Provider's discretion, or upon the Subordination Agent's request (which request shall not be made more than one time in any 12-month period), a certificate (a "Policy Provider Incumbency Certificate") of a Responsible Officer of the Policy Provider certifying as to the incumbency and specimen signatures of any officer, attorney-in-fact, agent or other designated representative of the Policy Provider (in each case, the "Policy Provider Representatives" and, together with the Subordination Agent Representatives, the Trustee Representatives and the LP Representatives, the "Designated Representatives") authorized to give Written Notices on behalf of the Policy Provider hereunder. Until the Subordination Agent receives a subsequent Policy Provider Incumbency Certificate, it shall be entitled to rely on the last Policy Provider Incumbency Certificate delivered to it hereunder.

Section 2.06 Controlling Party. (a) The Trustees, the Liquidity Providers and the Policy Provider hereby agree that, subject to Section 8.01(b), with respect to any Indenture at any given time, the Loan Trustee thereunder will be directed in taking, or refraining from taking, any action under such Indenture or with respect to the Equipment Notes issued thereunder, including exercising remedies thereunder (including Accelerating the Equipment Notes issued thereunder or foreclosing the Lien created thereunder on the Aircraft securing such Equipment Notes), by the Subordination Agent as directed by the Controlling Party.

(b) Subject to paragraph (c) below, at any time prior to the time that Final Distributions have been fully paid to the holders of the Class G Certificates and/or at any time

when any obligations payable to the Policy Provider hereunder remain outstanding, so long as no Policy Provider Default has occurred and is continuing, the Policy Provider shall be the Controlling Party. At any other time the Controlling Party shall be: (i) if Final Distributions have not been fully paid to the holders of the Class G Certificates, the Class G Trustee; (ii) if Final Distributions have been fully paid to the holders of Class G Certificates, but not to the holders of the Class C Certificates, the Class C Trustee; and (iii) if Final Distributions have been fully paid to the holders of the Class G Certificates and the Class C Certificates, the Class D Trustee. For purposes of giving effect to the foregoing, the Trustees (other than the Controlling Party) irrevocably agree (and the Certificateholders (other than the Certificateholders represented by the Controlling Party) shall be deemed to agree by virtue of their purchase of Certificates) that the Subordination Agent, as record holder of the Equipment Notes, shall exercise its voting rights in respect of the Equipment Notes as directed by the Controlling Party and any vote so exercised shall be binding upon the Trustees and all Certificateholders.

The Subordination Agent shall give written notice to all of the other parties to this Agreement promptly upon a change in the identity of the Controlling Party. Each of the parties hereto agrees that it shall not exercise any of the rights of the Controlling Party at such time as it is not the Controlling Party hereunder; provided, however, that nothing herein contained shall prevent or prohibit any Non-Controlling Party from exercising such rights as shall be specifically granted to such Non-Controlling Party hereunder and under the other Operative Agreements.

(c) Notwithstanding the foregoing, at any time after 18 months from the earliest to occur of (i) the date on which the entire Available Amount under any Liquidity Facility shall have been drawn (for any reason other than a Downgrade Drawing or a Non-Extension Drawing) and remain unreimbursed, (ii) the date on which the entire amount of any Downgrade Drawing or Non-Extension Drawing under any Liquidity Facility shall have become and remain "Applied Downgrade Advances" or "Applied Non-Extension Advances" or has been converted into a Final Drawing, as the case may be, under and as defined in such Liquidity Facility and (iii) the date on which all Equipment Notes under all of the Indentures shall have been Accelerated (provided that in the event of a bankruptcy proceeding under the Bankruptcy Code in which American is a debtor, any amounts payable in respect of Equipment Notes which have become immediately due and payable by declaration or otherwise shall not be considered Accelerated for purposes of this subclause (iii) until the expiration of the 60-day period under Section 1110(a)(2)(A) of the Bankruptcy Code or such longer period as may apply under Section 1110(a)(2)(B) or Section 1110(b) of the Bankruptcy Code), the Liquidity Provider with the greater amount of unreimbursed Liquidity Obligations owing to it (unless it has defaulted in its obligation to make any advance under its Liquidity Facility) (the "Eligible Provider") shall have the right to elect, by Written Notice to the Subordination Agent, the Policy Provider and each of the Trustees given at any time on or after the fifteenth Business Day prior to the end of such 18-month period, to become the Controlling Party hereunder with respect to any Indenture at any time from and including the later of (x) the last day of such 18-month period and (y) the 15th Business Day after the date of receipt by the Policy Provider of such Written Notice, provided, however, that if, within 15 Business Days after its receipt of any such Written Notice from such Liquidity Provider, the Policy Provider pays to each Liquidity Provider an amount equal to all outstanding Drawings owing to such Liquidity Provider in respect of its Liquidity Facility, and interest accrued thereon to such date, the Policy Provider shall remain the Controlling Party so long as (x) no Policy Provider Default has occurred and is continuing and (y) the Policy Provider

thereafter pays to each Liquidity Provider an amount equal to all subsequent Drawings, together with accrued interest thereon, under its Liquidity Facility as and when such Drawings and such interest would otherwise be required to be paid under such Liquidity Facility (which payments shall be applied by such Liquidity Provider as repayments of such Drawings and accrued interest thereon), provided further, however, that upon any Policy Provider Default or the failure to comply with clause (y) of this Section 2.06(c) the Eligible Provider, if it so elects and if Liquidity Obligations owing to it remain outstanding or, if it does not so elect or if no Liquidity Obligations owing to it remain outstanding, the Person determined to be the Controlling Party in accordance with Section 2.06(b), shall become the Controlling Party.

(d) The exercise of remedies by the Controlling Party under this Agreement shall be expressly limited by Section 4.01(a)(ii) and Section 8.01(b).

(e) The Controlling Party shall not be entitled to require or obligate any Non-Controlling Party to provide funds necessary to exercise any right or remedy hereunder.

(f) Notwithstanding anything contained herein, neither the Controlling Party nor the Subordination Agent shall be authorized or empowered to do anything that would cause any Trust to fail to qualify as a "grantor trust" for federal income tax purposes.

ARTICLE III

RECEIPT, DISTRIBUTION AND APPLICATION OF AMOUNTS RECEIVED

Section 3.01 Written Notice of Distribution. (a) No later than 3:00 P.M. (New York City time) on the Business Day immediately preceding each Regular Distribution Date (or Special Distribution Date for purposes of Section 2.04(b), as the case may be), each of the following Persons shall deliver to the Subordination Agent a Written Notice setting forth the following information as at the close of business on such Business Day:

(i) With respect to the Class G Certificates, if any are then Outstanding, the Class G Trustee shall separately set forth the amounts to be paid in accordance with clause "fifth" of Section 3.02 or 2.04(b), as the case may be;

(ii) With respect to the Class C Certificates, if any are then Outstanding, the Class C Trustee shall separately set forth the amounts to be paid in accordance with clause "eighth" of Section 3.02 or 2.04(b), as the case may be;

(iii) With respect to the Class D Certificates, if any are then Outstanding, the Class D Trustee shall separately set forth the amounts to be paid in accordance with clause "ninth" of Section 3.02 or 2.04(b), as the case may be;

(iv) With respect to each Liquidity Facility, the Liquidity Provider thereunder shall separately set forth the amounts to be paid to it in accordance with clauses "first", "second", "third" and "fourth" of Section 3.02 or 2.04(b), as the case may be;

(v) The Policy Provider shall set forth the amounts to be paid to it in accordance with clauses "first", "second", "third", "sixth" and "seventh" of Section 2.04(b) or Section 3.02, as the case may be; and

(vi) Each Trustee shall set forth the amounts to be paid in accordance with clause "eleventh" of Section 3.02.

The notices required under this Section 3.01(a) may be in the form of a schedule or similar document provided to the Subordination Agent by the parties referenced therein or by any one of them, which schedule or similar document may state that, unless there has been a redemption, purchase or prepayment of the Equipment Notes, such schedule or similar document is to remain in effect until any substitute notice or amendment shall be given to the Subordination Agent by the party providing such notice.

(b) Following the occurrence of a Triggering Event, the Subordination Agent shall request the following information from the following Persons, and may from time to time thereafter again request such information from such Persons, and each of the following Persons shall, within five Business Days of such request of the Subordination Agent, deliver a Written Notice to the Subordination Agent setting forth for such Person the following information:

(i) With respect to the Class G Certificates, if any are then Outstanding, the Class G Trustee shall separately set forth the amounts to be paid in accordance with clauses "first" (to reimburse payments made by the Class G Certificateholders pursuant to subclause (iv) of clause "first" of Section 3.03), "sixth" (to reimburse payments made by the Class G Certificateholders pursuant to subclause (iii) of clause "sixth" of Section 3.03) and "seventh" of Section 3.03;

(ii) With respect to the Class C Certificates, if any are then Outstanding, the Class C Trustee shall separately set forth the amounts to be paid in accordance with clauses "first" (to reimburse payments made by the Class C Certificateholders pursuant to subclause (iv) of clause "first" of Section 3.03), "sixth" (to reimburse payments made by the Class C Certificateholders pursuant to subclause (iii) of clause "sixth" of Section 3.03) and "tenth" of Section 3.03;

(iii) With respect to the Class D Certificates, if any are then Outstanding, the Class D Trustee shall separately set forth the amounts to be paid in accordance with clauses "first" (to reimburse payments made by the Class D Certificateholders pursuant to subclause (iv) of clause "first" of Section 3.03), "sixth" (to reimburse payments made by the Class D Certificateholders pursuant to subclause (iii) of clause "sixth" of Section 3.03) and "eleventh" of Section 3.03;

(iv) With respect to each Liquidity Facility, the Liquidity Provider thereunder shall separately set forth the amounts to be paid to it in accordance with subclause (iv) of clause "first" of Section 3.03 and clauses "second", "third", "fourth" and "fifth" of Section 3.03;

(v) Each Trustee shall set forth the amounts to be paid in accordance with subclause (ii) of clause "first" of Section 3.03 and subclause (ii) of clause "sixth" of Section 3.03; and

(vi) The Policy Provider shall separately set forth amounts to be paid to it in accordance with clauses "first", "second", "third", "fourth", "eighth" and "ninth" of Section 3.03.

(c) At such time as a Trustee, a Liquidity Provider or the Policy Provider shall have received all amounts owing to it (and, in the case of a Trustee, the Certificateholders for which it is acting) pursuant to Section 2.04, 3.02, 3.03 or 3.07, as applicable, and, in the case of a Liquidity Provider or the Policy Provider, its commitment under its Liquidity Facility or the Policy, as the case may be, shall have terminated or expired, such Person shall, by a Written Notice, so inform the Subordination Agent and each other party to this Agreement.

(d) As provided in Section 6.05, the Subordination Agent shall be fully protected in relying on any of the information set forth in a Written Notice provided by any Trustee, any Liquidity Provider or the Policy Provider pursuant to Sections 3.01(a), 3.01 (b) and 3.01(c) above and shall have no independent obligation to verify, calculate or recalculate any amount set forth in any Written Notice delivered in accordance with such Sections.

(e) Any Written Notice delivered by a Trustee, a Liquidity Provider or the Policy Provider, as applicable, pursuant to Section 3.01(a), 3.01(b) or 3.01(c), if made prior to 10:00 A.M. (New York City time) on a given date that is a Business Day shall be effective on the date delivered (or if delivered later on such date or on a day that is not a Business Day shall be effective as of the next Business Day). Subject to the terms of this Agreement, the Subordination Agent shall as promptly as practicable comply with any such instructions; provided, however, that, except as set forth in the Policy, any transfer of funds pursuant to any instruction received after 10:00 A.M. (New York City time) on any Business Day may be made on the next succeeding Business Day.

(f) In the event the Subordination Agent shall not receive from any Person any information set forth in Section 3.01(a) or Section 3.01(b) that is required to enable the Subordination Agent to make a distribution to such Person pursuant to Section 2.04(b), Section 3.02 or Section 3.03, the Subordination Agent shall not make such distribution(s) to such Person. In such event, the Subordination Agent shall make distributions pursuant to clauses "first" through "eleventh" of Section 2.04(b), clauses "first" through "twelfth" of Section 3.02 and clauses "first" through "fourteenth" of Section 3.03 to the extent it shall have sufficient information to enable it to make such distributions, and shall continue to hold any funds remaining, after making such distributions, on the terms hereof (including Section 2.02(b)) until the Subordination Agent shall receive all necessary information to enable it to distribute any funds so withheld, and upon receipt of the information necessary to distribute any funds so withheld, the Subordination Agent shall distribute such funds.

(g) On such dates (but not more frequently than monthly) as any Liquidity Provider, the Policy Provider or any Trustee shall request, but in any event automatically at the end of each calendar quarter, the Subordination Agent shall send to such party a written

statement (x) setting forth the Pool Balance of the Class G Certificates and (y) reflecting all amounts on deposit with the Subordination Agent pursuant to Section 3.01(f).

Section 3.02 Distribution of Amounts on Deposit in the Collection Account. Except as otherwise provided in Sections 2.04, 3.01(f), 3.03, 3.04, 3.06(b), 3.06(k) and 3.07, amounts on deposit in the Collection Account (or, in the case of any amount described in Section 2.04(c), on deposit in the Special Payments Account) shall be promptly distributed on each Regular Distribution Date (or, in the case of any amount described in Section 2.04(c), on the Special Distribution Date thereof) in the following order of priority and in accordance with the information provided to the Subordination Agent pursuant to Section 3.01(a):

first, such amount as shall be required to pay in full (i) all accrued and unpaid Liquidity Expenses owed to each Liquidity Provider and (ii) all accrued and unpaid Policy Expenses owed to the Policy Provider shall be distributed to the applicable Liquidity Provider and the Policy Provider pro rata on the basis of the amount of Liquidity Expenses owed to each Liquidity Provider and Policy Expenses owed to the Policy Provider;

second, such amount as shall be required to pay in full (i) accrued and unpaid interest on the Liquidity Obligations (at the rate provided in the applicable Liquidity Facility), (ii) the aggregate amount of all accrued and unpaid Policy Provider Interest Drawing Amounts and (iii) if the Policy Provider has paid to each Liquidity Provider all outstanding Drawings and interest owing to such Liquidity Provider under its Liquidity Facility pursuant to Section 2.06(c), the amount of such payment made to the Liquidity Providers attributable to such interest accrued on such Drawings, shall be distributed, in the case of clause (i) above to the respective Liquidity Provider and in the case of clauses (ii) and (iii) above to the Policy Provider pro rata (without duplication) on the basis of the amounts owing to each under this clause "second";

third, such amount as shall be required (A) if any Cash Collateral Account has been previously funded as provided in Section 3.06(f), to fund such Cash Collateral Account up to the applicable Required Amount shall be deposited in such Cash Collateral Account, (B) if any Liquidity Facility shall have become a Downgraded Facility or a Non-Extended Facility at a time when unreimbursed Interest Drawings under such Liquidity Facility have reduced the Available Amount thereunder to zero, to deposit into the related Cash Collateral Account an amount equal to the applicable Required Amount shall be deposited in the Cash Collateral Account, (C) if neither subclause (A) nor subclause (B) of this clause "third" is applicable, to pay or reimburse the Liquidity Provider in respect of such Liquidity Facility in an amount equal to the amount of all Liquidity Obligations then due under such Liquidity Facility, shall be distributed to such Liquidity Provider, in each case, pro rata with any amount distributable pursuant to subclause (D) of this clause "third" on the basis of the amount of unreimbursed Interest Drawings and the amount of the unreimbursed Policy Provider Obligations payable to the Policy Provider under subclause (D) of this clause "third" and (D) if the Policy Provider has paid to each Liquidity Provider all outstanding Drawings and interest thereon owing to such Liquidity Provider under its Liquidity Facility pursuant to Section 2.06(c), to reimburse the Policy Provider for the principal amount of such payment made to the

Liquidity Providers, shall be distributed to the Policy Provider but only after giving effect to the application of amounts, if any, under subclause (A) or (B) of this clause "third" and if any amount shall be distributable under subclause (C) of this clause "third" pro rata (without duplication) with any amount distributable pursuant to such subclause (C), on the basis of the amount of unreimbursed Interest Drawings and the amount of such unreimbursed Policy Provider Obligations payable to the Policy Provider under this clause "third";

fourth, if, with respect to any Liquidity Facility, any amounts are to be distributed pursuant to either subclause (A) or (B) of clause "third" above, then the related Liquidity Provider shall be paid the excess of (x) the aggregate outstanding amount of unreimbursed Advances under such Liquidity Facility (whether or not then due, and after giving effect to any payments to be made under Section 3.06(f)(ii)), over (y) the Required Amount for the relevant Class, pro rata, on the basis of such amounts in respect of each Liquidity Facility;

fifth, if any Class G Certificates are Outstanding on such Distribution Date, such amount as shall be required to pay in full Expected Distributions to the holders of the Class G Certificates on such Distribution Date shall be distributed to the Class G Trustee;

sixth, such amount as shall be required to pay the Policy Provider all Policy Provider Obligations then due shall be distributed to the Policy Provider;

seventh, such amount as shall be required to pay in full all Excess Reimbursement Obligations and any Policy Provider Interest Amounts shall be distributed to the Policy Provider;

eighth, if any Class C Certificates are Outstanding on such Distribution Date, such amount as shall be required to pay in full Expected Distributions to the holders of the Class C Certificates on such Distribution Date shall be distributed to the Class C Trustee, provided, however, that if all of the Class C Certificates have been sold by the initial holder thereof to one or more Persons that are not an American Entity and the sale or sales of such Class C Certificates to such Person or Persons occurred prior to the occurrence of an Indenture Event of Default under any Indenture, the Expected Distributions on the Class C Certificates shall be distributed immediately prior to the payment in clause "seventh" above;

ninth, if any Class D Certificates are Outstanding on such Distribution Date, such amount as shall be required to pay in full Expected Distributions to the holders of the Class D Certificates on such Distribution Date shall be distributed to the Class D Trustee;

tenth, if the Class E Certificates have been issued and any Class E Certificates are outstanding on such Distribution Date, such amount as shall be required to pay in full Expected Distributions to holders of Class E Certificates on such Distribution Date shall be distributed to the Class E Trustee;

eleventh, such amount as shall be required to pay in full (without duplication of any amounts otherwise payable hereunder or under any Operative Agreement) the

aggregate unpaid amount of fees and expenses payable as of such Distribution Date to the Subordination Agent and each Trustee pursuant to the terms of this Agreement and the Trust Agreements, as the case may be, shall be distributed to the Subordination Agent and such Trustee; and

twelfth, the balance, if any, of any such amount remaining thereafter shall be held in the Collection Account for later distribution in accordance with this Article III.

Section 3.03 Distribution of Amounts on Deposit Following a Triggering Event. Except as otherwise provided in Sections 3.01(f), 3.06(b), 3.06(k) and 3.07, upon the occurrence of a Triggering Event and at all times thereafter, all funds in the Collection Account or the Special Payments Account shall be promptly distributed by the Subordination Agent in the following order of priority:

first, such amount as shall be required to reimburse (i) the Subordination Agent for any reasonable out-of-pocket costs and expenses actually incurred by it (to the extent not previously reimbursed) in the protection of, or the realization of the value of, the Equipment Notes or any Collateral, shall be applied by the Subordination Agent in reimbursement of such costs and expenses, (ii) each Trustee for any amounts of the nature described in clause (i) above actually incurred by it under the applicable Trust Agreement (to the extent not previously reimbursed), shall be distributed to such Trustee, (iii) the Policy Provider for any amounts of the nature described in clause (i) above actually incurred by it (to the extent not previously reimbursed), shall be distributed to the Policy Provider, and (iv) each Liquidity Provider, the Policy Provider or each Certificateholder for payments, if any, made by it to the Subordination Agent or any Trustee in respect of amounts described in clause (i) above, shall be distributed to such Liquidity Provider, Policy Provider or to the applicable Trustee for the account of such Certificateholder, in each such case, pro rata on the basis of all amounts described in clauses (i) through (iv) above;

second, such amount as shall be required to pay (i) all accrued and unpaid Liquidity Expenses and (ii) all accrued and unpaid Policy Expenses shall be distributed to the applicable Liquidity Provider and the Policy Provider pro rata on the basis of the amount of Liquidity Expenses owed to each Liquidity Provider and Policy Expenses owed to the Policy Provider;

third, such amount as shall be required to pay in full (i) accrued and unpaid interest on the Liquidity Obligations (at the rate provided in the applicable Liquidity Facility), (ii) the aggregate amount of all accrued and unpaid Policy Provider Interest Drawing Amount and (iii) if the Policy Provider has paid to each Liquidity Provider all outstanding Drawings and interest owing to such Liquidity Provider under its Liquidity Facility pursuant to Section 2.06.(c), the amount of such payment made to the Liquidity Providers attributable to such interest accrued on such Drawings, shall be distributed, in the case of (i) above, to the respective Liquidity Provider and, in the case of (ii) and (iii) above, to the Policy Provider pro rata (without duplication) on the basis of the amounts owing to each;

fourth, such amount as shall be required (A) if any Cash Collateral Account has been previously funded as provided in Section 3.06(f), unless (i) a Performing Note Deficiency exists and a Liquidity Event of Default shall have occurred and be continuing with respect to the related Liquidity Facility or (ii) a Final Drawing shall have occurred with respect to such Liquidity Facility, to fund such Cash Collateral Account up to its Required Amount shall be deposited in such Cash Collateral Account, (B) if any Liquidity Facility shall have become a Downgraded Facility or a Non-Extended Facility at a time when unreimbursed Interest Drawings under such Liquidity Facility have reduced the Available Amount thereunder to zero, unless (i) a Performing Note Deficiency exists and a Liquidity Event of Default shall have occurred and be continuing with respect to the related Liquidity Facility or (ii) a Final Drawing shall have occurred with respect to such Liquidity Facility, to deposit into the related Cash Collateral Account an amount equal to the Required Amount applicable to such Cash Collateral Account shall be deposited in such Cash Collateral Account, (C) if, with respect to any Liquidity Facility, neither subclause (A) nor subclause (B) of this clause "fourth" is applicable, to pay or reimburse the Liquidity Provider in respect of such Liquidity Facility in an amount equal to the amount of all Liquidity Obligations then due under such Liquidity Facility shall be distributed to such Liquidity Provider, in each case pro rata with any amount distributable pursuant to subclause (D) of this clause "fourth" on the basis of the amount of unreimbursed Interest Drawings and unreimbursed Policy Provider Obligations payable to the Policy Provider under subclause (D) of this clause "fourth" and (D) if the Policy Provider has paid to each Liquidity Provider all outstanding Drawings and interest thereon owing to such Liquidity Provider pursuant to Section 2.06(c), to reimburse the Policy Provider for the principal amount of such payment made to the Liquidity Providers, shall be distributed to the Policy Provider but only after giving effect to the application of amounts, if any, under subclause (A) or (B) of this clause "fourth" and if any amount shall be distributable under subclause (C) of this clause "fourth", pro rata (without duplication) with any amount distributable pursuant to such subclause (C), on the basis of the amount of unreimbursed Interest Drawings and the amount of such unreimbursed Policy Provider Obligations payable to the Policy Provider under this clause "fourth";

fifth, if, with respect to any Liquidity Facility, any amounts are to be distributed pursuant to either subclause (A) or (B) of clause "fourth" above, then the Liquidity Provider relating to such Liquidity Facility shall be paid the excess of (x) the aggregate outstanding amount of unreimbursed Advances under such Liquidity Facility (whether or not then due, and after giving effect to any payments to be made under Section 3.06(f)(ii)), over (y) the Required Amount applicable to such Liquidity Facility (less the amount of any repayments of Interest Drawings under such Liquidity Facility while subclause (A)(i) or (B)(i), as the case may be, of clause "fourth" above is applicable);

sixth, such amount as shall be required to reimburse or pay (i) the Subordination Agent for any Tax (other than Taxes imposed on compensation paid hereunder), expense, fee, charge or other loss incurred by, or any other amount payable to, the Subordination Agent in connection with the transactions contemplated hereby (to the extent not previously reimbursed), shall be applied by the Subordination Agent in reimbursement of such amount, (ii) each Trustee for any Tax (other than Taxes imposed on compensation

paid under the applicable Trust Agreement), expense, fee, charge or other loss incurred by, or any other amount payable to, such Trustee under the applicable Trust Agreements (to the extent not previously reimbursed), shall be distributed to such Trustee, and (iii) each Certificateholder for payments, if any, made by it pursuant to Section 5.02 in respect of amounts described in clause (i) above (without duplication of any amounts distributed pursuant to subclause (iv) of clause "first" of this Section 3.03), shall be distributed to the applicable Trustee for the account of such Certificateholder, in each such case pro rata on the basis of all amounts described in clauses (i), (ii) and (iii) above;

seventh, if any Class G Certificates are Outstanding on such Distribution Date, such amount remaining as shall be required to pay in full Adjusted Expected Distributions on the Class G Certificates shall be distributed to the Class G Trustee, provided that so long as all of the Class C Certificates are owned by an American Entity, such amount remaining as shall be required to pay Final Distributions on the Class G Certificates shall be distributed to the Class G Trustee;

eighth, such amount as shall be required to pay all Policy Provider Obligations then due shall be distributed to the Policy Provider;

ninth, such amount as shall be required to pay in full all Excess Reimbursement Obligations and Policy Provider Interest Amounts shall be distributed to the Policy Provider;

tenth, if any Class C Certificates are Outstanding on such Distribution Date, such amount remaining as shall be required to pay in full Adjusted Expected Distributions on the Class C Certificates shall be distributed to the Class C Trustee, provided, however, that if all of the Class C Certificates have been sold by the initial holder thereof to one or more Persons that are not an American Entity and the sale or sales of such Class C Certificates to such Person or Persons occurred prior to the occurrence of an Indenture Event of Default under any Indenture, the Adjusted Expected Distributions on the Class C Certificates shall be distributed immediately prior to the payment in clause "ninth" above;

eleventh, if any Class D Certificates are Outstanding on such Distribution Date, such amount remaining as shall be required to pay in full Adjusted Expected Distributions on the Class D Certificates shall be distributed to the Class D Trustee; provided that so long as all of the Class D Certificates are owned by an American Entity, such amount remaining as shall be required to pay Final Distributions on the Class G Certificates shall be distributed to the Class G Trustee prior to any distribution to the Class D Trustee pursuant to this clause "eleventh";

twelfth, if the Class E Certificates have been issued and any Class E Certificates are Outstanding on such Distribution Date, such amount remaining as shall be required to pay in full Adjusted Expected Distributions on the Class E Certificates shall be distributed to the Class E Trustee;

thirteenth, (i) if any Class G Certificates are Outstanding on such Distribution Date, such amount remaining as shall be required to pay Final Distributions on the Class G Certificates shall be distributed to the Class G Trustee; (ii) after giving effect to clause (i), if any Class C Certificates are Outstanding on such Distribution Date, such amount remaining as shall be required to pay Final Distributions on the Class C Certificates shall be distributed to the Class C Trustee; (iii) after giving effect to clauses (i) and (ii), if any Class D Certificates are Outstanding on such Distribution Date, such amount remaining as shall be required to pay Final Distributions on the Class D Certificates shall be distributed to the Class D Trustee; (iv) after giving effect to clauses (i), (ii) and (iii), if the Class E Certificates have been issued and any Class E Certificates are Outstanding on such Distribution Date, such amount remaining as shall be required to pay Final Distributions on the Class E Certificates shall be distributed to the Class E Trustee; and

fourteenth, any amount remaining shall be distributed to the Class G, Class C, Class D and Class E Trustees (for distribution to the Certificateholders of the applicable Trusts) pro rata based upon the original aggregate principal amounts of the Equipment Notes held by the respective Trusts.

Section 3.04 Other Payments. (a) Any payments received by the Subordination Agent for which no provision as to the application thereof is made in this Agreement or any payments received or realized at any time after the Final Distributions for all Classes of Certificates have been made shall, in either case, be distributed by the Subordination Agent in the order of priority specified in Section 3.03.

(b) On any Interest Payment Date under each Liquidity Facility that is not a Distribution Date, the Subordination Agent shall pay to the Liquidity Provider under such Liquidity Facility from, and to the extent of, amounts on deposit in the Collection Account, an amount equal to the amount of interest then due and payable to such Liquidity Provider under such Liquidity Facility.

(c) Except as otherwise provided in Section 3.03 or Sections 3.06(a) and 3.06(b), if the Subordination Agent receives any Scheduled Payment after the Scheduled Payment Date relating thereto, but prior to such payment becoming an Overdue Scheduled Payment, then the Subordination Agent shall deposit such Scheduled Payment in the Collection Account and promptly distribute such Scheduled Payment in accordance with the priority of distributions set forth in Section 3.02; provided that, for the purposes of this Section 3.04(c) only, each reference in clause "eleventh" of Section 3.02 to "Distribution Date" shall be deemed to mean the actual date of payment of such Scheduled Payment and each reference in clause "fifth", "eighth", "ninth" or "tenth" of Section 3.02 to "Distribution Date" shall be deemed to refer to such Scheduled Payment Date.

Section 3.05 Payments to the Trustees, the Liquidity Providers and the Policy Provider. Any amounts distributed hereunder to any Liquidity Provider or the Policy Provider shall be paid to such Liquidity Provider or the Policy Provider, as applicable, by wire transfer of funds to the address such Liquidity Provider or the Policy Provider shall provide to the Subordination Agent. The Subordination Agent shall provide a Written Notice of any such transfer to the applicable Liquidity Provider or the Policy Provider, as the case may be, at the

time of such transfer. Any amounts distributed hereunder by the Subordination Agent to any Trustee that is not the same institution as the Subordination Agent shall be paid to such Trustee by wire transfer of funds at the address such Trustee shall provide to the Subordination Agent.

Section 3.06 Liquidity Facilities. (a) Interest Drawings. If on any Distribution Date, after giving effect to the provisions of this Agreement (including the subordination provisions hereof) and any Election Interest Payment made by the Policy Provider pursuant to Section 3.07(c), the Subordination Agent shall not have sufficient funds for the payment of any amounts due and owing in respect of accrued interest on any Class of Certificates (at the related Stated Interest Rate) then, prior to 1:00 p.m. (New York City time) on such Distribution Date, the Subordination Agent shall request a drawing (each such drawing, an "Interest Drawing") under the Liquidity Facility, if any, for such Class (and concurrently with the making of such request, the Subordination Agent shall give notice to the Policy Provider of such insufficiency of funds) in an amount equal to the lesser of (i) an amount sufficient to pay the amount of such accrued interest (at the Stated Interest Rate for the related Class of Certificates) and (ii) the Available Amount under the applicable Liquidity Facility, and shall upon receipt of such amount pay such amount to the applicable Trustee in payment of such accrued interest as provided in Section 3.06(b).

(b) Application of Interest Drawings. Notwithstanding anything to the contrary contained in this Agreement, all payments received by the Subordination Agent in respect of an Interest Drawing under a Liquidity Facility and all amounts withdrawn by the Subordination Agent from any Cash Collateral Account, and payable in each case to the related Class of Certificateholders, shall be promptly distributed to the Trustee for such Class and, upon receipt thereof by such Trustee, applied to the payment of interest in respect of which it was drawn, except that if (i) the Subordination Agent shall receive any amount in respect of an Interest Drawing under the Class G Liquidity Facility or a withdrawal from the Class G Cash Collateral Account to pay Accrued Class G Interest after such Accrued Class G Interest has been fully paid by a Policy Drawing under the Policy pursuant to Section 3.07(a), or (ii) the Subordination Agent shall receive any amount in respect of a Policy Drawing under the Policy pursuant to Section 3.07(a), to pay Accrued Class G Interest after such Accrued Class G Interest has been paid (in full or in part) to the Class G Trustee by an Interest Drawing under the Class G Liquidity Facility or a withdrawal from the Class G Cash Collateral Account, the Subordination Agent, in the case of either clause (i) or clause (ii), shall pay an amount equal to the amount of such Interest Drawing or withdrawal directly to the Policy Provider as reimbursement of such Policy Drawing rather than to the Class G Certificateholders or the Class G Trustee (provided that any such amount paid under both the Class G Liquidity Facility (or from the Class G Cash Collateral Account) and the Policy and constituting an Election Interest Payment with respect to one or more Series G Equipment Notes shall be repaid directly to the Class G Liquidity Provider as reimbursement for such Interest Drawing or to the Class G Cash Collateral Account as replenishment for such withdrawal, as applicable).

(c) Downgrade Drawings. Each Liquidity Provider shall promptly, but in any event within ten days of its receipt of notice thereof, deliver notice to the Subordination Agent of any downgrading below the applicable Threshold Rating of the short-term unsecured debt rating or short-term issuer credit rating of such Liquidity Provider or of any Liquidity Guarantor issued by any Rating Agency (or, if such Liquidity Provider or Liquidity Guarantor does not have a

short-term unsecured debt rating or short-term issuer credit rating from either Rating Agency, the long-term unsecured debt rating or long-term issuer credit rating of such Liquidity Provider or Liquidity Guarantor from such Rating Agency). If at any time (i) if there is no Liquidity Guarantor, the short-term issuer credit rating (with respect to S&P) or short-term unsecured debt rating (with respect to Moody's) of any Liquidity Provider (or, if such Liquidity Provider does not have such a rating issued by a given Rating Agency, the long-term issuer credit rating (with respect to S&P) or long-term unsecured debt rating (with respect to Moody's) of such Liquidity Provider issued by such Rating Agency) is lower than the applicable Threshold Rating or (ii) if there is a Liquidity Guarantor, the short-term issuer credit rating (with respect to S&P) or short-term unsecured debt rating (with respect to Moody's) of the Liquidity Guarantor issued by either Rating Agency is lower than the applicable Threshold Rating or a Liquidity Guarantee Event has occurred with respect to such Liquidity Facility and is continuing, within 10 days after the date of such downgrading or Liquidity Guarantee Event (but not later than the expiration date of the Liquidity Facility issued by the downgraded Liquidity Provider (or guaranteed by the downgraded Liquidity Guarantor or affected by a Liquidity Guarantee Event) (the "Downgraded Facility")), such Liquidity Provider or American (in both cases at American's expense) may arrange for a Replacement Liquidity Provider to issue and deliver a Replacement Liquidity Facility to the Subordination Agent, subject to the Ratings Confirmation. If a Downgraded Facility has not been replaced in accordance with the terms of this paragraph, the Subordination Agent shall, on such 10th day (or if such 10th day is not a Business Day, on the next succeeding Business Day) (or, if earlier, on the expiration date of such Downgraded Facility), request a drawing in accordance with and to the extent permitted by such Downgraded Facility (such drawing, a "Downgrade Drawing") of all available and undrawn amounts thereunder. Amounts drawn pursuant to a Downgrade Drawing shall be maintained and invested as provided in Section 3.06(f). Subject to Section 3.06(e)(iii), the applicable Liquidity Provider may also arrange for a Replacement Liquidity Provider to issue and deliver a Replacement Liquidity Facility at any time after such Downgrade Drawing so long as such Downgrade Drawing has not been reimbursed in full to such Liquidity Provider.

(d) Non-Extension Drawings. If any Liquidity Facility with respect to a Class of Certificates is scheduled to expire on a date (the "Stated Expiration Date") prior to the date that is 15 days after the Final Legal Distribution Date for such Class of Certificates, then no earlier than the 60th day and no later than the 40th day prior to the then applicable Stated Expiration Date, the Subordination Agent shall request in writing that the related Liquidity Provider extend the Stated Expiration Date to the earlier of (i) the date that is 15 days after the Final Legal Distribution Date for such Class of Certificates and (ii) the date that is the day immediately preceding the 364th day after the last day of the Consent Period (unless the obligations of such Liquidity Provider thereunder are earlier terminated in accordance with such Liquidity Facility); provided that a Liquidity Provider may elect to extend the Stated Expiration Date for its Liquidity Facility to a date that is later than such 364th day and on or before the date that is 15 days after the Final Legal Distribution Date for the related Class of Certificates in accordance with the procedures specified in its Liquidity Facility. Whether or not the applicable Liquidity Provider has received such a request from the Subordination Agent, such Liquidity Provider shall by notice (the "Consent Notice") to the Subordination Agent during the period commencing on the date that is 60 days prior to the then effective Stated Expiration Date and ending on the date that is 25 days prior to such Stated Expiration Date (the "Consent Period") advise the Subordination Agent whether, in its sole discretion, it agrees to so extend the Stated

Expiration Date; provided, however, that such extension shall not be effective with respect to such Liquidity Provider if, by notice (the "Withdrawal Notice") to the Subordination Agent prior to the end of the Consent Period, such Liquidity Provider revokes its Consent Notice. If a Liquidity Provider advises the Subordination Agent in the Consent Notice that such Stated Expiration Date shall not be so extended or gives a Withdrawal Notice to the Subordination Agent prior to the end of the Consent Period, or fails to irrevocably and unconditionally advise the Subordination Agent on or before the end of the Consent Period that such Stated Expiration Date shall be so extended (and, in each case, if such Liquidity Provider shall not have been replaced in accordance with Section 3.06(e)), the Subordination Agent shall, on the date on which the Consent Period ends (or as soon as possible thereafter but prior to the Stated Expiration Date), in accordance with and to the extent permitted by the terms of the expiring Liquidity Facility (a "Non-Extended Facility"), request a drawing under such expiring Liquidity Facility (such drawing, a "Non-Extension Drawing") of all available and undrawn amounts thereunder. Amounts drawn pursuant to a Non-Extension Drawing shall be maintained and invested in accordance with Section 3.06(f). If any amounts shall be drawn pursuant to a Non-Extension Drawing and, within 30 days thereafter, the related Liquidity Provider shall not have been replaced, then at any time following the 30th day after such Non-Extension Drawing, such Liquidity Provider may, by written notice to the Subordination Agent, agree to reinstate its Liquidity Facility on the terms of its existing Liquidity Facility for a period ending on the 364th day after the end of the Consent Period; provided, however, that in such event such Liquidity Provider shall reimburse the Subordination Agent for any costs actually incurred by or on behalf of the Subordination Agent in drawing pursuant to the Non-Extension Drawing and funding the related Cash Collateral Account or otherwise in connection with the Non-Extension Drawing.

(e) Issuance of Replacement Liquidity Facility. (i)

Subject to Section 3.06(e)(iii) and the agreements, if any, in the applicable Fee Letter, at any time, American may, at its option and at its own expense, with notice to the Policy Provider, with cause or without cause, arrange for a Replacement Liquidity Facility to replace any Liquidity Facility (including any Replacement Liquidity Facility provided pursuant to Section 3.06(e)(ii)). If a Replacement Liquidity Facility is provided at any time after a Downgrade Drawing or a Non-Extension Drawing has been made, all funds on deposit in the related Cash Collateral Account resulting from such Downgrade Drawing or Non-Extension Drawing will be returned to the Liquidity Provider being replaced.

(ii) If any Liquidity Provider shall determine not to

extend its Liquidity Facility in accordance with Section 3.06(d), then such Liquidity Provider may, at its option, with notice to the Subordination Agent, arrange for a Replacement Liquidity Facility to replace such Liquidity Facility during the period no earlier than 40 days and no later than 25 days prior to the then effective Stated Expiration Date of such Liquidity Facility. Subject to Section 3.06(e)(iii), any Liquidity Provider also may arrange for a Replacement Liquidity Provider to issue and deliver a Replacement Liquidity Facility at any time after a Non-Extension Drawing so long as such Non-Extension Drawing has not been reimbursed in full to such Liquidity Provider.

(iii) No Replacement Liquidity Facility arranged by

American or a Liquidity Provider in accordance with Section 3.06(c) or clause (i) or (ii) of this Section 3.06(e) shall become effective and no such Replacement Liquidity Facility shall be deemed the "Liquidity Facility" under the Operative Agreements, unless and until (A) each of the conditions referred to

in Section 3.06(e)(iv) below shall have been satisfied and (B) in the case of a Replacement Liquidity Facility arranged by a Liquidity Provider under Section 3.06(c) or Section 3.06(e)(ii), such Replacement Liquidity Provider and such Replacement Liquidity Facility (including the fees and compensation and interest payable thereunder to the Replacement Liquidity Provider) are acceptable to American.

(iv) In connection with the issuance of each Replacement Liquidity Facility, the Subordination Agent shall (x) prior to the issuance of such Replacement Liquidity Facility, obtain written confirmation from each Rating Agency that such Replacement Liquidity Facility will not cause a reduction of any rating then in effect for any Class of Certificates by such Rating Agency (without regard to any downgrading of any rating of any Liquidity Provider being replaced pursuant to Section 3.06(c) and without regard to the Policy), (y) pay all Liquidity Obligations then owing to the replaced Liquidity Provider (which payment shall be made first from available funds in the applicable Cash Collateral Account as described in Section 3.06(f)(vii), and thereafter from any other available source, including, without limitation, a drawing under the Replacement Liquidity Facility) and (z) cause the issuer of the Replacement Liquidity Facility to deliver the Replacement Liquidity Facility to the Subordination Agent, together with a legal opinion addressed to the Subordination Agent, the Trustees, the Policy Provider and American opining that such Replacement Liquidity Facility is an enforceable obligation of such Replacement Liquidity Provider.

(v) Upon satisfaction of the conditions set forth in Sections 3.06(e)(iii) and 3.06(e)(iv), (w) the replaced Liquidity Facility shall terminate, (x) the Subordination Agent shall, if and to the extent so requested by American or the Liquidity Provider being replaced, execute and deliver any certificate or other instrument required in order to terminate the replaced Liquidity Facility, shall surrender the replaced Liquidity Facility to the Liquidity Provider being replaced and shall execute and deliver the Replacement Liquidity Facility and any associated Fee Letter, (y) each of the parties hereto shall enter into any amendments to this Agreement necessary to give effect to (1) the replacement of the applicable Liquidity Provider with the applicable Replacement Liquidity Provider and (2) the replacement of the applicable Liquidity Facility with the applicable Replacement Liquidity Facility and (z) the Replacement Liquidity Provider shall be deemed to be a Liquidity Provider with respect to the relevant Class with the rights and obligations of a Liquidity Provider for such Class hereunder and under the other Operative Agreements and such Replacement Liquidity Facility shall be deemed to be the Liquidity Facility for the relevant Class hereunder and under the other Operative Agreements.

(f) Cash Collateral Account; Withdrawals; Investments. If the Subordination Agent shall draw all available amounts under any Liquidity Facility pursuant to Section 3.06(c), Section 3.06(d) or Section 3.06(i), or in the event amounts are to be deposited in any Cash Collateral Account pursuant to subclause (A) or (B) of clause "third" of Section 2.04(b), subclause (A) or (B) of clause "third" of Section 3.02 or subclause (A) or (B) of clause "fourth" of Section 3.03, amounts so drawn or to be deposited, as the case may be, shall be deposited by the Subordination Agent in the related Cash Collateral Account. All amounts on deposit in each Cash Collateral Account shall be invested and reinvested in Eligible Investments in accordance with Section 2.02(b). On each Interest Payment Date (or, in the case of any Special Distribution Date occurring prior to the occurrence of a Triggering Event, on such Special Distribution Date), Investment Earnings on amounts on deposit in each Cash Collateral Account (or in the case of

any Special Distribution Date occurring prior to the occurrence of a Triggering Event, an amount of such Investment Earnings on amounts on deposit in each Cash Collateral Account equal to the product of such Investment Earnings multiplied by the Section 2.04(b) Fraction) shall be deposited in the Collection Account (or, in the case of any Special Distribution Date occurring prior to the occurrence of a Triggering Event, the Special Payments Account) and applied on such Interest Payment Date (or Special Distribution Date, as the case may be) in accordance with Section 2.04(b), 3.02, 3.03 or 3.04(b) (as applicable). The Subordination Agent shall deliver a written statement to American, the Policy Provider and each Liquidity Provider one day prior to each Interest Payment Date and Special Distribution Date setting forth the amount of Investment Earnings held in the Cash Collateral Accounts as of such date. In addition, from and after the date funds are so deposited, the Subordination Agent shall make withdrawals from such accounts as follows:

(i) on each Distribution Date, the Subordination Agent shall, to the extent it shall not have received funds to pay accrued and unpaid interest due and owing on any Class of Certificates covered by a Liquidity Facility (at the Stated Interest Rate for such Class of Certificates) after giving effect to the subordination provisions of this Agreement and (in the case of the Class G Certificates) any Election Interest Payment made by the Policy Provider, withdraw from the applicable Cash Collateral Account, and pay to the Trustee of the related Class, an amount equal to the lesser of (x) an amount necessary to pay accrued and unpaid interest (at the Stated Interest Rate for such Class of Certificates) on such Class of Certificates and (y) the amount on deposit in the related Cash Collateral Account (so long as the aggregate amount of unreplenished withdrawals, including such withdrawal, does not exceed the Required Amount with respect to the Liquidity Facility for such Class of Certificates for such Distribution Date);

(ii) on each date on which the Pool Balance of any Class of Certificates covered by a Liquidity Facility shall have been reduced by payments made to the Certificateholders of such Class pursuant to Section 2.04(b), Section 3.02 or Section 3.03, the Subordination Agent shall withdraw from the related Cash Collateral Account such amount as is necessary so that, after giving effect to the reduction of such Pool Balance on such date (including any such reduction resulting from a prior withdrawal of amounts on deposit in such Cash Collateral Account on such date) and any transfer of Investment Earnings from such Cash Collateral Account to the Collection Account or the Special Payments Account on such date, an amount equal to the sum of the Required Amount (with respect to the Liquidity Facility for such Class of Certificates) plus the remaining Investment Earnings on deposit in such Cash Collateral Account (if any) will be on deposit in such Cash Collateral Account and shall, first, pay such withdrawn amount to the applicable Liquidity Provider until the Liquidity Obligations owing to such Liquidity Provider shall have been paid in full and, second, deposit any remaining amount in the Collection Account;

(iii) if a Replacement Liquidity Facility for any Class of Certificates shall be delivered to the Subordination Agent following the date on which funds have been deposited into the related Cash Collateral Account, the Subordination Agent shall withdraw all amounts remaining on deposit in such Cash Collateral Account and shall pay such amounts to the replaced Liquidity Provider until all Liquidity Obligations owed

to such Person shall have been paid in full, and deposit any remaining amount in the Collection Account; and

(iv) following the payment of Final Distributions with respect to a Class of Certificates covered by a Liquidity Facility, on the date on which the Subordination Agent shall have been notified by the Liquidity Provider with respect to such Class that the Liquidity Obligations owed to such Liquidity Provider have been paid in full, the Subordination Agent shall withdraw all amounts on deposit in the related Cash Collateral Account and deposit such amount in the Collection Account.

(g) Reinstatement. With respect to any Interest Drawing under any Liquidity Facility, upon the reimbursement of the related Liquidity Provider for all or any part of the amount of such Interest Drawing, together with any accrued interest thereon, the Available Amount of such Liquidity Facility shall be reinstated by an amount equal to the amount of such Interest Drawing so reimbursed to such Liquidity Provider but not to exceed the Stated Amount for such Liquidity Facility; provided, however, that the Available Amount of such Liquidity Facility shall not be so reinstated in part or in full at any time if (x) both a Performing Note Deficiency exists and a Liquidity Event of Default shall have occurred and be continuing with respect to the relevant Liquidity Facility or (y) a Final Drawing shall have occurred under such Liquidity Facility; provided further that any payment by the Policy Provider to any Liquidity Provider of any amounts pursuant to the first proviso to Section 2.06(c) shall not reinstate such Liquidity Facility, but such Liquidity Facility (so long as such Liquidity Facility is in effect) shall be reinstated, pro tanto, to the extent the Policy Provider receives any reimbursement in respect of such payment under clause "third" of Section 2.04(b), clause "third" of Section 3.02 or clause "fourth" of Section 3.03 unless (x) both a Performing Note Deficiency exists and a Liquidity Event of Default shall have occurred and be continuing or (y) a Final Drawing shall have occurred with respect to such Liquidity Facility. In the event that, with respect to a Liquidity Facility, (i) funds are withdrawn from the related Cash Collateral Account pursuant to clause (i) of Section 3.06(f) or (ii) such Liquidity Facility shall become a Downgraded Facility or a Non-Extended Facility at a time when unreimbursed Interest Drawings under such Liquidity Facility have reduced the Available Amount thereunder to zero, then funds received by the Subordination Agent at any time, other than (x) any time when both a Performing Note Deficiency exists and a Liquidity Event of Default shall have occurred and be continuing with respect to such Liquidity Facility or (y) any time after a Final Drawing shall have occurred with respect to such Liquidity Facility, shall be deposited in such Cash Collateral Account as and to the extent provided in clause "third" of Section 2.04(b), clause "third" of Section 3.02 or clause "fourth" of Section 3.03, as applicable, and applied in accordance with Section 3.06(f).

(h) Reimbursement. The amount of each drawing under each Liquidity Facility shall be due and payable, together with interest thereon, on the dates and at the rates, respectively, provided in such Liquidity Facility.

(i) Final Drawing. Upon receipt from a Liquidity Provider of a Termination Notice, the Subordination Agent shall, not later than the date specified in such Termination Notice, in accordance with and to the extent permitted by the terms of such Liquidity Facility, request a drawing under such Liquidity Facility of all available and undrawn amounts thereunder

(a "Final Drawing"). Amounts drawn pursuant to a Final Drawing shall be maintained and invested in accordance with Section 3.06(f).

(j) Reduction of Stated Amount. Promptly following each date on which the Required Amount of a Liquidity Facility is reduced as a result of a reduction in the Pool Balance with respect to the related Class of Certificates (including, in the case of Class G Liquidity Facility, by reason of a Policy Provider Election with respect to one or more Series G Equipment Notes), the Subordination Agent shall, if such Liquidity Facility provides for reductions of the Stated Amount of such Liquidity Facility and if such reductions are not automatic, request the related Liquidity Provider to reduce such Stated Amount to an amount equal to the Required Amount with respect to such Liquidity Facility (as calculated by the Subordination Agent after giving effect to such payment). Each such request shall be made in accordance with the provisions of the relevant Liquidity Facility.

(k) Relation to Subordination Provisions. Interest Drawings under each Liquidity Facility and withdrawals from each Cash Collateral Account, in each case, in respect of interest on the related Class of Certificates, will be distributed to the Trustee for such Class of Certificates, notwithstanding Sections 2.04(b), 3.02, 3.03 and 3.06(f).

(l) Assignment of Liquidity Facility. The Subordination Agent agrees not to consent to the assignment by any Liquidity Provider of any of its rights or obligations under its Liquidity Facility or any interest therein unless (i) American shall have consented to such assignment and (ii) each Rating Agency shall have provided a Ratings Confirmation in respect of such assignment.

Section 3.07 The Policy. (a) Interest Drawings. If on any Regular Distribution Date (other than the Final Legal Distribution Date) after giving effect to the subordination provisions of this Agreement and to the application of available funds in accordance with the priorities specified in Section 2.04 and Article III, and taking into account any Drawing paid under the Class G Liquidity Facility in respect of Accrued Class G Interest due on such Distribution Date and any withdrawal of funds from the Class G Cash Collateral Account in respect of Accrued Class G Interest due on such Distribution Date, the Subordination Agent does not then have sufficient funds available for the payment of Accrued Class G Interest, then, prior to 1:00 p.m. (New York City time) on such Regular Distribution Date, the Subordination Agent (i) shall deliver a Notice of Nonpayment, as provided in the Policy, to the Policy Provider or its fiscal agent, requesting a Policy Drawing under the Policy (for payment into the Policy Account) in an amount sufficient to enable the Subordination Agent to pay such Accrued Class G Interest and (ii) upon receipt of funds, shall pay such amount from the Policy Account to the Class G Trustee in payment of such Accrued Class G Interest on such Distribution Date.

(b) Proceeds Deficiency Drawing. If on any Special Distribution Date (other than a Special Distribution Date established pursuant to the second paragraph of Section 3.07(c)) established by the Subordination Agent by reason of its receipt of a Special Payment (a "Disposition Payment") constituting the proceeds of any Series G Equipment Note or related Collateral, as the case may be, there exists a shortfall in the amounts available to the Subordination Agent (after giving effect to the subordination provisions of this Agreement and to the application of available funds, including, without limitation, the amount of such Disposition

Payment in accordance with the priorities specified in Section 2.04 and Article III, and (if the receipt of the Special Payment from the disposition of such Series G Equipment Note or related Collateral occurs prior to a Policy Provider Election with respect to such Series G Equipment Note) taking into account any Drawing paid under the Class G Liquidity Facility in respect of Accrued Class G Interest and any withdrawal of funds in the Class G Cash Collateral Account in respect of such interest) required to reduce the outstanding Pool Balance of the Class G Certificates by an amount equal to the outstanding principal amount of the applicable Series G Equipment Note (determined immediately prior to the receipt of such Disposition Payment and less the amount of any Policy Drawing previously paid by the Policy Provider in respect of principal of such Series G Equipment Note) plus accrued and unpaid interest on the amount of such reduction accrued at the Stated Interest Rate for the Class G Certificates for the period from the immediately preceding Regular Distribution Date to such Special Distribution Date, then, prior to 1:00 p.m. (New York City time) on such Special Distribution Date, the Subordination Agent (x) shall deliver a Notice of Nonpayment, as provided in the Policy, to the Policy Provider or its fiscal agent, requesting a Policy Drawing under the Policy (for payment into the Policy Account) in an amount equal to the amount of such shortfall and (y) shall pay the amount specified in clause (x), when received, from the Policy Account to the Class G Trustee in payment of such reduction in the outstanding Pool Balance of the Class G Certificates plus such accrued and unpaid interest on such Special Distribution Date. The Subordination Agent shall promptly, but not less than 20 days prior to the Special Distribution Date established pursuant to this Section 3.07(b), send to American, the Trustees, the Class G Liquidity Provider and the Policy Provider, a Written Notice of such Special Distribution Date.

(c) No Proceeds Drawing. On the first Business Day (which shall be a Special Distribution Date) that is 24 months after the last date on which full payment was made on any Series G Equipment Note (a "Defaulted Series G Equipment Note") as to which there has subsequently been a failure to pay principal or that has subsequently been Accelerated, if on or prior to such Business Day the Subordination Agent has not theretofore made a drawing under the Policy pursuant to Section 3.07(b), the Subordination Agent shall deliver a Notice of Nonpayment, as provided in the Policy, to the Policy Provider or its fiscal agent, requesting a Policy Drawing under the Policy (for payment into the Policy Account) in an amount equal to the then outstanding principal amount of such Defaulted Series G Equipment Note plus accrued and unpaid interest thereon at the Stated Interest Rate for the Class G Certificates from the immediately preceding Regular Distribution Date to such Special Distribution Date. The Subordination Agent shall promptly, but not less than 25 days prior to such Business Day, send to American, the Trustees, the Class G Liquidity Provider and the Policy Provider a Written Notice establishing such Business Day as the date for the distribution of the proceeds of such Policy Drawing, which date shall constitute a Special Distribution Date. No later than 1:00 p.m. (New York City time) on the specified Special Distribution Date the Subordination Agent shall make the specified Policy Drawing and upon its receipt of the proceeds thereof pay the amount thereof from the Policy Account to the Class G Trustee in reduction of the outstanding Pool Balance of the Class G Certificates together with such accrued and unpaid interest on the amount of such reduction at the Stated Interest Rate for the Class G Certificates. For the avoidance of doubt, after the payment by the Policy Provider in full of such amount under this Section 3.07(c), the Subordination Agent shall have no right to make any further Policy Drawings under Section 3.07(c) in respect of such Defaulted Series G Equipment Note except for a drawing in respect of Preference Amounts as provided in Section 3.07(e).

Notwithstanding the foregoing, the Policy Provider has the right, so long as no Policy Provider Default shall have occurred and be continuing, upon notice to the Subordination Agent given at least five days prior to the Special Distribution Date established by the Subordination Agent pursuant to the first paragraph of this Section 3.07(c), to elect instead (the "Policy Provider Election") to pay (i) on such Special Distribution Date an amount equal to the scheduled principal and interest at the Stated Interest Rate for the Class G Certificates that came due on such Defaulted Series G Equipment Note (without regard to the Acceleration thereof) but was not paid during such 24-month period (after giving effect to the application of funds received from the Class G Liquidity Facility and withdrawals of funds from the Class G Cash Collateral Account, in each case in respect of such interest) and (ii) thereafter, on each Regular Distribution Date, an amount equal to the scheduled principal and interest at the Stated Interest Rate for the Class G Certificates that becomes due on such Defaulted Series G Equipment Note on the related payment date (without regard to any Acceleration thereof or to any funds available under the Class G Liquidity Facility or the Class G Cash Collateral Account) until the establishment of an Election Distribution Date or a Special Distribution Date established as provided in the immediately following sentence (the interest portion of each such payment, an "Election Interest Payment"). Following a Policy Provider Election with respect to a Defaulted Series G Equipment Note, on any Business Day (which shall be a Special Distribution Date) elected by the Policy Provider upon 20 days' Written Notice to the Subordination Agent and the Class G Trustee, the Policy Provider may, notwithstanding the Policy Provider Election, request the Subordination Agent to, and the Subordination Agent shall, make a Policy Drawing for an amount equal to the then outstanding principal balance of such Defaulted Series G Equipment Note (less any Policy Drawings previously paid by the Policy Provider in respect of principal of such Defaulted Series G Equipment Note) and accrued and unpaid interest thereon at the Stated Interest Rate for the Class G Certificates from the immediately preceding Regular Distribution Date to such Special Distribution Date.

Further, following a Policy Provider Election with respect to a Defaulted Series G Equipment Note, upon the occurrence and continuance of a Policy Provider Default, the Subordination Agent shall on any Business Day (an "Election Distribution Date", which shall be a Special Distribution Date) elected by the Subordination Agent upon 20 days' Written Notice to the Class G Trustee and the Policy Provider, make a Policy Drawing for an amount equal to the then outstanding principal balance of such Defaulted Series G Equipment Note (less any Policy Drawings previously paid by the Policy Provider in respect of principal of such Defaulted Series G Equipment Note) and accrued and unpaid interest thereon at the Stated Interest Rate for the Class G Certificates from the immediately preceding Regular Distribution Date to such Election Distribution Date. The Subordination Agent shall make each such Policy Drawing referred to in this subparagraph (c) under the Policy (for payment into the Policy Account) no later than 1:00 p.m. (New York City time) on the relevant Special Distribution Date and upon its receipt of the proceeds thereof pay the amount thereof from the Policy Account to the Class G Trustee in reduction of the outstanding Pool Balance of the Class G Certificates together with such accrued and unpaid interest thereon.

In addition, regardless of whether or not the Policy Provider makes a Policy Provider Election, the Policy Provider shall, from and after the end of such 24-month period honor drawings by the Class G Liquidity Provider in respect of amounts referred to in clause (g) of the definition of "Deficiency Amount" contained in the Policy (each, an "Excess Interest

Policy Drawing"). The Class G Liquidity Provider agrees to make such Excess Interest Policy Drawings and that the proceeds thereof shall reduce pro tanto the Liquidity Obligations owing to it. Upon the issuance of any Replacement Liquidity Facility for the Class G Certificates pursuant to Section 3.06(e), the Policy Provider agrees to promptly deliver to the Replacement Liquidity Provider providing such Replacement Liquidity Facility a certified copy of the Policy, provided that the Class G Liquidity Provider being replaced returns its certified copy of the Policy to the Policy Provider.

(d) Final Policy Drawing. If on the Final Legal Distribution Date of the Class G Certificates after giving effect to the subordination provisions of this Agreement and the application of available funds in accordance with the priorities specified in Section 2.04 and Article III, and taking into account any Drawing paid under the Class G Liquidity Facility in respect of interest included in the Final Distribution and any withdrawal of funds in the Class G Cash Collateral Account in respect of interest included in the Final Distribution, the Subordination Agent does not then have sufficient funds available on such date for the payment in full of the Final Distribution (calculated as of such date but excluding any Make-Whole Amount) on the Class G Certificates then, prior to 1:00 p.m. (New York City time) on such date, the Subordination Agent shall: (i) deliver a Notice of Nonpayment, as provided in the Policy, to the Policy Provider or its fiscal agent, requesting a Policy Drawing under the Policy (for payment into the Policy Account) in an amount equal to the minimum amount sufficient to enable the Subordination Agent to pay the Final Distribution (calculated as of such date but excluding any Make-Whole Amount) on the Class G Certificates, and (ii) upon receipt of funds, pay such amount from the Policy Account to the Class G Trustee in payment of such amount on such date.

(e) Avoidance Drawings. If at any time the Subordination Agent shall have actual knowledge of the issuance of an Order, the Subordination Agent shall promptly give notice thereof to American, each Trustee, the Class G Liquidity Provider and the Policy Provider. The Subordination Agent shall thereupon calculate the Preference Amount resulting therefrom and shall promptly: (a) send to the Class G Trustee a Written Notice of such amount and (b) prior to the expiration of the Policy deliver to the Policy Provider, or its fiscal agent, a Notice of Avoided Payment, together with a copy of the documentation required by the Policy with respect thereto, requesting a Policy Drawing (for payment to the receiver, conservator, debtor-in-possession or trustee in bankruptcy and/or the Subordination Agent for deposit into the Policy Account) in an amount equal to the amount of relevant Preference Amount. To the extent that any portion of such Preference Amount is to be paid by the Subordination Agent, such Written Notice shall also set the date for the distribution of such portion of the proceeds of such Policy Drawing, which date shall constitute a Special Distribution Date and shall be the earlier of the third Business Day that immediately precedes the expiration of the Policy and the Business Day that immediately follows the 25th day after the date of such Written Notice. No later than 1:00 p.m. (New York City time) on the specified Special Distribution Date, the Subordination Agent shall make the specified Policy Drawing and, upon its receipt of the proceeds thereof, pay the amount thereof from the Policy Account to the Class G Trustee.

(f) Application of Policy Drawings. Notwithstanding anything to the contrary contained in this Agreement (including, without limitation, Sections 2.04, 3.02 and 3.03), except as provided in Section 3.06(b)(i) and (ii), all payments received by the Subordination Agent in respect of a Policy Drawing (including, without limitation, that portion, if any, of the proceeds of

a Policy Drawing for any Preference Amount that is to be paid to the Subordination Agent and not to any receiver, conservator, debtor-in-possession or trustee-in-bankruptcy as provided in the Policy) shall be promptly paid from the Policy Account to the Class G Trustee for distribution to the Class G Certificateholders. Each Policy Drawing shall be applied to the purpose for which it was made, including, without limitation, the application of that portion of a Policy Drawing relating (i) to accrued interest with respect to a Series G Equipment Note to the payment of interest on the Class G Certificates and (ii) to principal of a Series G Equipment Note to the reduction of the Pool Balance of the Class G Certificates.

(g) Reduction of Outstanding Pool Balance. Promptly following each date on which the Pool Balance of the Class G Certificates is reduced as a result of a payment under this Agreement, the Subordination Agent shall inform the Policy Provider of such reduction. Anything contained herein to the contrary notwithstanding, (i) no Policy Drawing for payment in respect of the Class G Certificates under clause (a) of this Section 3.07 shall be in excess of Accrued Class G Interest and (ii) no Policy Drawing under clauses (b), (c) or (d) of this Section 3.07 shall be for an amount in excess of the then outstanding Pool Balance of the Class G Certificates plus Accrued Class G Interest. Nothing contained in this Intercreditor Agreement shall be deemed to alter or amend the liabilities, obligations, requirements or procedures of the Policy Provider under the Policy and the Policy Provider shall not be obligated to make payment except at the times and in the amounts and under the circumstances expressly set forth in the Policy.

(h) Resubmission of Notice for Payment. If the Policy Provider at any time informs the Subordination Agent in accordance with the Policy that a Notice of Nonpayment or Notice of Avoided Payment submitted by the Subordination Agent does not satisfy the requirements of the Policy, the Subordination Agent shall, as promptly as possible after being so informed, submit to the Policy Provider an amended and revised Notice of Nonpayment or Notice of Avoided Payment, as the case may be, and shall pay to the Class G Trustee out of the Policy Account the amount received pursuant to such amended or revised Notice of Nonpayment or Notice of Avoided Payment, as the case may be, when received.

Section 3.08 Subrogation. The Policy Provider will be subrogated to all of the rights of the holders of the Class G Certificates to payment on the Class G Certificates to the extent of the payments made under the Policy as set forth herein, the exercise of such subrogation rights to be subject to the other provisions of this Agreement.

ARTICLE IV

EXERCISE OF REMEDIES

Section 4.01 Directions from the Controlling Party. (a) (i) The Controlling Party shall direct the Subordination Agent, which in turn shall direct the Loan Trustee under each Indenture, in the exercise of remedies available to the holders of the Equipment Notes issued pursuant to such Indenture, including, without limitation, the ability to vote all such Equipment Notes in favor of Accelerating such Equipment Notes in accordance with the provisions of such Indenture. If the Equipment Notes issued pursuant to any Indenture have been Accelerated

following an Indenture Event of Default with respect thereto, the Controlling Party may direct the Subordination Agent to sell, assign, contract to sell or otherwise dispose of and deliver all (but not less than all) of such Equipment Notes to any Person at public or private sale, at any location at the option of the Controlling Party, all upon such terms and conditions as it may reasonably deem advisable and in accordance with applicable law.

(ii) Notwithstanding the foregoing, so long as any Certificates remain Outstanding, during the period ending on the date which is nine months after the earlier of (x) the Acceleration of the Equipment Notes issued pursuant to any Indenture or (y) the occurrence of an American Bankruptcy Event, without the consent of each Trustee (other than the Trustee of a Trust all of the Certificates of which are held or beneficially owned by American Entities), no Aircraft subject to the Lien of such Indenture or such Equipment Notes may be sold if the net proceeds from such sale would be less than the Minimum Sale Price for such Aircraft or such Equipment Notes.

(iii) At the request of the Controlling Party, the Subordination Agent may from time to time during the continuance of an Indenture Event of Default (and before the occurrence of a Triggering Event) commission an appraisal with respect to the Aircraft subject to such Indenture.

(iv) After a Triggering Event occurs and any Equipment Note becomes a Non-Performing Equipment Note, the Subordination Agent shall obtain Appraisals with respect to all of the Aircraft (the "LTV Appraisals") as soon as practicable and additional LTV Appraisals on or prior to each anniversary of the date of such initial LTV Appraisals; provided that, if the Controlling Party reasonably objects to the appraised value of the Aircraft shown in such LTV Appraisals, the Controlling Party shall have the right to obtain or cause to be obtained substitute LTV Appraisals (including any LTV Appraisals based upon physical inspection of the Aircraft).

(b) To the extent permitted by applicable law, the Subordination Agent, at the direction of the Controlling Party, shall take such actions as it may reasonably deem most effectual to complete the sale or other disposition of such Aircraft or Equipment Notes. In addition, in lieu of any sale, assignment, contract to sell or other disposition, if the Subordination Agent is so directed by the Controlling Party, the Subordination Agent may maintain possession of such Equipment Notes and continue to apply monies received in respect of such Equipment Notes in accordance with Section 2.04(b) and Article III. In addition, in lieu of such sale, assignment, contract to sell or other disposition, or in lieu of such maintenance of possession, the Controlling Party may direct the Subordination Agent to, subject to the terms and conditions of the related Indenture, instruct the Loan Trustee under such Indenture to foreclose on the Lien on the related Aircraft or take any other remedial action permitted by such Indenture or applicable law.

Section 4.02 Remedies Cumulative. Each and every right, power and remedy given to the Trustees, the Liquidity Providers, the Policy Provider, the Controlling Party or the Subordination Agent specifically or otherwise in this Agreement shall be cumulative and shall be in addition to every other right, power and remedy herein specifically given or now or hereafter existing at law, in equity or by statute, and each and every right, power and remedy whether specifically herein given or otherwise existing may, subject always to the terms and conditions

hereof, be exercised from time to time and as often and in such order as may be deemed expedient by any Trustee, any Liquidity Provider, the Policy Provider, the Controlling Party or the Subordination Agent, as appropriate, and the exercise or the beginning of the exercise of any right, power or remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy. No delay or omission by any Trustee, any Liquidity Provider, the Policy Provider, the Controlling Party or the Subordination Agent in the exercise of any right, remedy or power or in the pursuit of any remedy shall impair any such right, power or remedy or be construed to be a waiver of any default or to be an acquiescence therein.

Section 4.03 Discontinuance of Proceedings. In case any party to this Agreement (including the Controlling Party in such capacity) shall have instituted any Proceeding to enforce any right, power or remedy under this Agreement by foreclosure, entry or otherwise, and such Proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Person instituting such Proceeding, then and in every such case each such party shall, subject to any determination in such Proceeding, be restored to its former position and rights hereunder, and all rights, remedies and powers of such party shall continue as if no such Proceeding had been instituted.

Section 4.04 Right of Certificateholders, the Liquidity Providers and the Policy Provider to Receive Payments Not to Be Impaired. Subject to the provisions of this Agreement and each Trust Agreement, the right of any Certificateholder, any Liquidity Provider or the Policy Provider, respectively, to receive payments hereunder (including, without limitation, pursuant to Section 2.04, 3.02 or 3.03) when due, or to institute suit for the enforcement of any such payment on or after the applicable Distribution Date, shall not be impaired or affected without the consent of such Certificateholder, such Liquidity Provider or the Policy Provider, respectively.

ARTICLE V

DUTIES OF THE SUBORDINATION AGENT; AGREEMENTS OF TRUSTEES, ETC.

Section 5.01 Notices of Indenture Event of Default or Triggering Event, Etc. (a) If the Subordination Agent shall have knowledge of an Indenture Event of Default or a Triggering Event, as promptly as possible and in any event within ten days after obtaining actual knowledge thereof, the Subordination Agent shall give notice thereof to the Rating Agencies, American, the Liquidity Providers, the Policy Provider and the Trustees by facsimile or telephone (to be promptly confirmed in writing), unless such Indenture Event of Default or Triggering Event shall have been cured or waived. For all purposes of this Agreement, in the absence of actual knowledge, the Subordination Agent shall not be deemed to have knowledge of any Indenture Event of Default or Triggering Event unless notified in writing by American, one or more Trustees, any Liquidity Provider, the Policy Provider or one or more Certificateholders; and "actual knowledge" (as used in the foregoing clause) of the Subordination Agent shall mean actual knowledge of an officer in the Corporate Trust Office of the Subordination Agent.

(b) The Subordination Agent will furnish to each Liquidity Provider, the Policy Provider and each Trustee, promptly upon receipt thereof, duplicates or copies of all reports, notices, requests, demands, certificates, financial statements and other instruments furnished to the Subordination Agent as registered holder of the Equipment Notes or otherwise in its capacity as Subordination Agent to the extent the same shall not have been otherwise directly distributed to such Liquidity Provider, the Policy Provider or Trustee, as applicable, pursuant to any other Operative Agreement. The Subordination Agent will furnish to the Policy Provider and American, promptly upon receipt thereof, duplicates or copies of all notices received by the Subordination Agent from any Liquidity Provider.

Section 5.02 Indemnification. The Subordination Agent shall not be required to take any action or refrain from taking any action under Article IV unless the Subordination Agent shall have received indemnification against any risks incurred in connection therewith in form and substance reasonably satisfactory to it, including, without limitation, adequate advances against costs that may be incurred by it in connection therewith. The Subordination Agent shall not be required to take any action under Article IV, nor shall any other provision of this Agreement or any other Operative Agreement be deemed to impose a duty on the Subordination Agent to take any action, if the Subordination Agent shall have been advised by outside counsel that such action is contrary to the terms hereof or is otherwise contrary to law.

Section 5.03 No Duties Except as Specified in Intercreditor Agreement. The Subordination Agent shall not have any duty or obligation to take or refrain from taking any action under, or in connection with, this Agreement, except as expressly provided by the terms of this Agreement; and no implied duties or obligations shall be read into this Agreement against the Subordination Agent. The Subordination Agent agrees that it will, in its individual capacity and at its own cost and expense (but without any right of indemnity in respect of any such cost or expense) promptly take such action as may be necessary duly to discharge all Liens on any of the Trust Accounts or any monies deposited therein that are attributable to the Subordination Agent in its individual capacity and that are unrelated to the transaction contemplated hereby and by the other Operative Agreements.

Section 5.04 Notice from the Liquidity Providers, the Policy Provider and the Trustees. If any Liquidity Provider, the Policy Provider or any Trustee has notice of an Indenture Event of Default or a Triggering Event, such Person shall promptly give notice thereof to all other Liquidity Providers, the Policy Provider and Trustees and to the Subordination Agent; provided, however, that no such Person shall have any liability hereunder as a result of its failure to deliver any such notice.

ARTICLE VI

THE SUBORDINATION AGENT

Section 6.01 Authorization; Acceptance of Trusts and Duties. The Class G Trustee hereby designates and appoints the Subordination Agent as the agent and trustee of such Trustee under the Class G Liquidity Facility and Policy Provider Agreement and authorizes the Subordination Agent to enter into the Class G Liquidity Facility and Policy Provider Agreement

as agent and trustee for such Trustee. Each of the Liquidity Providers, the Policy Provider and the Trustees hereby designates and appoints the Subordination Agent as the Subordination Agent under this Agreement. U.S. Bank accepts the trusts and duties hereby created and applicable to it and agrees to perform such duties, but only upon the terms of this Agreement and agrees to receive, handle and disburse all monies received by it in accordance with the terms hereof. The Subordination Agent shall have no liability hereunder except (a) for its own willful misconduct or negligence, (b) as provided in Section 2.02 and the last sentence of Section 5.03, (c) for liabilities that may result from the inaccuracy of any representation or warranty of the Subordination Agent made in its individual capacity in any Operative Agreement and (d) as otherwise expressly provided herein or in the other Operative Agreements.

Section 6.02 Absence of Duties. The Subordination Agent shall have no duty to see to any recording or filing of this Agreement or any other document, or to see to the maintenance of any such recording or filing.

Section 6.03 No Representations or Warranties as to Documents. The Subordination Agent shall not be deemed to have made any representation or warranty as to the validity, legality or enforceability of this Agreement or any other Operative Agreement or as to the correctness of any statement contained herein or therein (other than the representations and warranties of the Subordination Agent made in its individual capacity under any Operative Agreement), except that the Subordination Agent hereby represents and warrants that each of said specified documents to which it is a party has been or will be duly executed and delivered by one of its officers who is and will be duly authorized to execute and deliver such document on its behalf. The Certificateholders, the Trustees, the Policy Providers and the Liquidity Providers make no representation or warranty hereunder whatsoever.

Section 6.04 No Segregation of Monies; No Interest. Any monies paid to or retained by the Subordination Agent pursuant to any provision hereof and not then required to be distributed to any Trustee, the Policy Provider or any Liquidity Provider as provided in Articles II and III or deposited into one or more Trust Accounts need not be segregated in any manner except to the extent required by such Articles II and III and by law, and the Subordination Agent shall not (except as otherwise provided in Section 2.02) be liable for any interest thereon; provided, however, that any payments received or applied hereunder by the Subordination Agent shall be accounted for by the Subordination Agent so that any portion thereof paid or applied pursuant hereto shall be identifiable as to the source thereof.

Section 6.05 Reliance; Agents; Advice of Counsel. The Subordination Agent shall not incur any liability to anyone in acting upon any signature, instrument, notice, resolution, request, consent, order, certificate, report, opinion, bond or other document or paper believed by it to be genuine and believed by it to be signed by the proper party or parties. As to the Pool Balance of any Trust as of any date, the Subordination Agent may for all purposes hereof rely on a certificate signed by any Responsible Officer of the applicable Trustee, and such certificate shall constitute full protection to the Subordination Agent for any action taken or omitted to be taken by it in good faith in reliance thereon. As to any fact or matter relating to the Liquidity Providers, the Trustees or the Policy Provider, the manner of ascertainment of which is not specifically described herein, the Subordination Agent may for all purposes hereof rely on a certificate, signed by any Responsible Officer of the applicable Liquidity Provider, Trustee, or

the Policy Provider, as the case may be, as to such fact or matter, and such certificate shall constitute full protection to the Subordination Agent for any action taken or omitted to be taken by it in good faith in reliance thereon. In the administration of the trusts hereunder, the Subordination Agent may (a) execute any of the trusts or powers hereof and perform its powers and duties hereunder directly or through agents or attorneys and (b) consult with counsel, accountants and other skilled Persons to be selected and retained by it. The Subordination Agent shall not be liable for anything done, suffered or omitted in good faith by it in accordance with the advice or opinion of any such counsel, accountants or other skilled Persons acting within such counsel's, accountants' or Person's area of competence (so long as the Subordination Agent shall have exercised reasonable care and judgment in selecting such Persons).

Section 6.06 Capacity in Which Acting. The Subordination Agent acts hereunder solely as agent and trustee herein and not in its individual capacity, except as otherwise expressly provided in the Operative Agreements.

Section 6.07 Compensation. The Subordination Agent shall be entitled to such compensation, including reasonable expenses and disbursements, for all services rendered hereunder as American and the Subordination Agent may agree from time to time in writing and shall have a priority claim to the extent set forth in Article III on all monies collected hereunder for the payment of such compensation, to the extent that such compensation shall not be paid by others. The Subordination Agent agrees that it shall have no right against any Trustee or Liquidity Provider or the Policy Provider for any fee as compensation for its services as agent under this Agreement. The provisions of this Section 6.07 shall survive the termination of this Agreement.

Section 6.08 May Become Certificateholder. The institution acting as Subordination Agent hereunder may become a Certificateholder and have all rights and benefits of a Certificateholder to the same extent as if it were not the institution acting as the Subordination Agent.

Section 6.09 Subordination Agent Required; Eligibility. There shall at all times be a Subordination Agent hereunder that is a Citizen of the United States, a bank, trust company or other financial institution organized and doing business under the laws of the United States or any state thereof and eligible to act as a trustee under Section 310(a) of the Trust Indenture Act of 1939, as amended, and that has a combined capital and surplus of at least \$75,000,000 (or a combined capital and surplus in excess of \$5,000,000 and the obligations of which, whether now in existence or hereafter incurred, are fully and unconditionally guaranteed by a corporation organized under the laws of the United States or any State or territory thereof or the District of Columbia and having a combined capital and surplus of at least \$75,000,000). If such bank, trust company or other financial institution or such corporation publishes reports of conditions at least annually, pursuant to law or to the requirements of federal, state, territorial or District of Columbia supervising or examining authority, then for the purposes of this Section 6.09 the combined capital and surplus of such bank, trust company or other financial institution or such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of conditions so published.

In case at any time the Subordination Agent shall cease to be eligible in accordance with the provisions of this Section 6.09, the Subordination Agent shall resign immediately in the manner and with the effect specified in Section 7.01.

Section 6.10 Money to Be Held in Trust. All Equipment Notes, monies and other property deposited with or held by the Subordination Agent pursuant to this Agreement shall be held in trust for the benefit of the parties entitled to such Equipment Notes, monies and other property and the Subordination Agent, in its individual capacity, hereby waives all rights of set-off and counterclaim with respect to all such property.

ARTICLE VII

SUCCESSOR SUBORDINATION AGENT

Section 7.01 Replacement of Subordination Agent; Appointment of Successor. (a) The Subordination Agent or any successor thereto must resign if at any time it fails to comply with Section 6.09 and may resign at any time without cause by giving 60 days' prior written notice to American, the Trustees, the Policy Provider and the Liquidity Providers. The Controlling Party may remove the Subordination Agent for cause by so notifying the Subordination Agent and shall remove the Subordination Agent if:

- (1) the Subordination Agent fails to comply with Section 6.09;
- (2) the Subordination Agent is adjudged bankrupt or insolvent or files a bankruptcy petition as a debtor;
- (3) a receiver of the Subordination Agent shall be appointed or any public officer shall take charge or control of the Subordination Agent or its property or affairs; or
- (4) the Subordination Agent otherwise becomes incapable of acting.

If the Subordination Agent resigns or is removed or if a vacancy exists in the office of Subordination Agent for any reason (the Subordination Agent in such event being referred to herein as the retiring Subordination Agent), the Controlling Party shall in consultation with American promptly appoint a successor Subordination Agent. If a successor Subordination Agent shall not have been appointed within 60 days after such notice of resignation or removal, the retiring Subordination Agent, one or more of the Trustees, one or more of the Liquidity Providers or the Policy Provider may petition any court of competent jurisdiction for the appointment of a successor Subordination Agent to act until such time, if any, as a successor shall have been appointed as provided above.

A successor Subordination Agent shall deliver (x) a written acceptance of its appointment as Subordination Agent hereunder to the retiring Subordination Agent and (y) a written assumption of its obligations hereunder and under each Liquidity Facility to each party hereto, upon which the resignation or removal of the retiring Subordination Agent shall become effective, and the successor Subordination Agent shall have all the rights, powers and duties of

the Subordination Agent under this Agreement. The successor Subordination Agent shall mail a notice of its succession to the Policy Provider, the Liquidity Providers and the Trustees. The retiring Subordination Agent shall promptly transfer its rights under each of the Policy, the Liquidity Facilities and all of the property and all books and records, or true, complete and correct copies thereof, held by it as Subordination Agent to the successor Subordination Agent.

If the Subordination Agent fails to comply with Section 6.09 (to the extent applicable), one or more of the Trustees, one or more of the Liquidity Providers or the Policy Provider may petition a court of competent jurisdiction for the removal of the Subordination Agent and the appointment of a successor Subordination Agent.

Notwithstanding the foregoing, no resignation or removal of the Subordination Agent shall be effective unless and until a successor has been appointed. No appointment of a successor Subordination Agent shall be effective unless and until the Rating Agencies shall have delivered a Ratings Confirmation and, so long as no Policy Provider Default has occurred and is continuing, the Policy Provider shall have consented to such successor Subordination Agent.

(b) Any corporation, bank, trust company or other financial institution into which the Subordination Agent may be merged or converted or with which it may be consolidated, or any corporation, bank, trust company or other financial institution resulting from any merger, conversion or consolidation to which the Subordination Agent shall be a party, or any corporation, bank, trust company or other financial institution succeeding to all or substantially all of the corporate trust business of the Subordination Agent, shall be the successor of the Subordination Agent hereunder, provided that such corporation, bank, trust company or other financial institution shall be otherwise qualified and eligible under Section 6.09, without the execution or filing of any paper or any further act on the part of any of the parties hereto, except that such corporation, bank, trust company or other financial institution shall give prompt subsequent notice of such transaction to the Liquidity Providers, American and the Policy Provider.

ARTICLE VIII

SUPPLEMENTS AND AMENDMENTS

Section 8.01 Amendments, Waivers, Etc. (a) This Agreement may not be supplemented, amended or modified without the consent of each Trustee (acting, except in the case of any amendment pursuant to Section 3.06(e)(v)(y) with respect to any Replacement Liquidity Facility or any amendment contemplated by the penultimate sentence of this Section 8.01(a), with the consent of holders of Certificates of the related Class evidencing Fractional Undivided Interests in the related Trust aggregating not less than a majority in interest in such Trust or as otherwise authorized pursuant to the relevant Trust Agreement (including, without limitation, without the consent of the Certificateholders to the extent permitted thereby, Section 9.01 of the Basic Agreement)), the Subordination Agent, the Policy Provider and each Liquidity Provider; provided, however, that this Agreement may be supplemented, amended or modified (i) without the consent of any Trustee in order (x) to cure any ambiguity or omission or to correct any mistake, (y) to correct or supplement any provision, or (z) to make any other provision in

regard to matters or questions arising hereunder that will not materially adversely affect the interests of any Trustee or the holders of the related Class of Certificates, (ii) without the consent of any Trustee, the Policy Provider or any Liquidity Provider if such supplement, amendment or modification is in accordance with Section 8.01(c) or Section 8.01(d) and Exhibit A hereto and (iii) without the consent of the Policy Provider if such supplement, amendment or modification is to give effect to a Replacement Liquidity Facility issued pursuant to the provisions of Section 3.06(e) so long as such supplement, amendment or modification shall not be adverse to the interests of the Policy Provider and the Policy Provider shall have received five Business Days' prior notice (together with a copy) thereof. If any supplement, amendment or modification to this Agreement (i) would directly or indirectly amend, modify or supersede, or otherwise conflict with, Section 2.02(b), Section 3.06(c), Section 3.06(e), Section 3.06(f) (other than the last sentence thereof), Section 3.06(1), this sentence, the last sentence of Section 8.01(a), Section 8.01(c), Section 8.01(d) or Section 9.06 (collectively, the "American Provisions"), (ii) would otherwise affect the interests of a potential Replacement Liquidity Provider or of American with respect to its ability to replace any Liquidity Facility or with respect to its payment obligations under any Operative Agreement or the Policy Provider Indemnity and Inspection Agreement or (iii) is made pursuant to the penultimate sentence of this Section 8.01(a) or pursuant to Section 8.01(c) or Section 8.01(d), then such supplement, amendment or modification shall not be effective without the additional written consent of American. Notwithstanding the foregoing, without the consent of each Certificateholder affected thereby, the Policy Provider and each Liquidity Provider, no supplement, amendment or modification of this Agreement may (i) reduce the percentage of the interest in any Trust evidenced by the Certificates issued by such Trust necessary to consent to modify or amend any provision of this Agreement or to waive compliance therewith or (ii) except as provided in the penultimate sentence of this Section 8.01(a) or Section 8.01(c) or Section 8.01(d), modify Section 2.04, Section 3.02 or Section 3.03 hereof relating to the distribution of monies received by the Subordination Agent hereunder from the Equipment Notes or pursuant to any Liquidity Facility or the Policy. Nothing contained in this Section 8.01(a) shall require the consent of a Trustee at any time following the payment of Final Distributions with respect to the related Class of Certificates. Each of the Liquidity Providers and the Policy Provider hereby agrees and confirms that (i) it shall be deemed to consent to the issuance of the New Class C Certificates, New Class D Certificates, Class E Certificates, New Series of Series C Equipment Notes, New Series of Series D Equipment Notes, Series E Equipment Notes and the amendments to this Agreement made in connection therewith in accordance with Section 8.01(c) or Section 8.01(d), as the case may be, and (ii) any such issuance shall not affect any of its respective obligations under its Liquidity Facility or the Policy, as applicable. The parties hereto agree that no amendments shall be made to this Agreement pursuant to Section 8.01(c), Section 8.01(d) or Exhibit A hereto unless each Rating Agency shall have provided written confirmation that the issuance of the New Class C Certificates, the New Class D Certificates or the Class E Certificates, as the case may be, will not cause the rating then in effect by such Rating Agency for any Class of Certificates (without regard, in the case of the Class G Certificates, to the Policy), to be withdrawn, suspended or downgraded. If the Replacement Liquidity Facility is to be comprised of more than one instrument as contemplated by the definition of the term "Replacement Liquidity Facility", then each party hereto agrees to amend this Agreement and the other Operative Agreements to incorporate appropriate mechanics for multiple Liquidity Facilities for a single Trust.

(b) If the Subordination Agent, as the registered holder of any Equipment Notes, receives a request for its consent to any amendment, modification, consent or waiver under such Equipment Notes, the Indenture pursuant to which such Equipment Notes were issued or the related Participation Agreement or other related document, the Subordination Agent will exercise its voting rights as directed by the Controlling Party, subject to Sections 4.01 and 4.04; provided that no such amendment, modification, consent or waiver shall (i) reduce the amount of principal or interest payable by American under any Equipment Note or delay the timing of any such payment, (ii) create any Lien with respect to any Collateral prior to, pari passu with or subordinate to the Lien of the related Indenture or deprive any holder of an Equipment Note issued under such Indenture of the benefit of the Lien of such Indenture upon the related Collateral or (iii) reduce the percentage in principal amount of the outstanding Equipment Notes issued under any Indenture required to take or approve any action under such Indenture without, in the case of the preceding clauses (i), (ii) and (iii), the consent of each Liquidity Provider, the Policy Provider and the Trustee of each Trust (other than any Trust all the Certificates of which are held or beneficially owned by American Entities) whose Certificateholders would be affected thereby, the consent of each such Trustee to be given only at the direction of the holders of all of the Certificates Outstanding under such Trust.

(c) If Class E Certificates are issued, this Agreement shall be amended by written agreement of the Subordination Agent and the Trustees to provide for the subordination of such Class E Certificates to the Class G Certificates, the Class C Certificates and the Class D Certificates substantially in the same manner as the Class D Certificates are subordinated hereunder to the Class G Certificates and the Class C Certificates. No such amendment shall adversely affect any Trustee or, without the consent thereof, any Liquidity Provider or the Policy Provider. The amendment to this Agreement to give effect to the issuance of any Class E Certificates shall, without limitation:

(i) add the Class E Trustee as a party to this Agreement;

(ii) revise the definitions of "Certificate", "Class", "Controlling Party", "Equipment Notes", "Final Legal Distribution Date", "LTV Ratio", "Stated Interest Rate", "Trust", "Trust Agreement" and "Trustee", as appropriate, to reflect the issuance of the Class E Certificates (and the subordination thereof); and

(iii) revise the provisions of this Agreement governing distributions with respect to Certificates and related notices, including, without limitation, Sections 2.04, 3.01, 3.02, 3.03 and 3.06, if necessary, to provide for distributions on the Class E Certificates after payment of all relevant distributions on the Class D Certificates.

If, with respect to any Aircraft, Series E Equipment Notes are issued to any Person other than the Class E Trust, this Agreement shall be amended by written agreement of the indenture trustees of the Series E Equipment Notes, the Trustees and the Subordination Agent (i) to provide for each holder of a Series E Equipment Note to be bound by the provisions of Section 2.06(a) so that the Controlling Party, among other things, shall be entitled to direct the Loan Trustee under the applicable Indenture as provided in such Section 2.06(a) (and such Series E Equipment Notes shall make effective provision therefor so as to bind each holder thereof to such provisions of Section 2.06(a)) and (ii) to revise the definitions of "Controlling Party" and "Equipment Notes",

as appropriate, to reflect the issuance of the Series E Equipment Notes (and the prior rights, as against the holders of such Series E Equipment Notes, of the Policy Provider, the Class G Trustee, the Class C Trustee and the Class D Trustee to be such "Controlling Party"). No such amendment shall materially adversely affect any Trustee.

(d) If there is a Refunding, this Agreement shall be amended by written agreement of the Subordination Agent, the Trustees of the continuing Trusts, if applicable, the Class C Liquidity Provider, and the Trustees of the newly created Trusts. Such amendment shall comply with the provisions of Exhibit A hereto, shall substitute the new class C trustee and/or the new class D trustee for the Class C Trustee or Class D Trustee of the Trusts being prepaid and shall make other Permitted Refunding Changes (as defined in such Exhibit A), including, without limitation:

(i) revise the definitions as appropriate of "Class C Cash Collateral Account", "Class C Liquidity Facility", "Class C Liquidity Provider", "Class C Trust Agreement", "Class D Trust Agreement", "Fee Letter", "Series C Equipment Notes", and "Series D Equipment Notes", including without limitation, to reflect the new date and other identifying characteristics of any substituted agreement; and

(ii) revise the definitions of Stated Interest Rate and Final Legal Distribution Date to reflect the terms of the new Certificates.

No Refunding shall adversely affect any right or obligation of the Policy Provider or any Liquidity Provider, it being agreed by the Policy Provider and each Liquidity Provider that any Refunding in accordance with Exhibit A will be deemed to not adversely affect any of its respective rights or obligations.

Section 8.02 Subordination Agent Protected. If, in the reasonable opinion of the institution acting as the Subordination Agent hereunder, any document required to be executed by it pursuant to the terms of Section 8.01 adversely affects any right, duty, immunity or indemnity with respect to such institution under this Agreement, any Liquidity Facility or the Policy, the Subordination Agent may in its discretion decline to execute such document.

Section 8.03 Effect of Supplemental Agreements. Upon the execution of any amendment, consent or supplement hereto pursuant to the provisions hereof, this Agreement shall be and shall be deemed to be modified and amended in accordance therewith and the respective rights, limitations of rights, obligations, duties and immunities under this Agreement of the parties hereto and beneficiaries hereof shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental agreement shall be and be deemed to be part of the terms and conditions of this Agreement for any and all purposes. In executing or accepting any supplemental agreement permitted by this Article VIII, the Subordination Agent shall be entitled to receive, and shall be fully protected in relying upon, an opinion of counsel stating that the execution of such supplemental agreement is authorized or permitted by this Agreement.

Section 8.04 Notice to Rating Agencies, the Liquidity Providers and the Policy Provider. (a) Promptly following its receipt of each amendment, consent, modification,

supplement or waiver contemplated by this Article VIII, the Subordination Agent shall send a copy thereof to each Rating Agency, each Liquidity Provider and the Policy Provider.

(b) Until such time as an Indenture Event of Default has occurred under an Indenture, the Policy Provider shall provide at least seven days prior notice to S&P and Moody's of each action it intends to take with respect to such Indenture in its capacity as Controlling Party.

ARTICLE IX

MISCELLANEOUS

Section 9.01 Termination of Intercreditor Agreement. Upon (or at any time after) payment of Final Distributions with respect to each Class of Certificates and the payment in full of all Liquidity Obligations to the Liquidity Providers and all Policy Provider Obligations to the Policy Provider and provided that there shall then be no other amounts due to the Certificateholders, the Trustees, the Liquidity Providers, the Policy Provider and the Subordination Agent hereunder or under the Trust Agreements, and that the commitment of the Liquidity Providers under the Liquidity Facilities and of the Policy Provider under the Policy shall have expired or been terminated, this Agreement shall terminate and shall be of no further force or effect. Except as aforesaid or otherwise provided, this Agreement and the trusts created hereby shall continue in full force and effect in accordance with the terms hereof.

Section 9.02 Intercreditor Agreement for Benefit of Trustees, Liquidity Providers, Policy Provider and Subordination Agent. Subject to the second sentence of Section 9.06 and the provisions of Section 4.04 and 8.01, nothing in this Agreement, whether express or implied, shall be construed to give to any Person other than the Trustees, the Liquidity Providers, the Policy Provider and the Subordination Agent any legal or equitable right, remedy or claim under or in respect of this Agreement.

Section 9.03 Notices. Unless otherwise expressly specified or permitted by the terms hereof, all notices required or permitted under the terms and provisions of this Agreement shall be in English and in writing, and any such notice may be given by United States mail, courier service or facsimile or any other customary means of communication, and any such notice shall be effective when delivered (or if mailed, three Business Days after deposit, postage prepaid in the first class United States mail and, if delivered by facsimile, upon completion of transmission and confirmation by the sender (by a telephone call to a representative of the recipient or by machine confirmation) that such transmission was received),

if to the Subordination Agent, to:

U.S. Bank Trust National Association
225 Asylum Street
Goodwin Square
Hartford, Connecticut 06103
Attention: Corporate Trust Division

Telephone: (860) 244-1844
Telecopy: (860) 244-1881

if to any Trustee, to:

U.S. Bank Trust National Association
225 Asylum Street
Goodwin Square
Hartford, Connecticut 06103
Attention: Corporate Trust Division

Telephone: (860) 244-1844
Telecopy: (860) 244-1881

if to the Policy Provider, to:

Ambac Assurance Corporation
One State Street Plaza
New York, New York 10004
Attention: Surveillance Department

Telephone: (212) 668-0340
Telecopy: (212) 363-1459

with a copy to:

Attention: General Counsel - Urgent
Telecopy: (212) 208-3566

if to any Liquidity Provider, at the address set forth in the respective Liquidity Facility.

Any party hereto, by notice to the other parties hereto, may designate additional or different addresses for subsequent notices or communications. Whenever the words "notice" or "notify" or similar words are used herein, they mean the provisions of formal notice as set forth in this Section 9.03.

Section 9.04 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 9.05 No Oral Modifications or Continuing Waivers. No terms or provisions of this Agreement may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party or other Person against whom enforcement of the change, waiver, discharge or termination is sought and any other party or other Person whose consent is required pursuant to this Agreement and any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given.

Section 9.06 Successors and Assigns. All covenants and agreements contained herein shall bind and inure to the benefit of, and be enforceable by, each of the parties hereto and the successors and permitted assigns of each, all as herein provided. In addition, the American Provisions shall inure to the benefit of American and its successors and permitted assigns, and (without limitation of the foregoing) American is hereby constituted, and agreed to be, an express third party beneficiary of the American Provisions.

Section 9.07 Headings. The headings of the various Articles and Sections herein and in the Table of Contents hereto are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

Section 9.08 Counterparts. This Agreement may be executed in any number of counterparts (and each party shall not be required to execute the same counterpart). Each counterpart of this Agreement including a signature page or pages executed by each of the parties hereto shall be an original counterpart of this Agreement, but all of such counterparts together shall constitute one instrument.

Section 9.09 Subordination. (a) As among the Trustees, and as between the Liquidity Providers and the Policy Provider, on the one hand, and the Trustees and the Certificateholders, on the other hand, this Agreement shall be a subordination agreement for purposes of Section 510 of the United States Bankruptcy Code, as amended from time to time. In addition, as among the Trustees and the Certificateholders of each Class, this Agreement shall be a subordination agreement for purposes of such Section 510.

(b) Notwithstanding the provisions of this Agreement, if prior to the payment in full to (i) the Liquidity Providers of all Liquidity Obligations then due and payable and (ii) the Policy Provider of all Policy Provider Obligations, or prior to the distribution in full of any other amount distributable hereunder, any party hereto shall have received any payment or distribution in respect of Equipment Notes or any other amount under the Policy Provider Indemnification and Inspection Agreement, the Indentures or other Operative Agreements which, had the subordination provisions of this Agreement been properly applied to such payment, distribution or other amount, would not have been distributed to such Person, then such payment, distribution or other amount shall be received and held in trust by such Person and paid over or delivered to the Subordination Agent for application as provided herein.

(c) If any Trustee, any Liquidity Provider, the Policy Provider or the Subordination Agent receives any payment in respect of any obligations owing or amounts distributable hereunder (or, in the case of the Liquidity Providers or the Policy Provider, in respect of the Liquidity Obligations or the Policy Provider Obligations, as the case may be), which is subsequently invalidated, declared preferential, set aside and/or required to be repaid to a trustee, receiver or other party, then, to the extent of such payment, such obligations or amounts (or, in the case of the Liquidity Providers or the Policy Provider, such Liquidity Obligations or the Policy Provider Obligations, as the case may be) intended to be satisfied shall be revived and continue in full force and effect as if such payment had not been received.

(d) The Trustees (on behalf of themselves and the holders of Certificates), the Liquidity Providers, the Policy Provider and the Subordination Agent expressly confirm and

agree that the payment priorities and subordination specified in Articles II and III shall apply in all circumstances, notwithstanding the occurrence of an American Bankruptcy Event or any similar event or occurrence relating to any other Person (it being expressly agreed that the payment priorities and subordination specified in Articles II and III shall apply whether or not a claim for post-petition or post-filing interest is allowed in the proceedings resulting from such American Bankruptcy Event or other event or occurrence).

(e) Each of the Trustees (on behalf of themselves and the holders of Certificates), the Liquidity Providers, the Policy Provider and the Subordination Agent may take any of the following actions without impairing its rights under this Agreement:

(i) obtain a Lien on any property to secure any amounts owing to it hereunder, including, in the case of any Liquidity Provider and the Policy Provider, the Liquidity Obligations or the Policy Provider Obligations, as the case may be;

(ii) obtain the primary or secondary obligation of any other obligor with respect to any amounts owing to it hereunder, including, in the case of any Liquidity Provider and the Policy Provider, any of the Liquidity Obligations or the Policy Provider Obligations, as the case may be;

(iii) renew, extend, increase, alter or exchange any amounts owing to it hereunder, including, in the case of any Liquidity Provider and the Policy Provider, any of the Liquidity Obligations or the Policy Provider Obligations, as the case may be, or release or compromise any obligation of any obligor with respect thereto;

(iv) refrain from exercising any right or remedy, or delay in exercising any right or remedy, which it may have; or

(v) take any other action which might discharge a subordinated party or a surety under applicable law;

provided, however, that the taking of any such actions by any of the Trustees, the Liquidity Providers, the Policy Provider or the Subordination Agent shall not prejudice the rights or adversely affect the obligations of any other party under this Agreement.

Section 9.10 Governing Law. THIS AGREEMENT HAS BEEN DELIVERED IN THE STATE OF NEW YORK AND SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Section 9.11 Submission to Jurisdiction; Waiver of Jury Trial; Waiver of Immunity. (a) Each of the parties hereto, to the extent it may do so under applicable law, for purposes hereof and of all other Operative Agreements hereby (i) irrevocably submits itself to the non-exclusive jurisdiction of the courts of the State of New York sitting in the City of New York and to the non-exclusive jurisdiction of the United States District Court for the Southern District of New York, for the purposes of any suit, action or other proceeding arising out of this

Agreement, the subject matter hereof or any of the transactions contemplated hereby brought by any party or parties hereto or thereto, or their successors or permitted assigns and (ii) waives, and agrees not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof or any of the transactions contemplated hereby may not be enforced in or by such courts.

(b) EACH OF THE PARTIES HERETO HEREBY AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT AND THE RELATIONSHIP THAT IS BEING ESTABLISHED, including, without limitation, contract claims, tort claims, breach of duty claims and all other common law and statutory claims. Each of the parties warrants and represents that it has reviewed this waiver with its legal counsel, and that it knowingly and voluntarily waives its jury trial rights following consultation with such legal counsel. THIS WAIVER IS IRREVOCABLE AND CANNOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT.

(c) Each Liquidity Provider hereby waives any immunity it may have from the jurisdiction of the courts of the United States or of any state thereof and waives any immunity any of its properties located in the United States may have from attachment or execution upon a judgment entered by any such court under the United States Foreign Sovereign Immunities Act of 1976 or any similar successor legislation.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers thereunto duly authorized, as of the date first above written.

U.S. BANK TRUST NATIONAL ASSOCIATION,
as Trustee for each of the Trusts

By: /s/ Alison D.B. Nadeau

Name: Alison D.B. Nadeau
Title: Vice President

CITIBANK, N.A., Class G Liquidity Provider

By: /s/ Gaylord C. Holmes

Name: Gaylord C. Holmes
Title: Vice President

U.S. BANK TRUST NATIONAL ASSOCIATION,
Subordination Agent

By: /s/ Alison D.B. Nadeau

Name: Alison D.B. Nadeau
Title: Vice President

AMBAC ASSURANCE CORPORATION,
Policy Provider

By: /s/ Barry Schofield

Name: Barry Schofield
Title: Vice President

REFUNDING TERMS

American shall have the option to prepay (each such prepayment and the related transactions contemplated by this Exhibit A, a "Refunding") at any time without premium all outstanding Series C Equipment Notes and all outstanding Series D Equipment Notes, provided that all the following conditions are complied with:

1. Ratings Confirmation with respect to the Refunding shall have been received with respect to any then-rated Class of Certificates not undergoing such Refunding.
2. American shall have issued, pursuant to each Indenture, new Series C Equipment Notes and Series D Equipment Notes (each, a "New Series"). The economic terms of either New Series (the "Specified Economic Terms") may not differ in any material respect from the economic terms of the corresponding series of Equipment Notes being prepaid (a "Prepaid Series"), except that:
 - (a) the interest rates of either New Series or both may be changed (provided that the interest rate of all Equipment Notes of a series shall be the same), and either New Series or both may provide for specified increases and decreases in the stated interest rate under stated circumstances (provided that the interest rate on the New Series of Series C Equipment Notes may not exceed 20% per annum) or, solely in the case of a New Series of Series D Equipment Notes, floating rate interest;
 - (b) the principal amount of either New Series or both issued under any Indenture may be increased or decreased; provided that the principal amount of a New Series issued under any Indenture may not change by more than 20% of the principal amount outstanding as of the date of redemption of the corresponding Prepaid Series issued under such Indenture;
 - (c) the maturity date of either New Series or both may be made earlier or later by not more than one year before or after the original maturity date of the corresponding Prepaid Series; and
 - (d) the amount of premium on prepayment on either New Series or both may be changed.
3. Each New Series shall be substantially in the form of the respective series of Equipment Notes being prepaid, with only Permitted Refunding Changes thereto. "Permitted Refunding Changes", with respect to any instrument, agreement or other document, means only such changes, amendments and modifications to such instrument, agreement or other document as may be necessary or advisable to implement (x) the Specified Economic Terms and (y) conforming and clarifying changes to reflect the transactions contemplated by this Exhibit A.

4. Following a Refunding, if a New Series has been purchased by a New Trust (as defined below) with proceeds of New Class C Certificates (as defined below) or New Class D Certificates (as defined below) that were sold to Persons unaffiliated with American, such new Series may be prepaid only if all series of Equipment Notes issued under the underlying related Indenture that are senior to such New Series also are prepaid.
5. American and a Trustee (a "New Trustee") shall have entered into a Trust Supplement for a new Class C Trust and a new Class D Trust (each, a "New Trust") (providing for the issuance of new Class C Certificates and new Class D Certificates respectively) substantially in the form of the Trust Supplements of the Trusts holding the corresponding Prepaid Series (the "Terminating Trusts"), in each case, with Permitted Refunding Changes.
6. [RESERVED].
7. [RESERVED].
8. Pursuant to amendments to reflect Permitted Refunding Changes, each New Trustee, in substitution of the corresponding Trustee of the relevant Terminating Trust, shall become a party to this Intercreditor Agreement and to the Participation Agreements, in each case, as they may be amended as provided in the last paragraph of this Exhibit A.
9. New Class C Certificates ("New Class C Certificates") shall have been sold to one or more Persons unaffiliated with American, other than the original registered holder (or the named beneficiary of such original registered holder or any person who holds Class C Certificates for the benefit of such named beneficiary) of definitive trust certificates of the Terminating Trusts, and from the proceeds thereof there shall have been purchased the relevant New Series by the relevant New Trustee. A Class C Liquidity Facility with terms substantially similar to those contained in the Class G Liquidity Facility covering 18 months of interest on the New Class C Certificates may be provided for the New Class C Certificates.

Concurrently with the sale of New Class C Certificates, new Class D Certificates ("New Class D Certificates") may be sold to one or more Persons affiliated with American or unaffiliated with American (other than, in each case, the original registered holder (or the named beneficiary of such original holder or any person who holds Class D Certificates for the benefit of such named beneficiary) of definitive trust certificates of the Terminating Trusts), and from the proceeds thereof there shall have been purchased the relevant New Series by the relevant New Trustee. If the Series D Equipment Notes are the subject of such a Refunding, and if the New Series of Series D Equipment Notes issued in such Refunding is purchased by a New Trust with proceeds of New Class D Certificates that are sold to one or more Persons affiliated with American, such New Series of Series D Equipment Notes may, at American's option, be prepaid as part of a second Refunding in which additional new Class D Certificates are sold to one or more Persons unaffiliated with American as provided in this Exhibit A.

10. Each New Series of Equipment Notes shall be issued to the Subordination Agent as agent of the New Trustee of the applicable New Trust.
11. American shall have paid or made provision for the payment of all costs of implementing the foregoing.
12. American shall provide the Policy Provider with prior notice of its intention to effect a Refunding as promptly as practicable, but in no event less than 5 business days in advance of such Refunding.

In lieu of prepaying both the Series C Equipment Notes and Series D Equipment Notes, American shall have the right to prepay only the Series C Equipment Notes, in which case the conditions relating to Series D Equipment Notes and Class D Certificates (the "Class D Conditions") shall not be applicable. American may thereafter prepay the Series D Equipment Notes in which case the Class D Conditions above will be applicable and the Ratings Confirmation in respect of the related Refunding shall also be in respect of the Class C Certificates.

Each party to this Intercreditor Agreement agrees for the benefit of American to cooperate with American at American's reasonable request to carry out the purpose of the foregoing provisions on the terms and conditions set forth above. Notwithstanding anything to the contrary set forth in this Intercreditor Agreement, any Operative Agreement, or any Operative Document or Pass Through Document (as such terms are defined in each Indenture), any Permitted Refunding Changes to this Intercreditor Agreement or any such other agreement or instrument may be made without the consent of any Certificateholder; provided that each of the following instruments, agreements or specified provisions of instruments or agreements may be amended, modified or supplemented in connection with a Refunding only to make conforming or clarifying changes resulting from the consummation of the transactions described in this Exhibit A (or otherwise in accordance with the terms of such instrument or agreement):

Series G Equipment Notes
Class G Trust Agreement
Class G Certificate
Policy

Class G Liquidity Facility

The granting clause and Sections 3.02, 3.03 and 3.04 of the Indentures, and Sections 3.02, 3.03 and 3.06 of the Intercreditor Agreement.

REVOLVING CREDIT AGREEMENT
(2003-1G)

Dated as of July 8, 2003

between

U.S. BANK TRUST NATIONAL ASSOCIATION,
as Subordination Agent,

as agent and trustee for the trustee of
American Airlines Pass Through Trust 2003-1G,
as Borrower

and

CITIBANK, N.A.,
as Liquidity Provider

American Airlines Pass Through Trust 2003-1G
3.857% American Airlines Pass Through Certificates,
Series 2003-1G

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REVOLVING CREDIT AGREEMENT (2003-1G)

This REVOLVING CREDIT AGREEMENT (2003-1G), dated as of July 8, 2003, is made by and between U.S. BANK TRUST NATIONAL ASSOCIATION, a national banking association, not in its individual capacity but solely as Subordination Agent (such term and other capitalized terms used herein without definition being defined as provided in Article I) under the Intercreditor Agreement, as agent and trustee for the Class G Trustee (in such capacity, together with its successors in such capacity, the "Borrower"), and CITIBANK, N.A., a national banking association (the "Liquidity Provider").

W I T N E S S E T H:

WHEREAS, pursuant to the Class G Trust Agreement, the Class G Trust is issuing the Class G Certificates; and

WHEREAS, the Borrower, in order to support the timely payment of a portion of the interest on the Class G Certificates in accordance with their terms, has requested the Liquidity Provider to enter into this Agreement, providing in part for the Borrower to request in specified circumstances that Advances be made hereunder;

NOW, THEREFORE, in consideration of the mutual agreements herein contained, and of other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions.

(a) The definitions stated herein apply equally to both the singular and the plural forms of the terms defined.

(b) All references in this Agreement to designated "Articles", "Sections", "Annexes" and other subdivisions are to the designated Article, Section, Annex or other subdivision of this Agreement, unless otherwise specifically stated.

(c) The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Annex or other subdivision.

(d) Unless the context otherwise requires, whenever the words "including", "include" or "includes" are used herein, it shall be deemed to be followed by the phrase "without limitation".

(e) For the purposes of this Agreement, unless the context otherwise requires, the following capitalized terms shall have the following meanings:

"Additional Costs" has the meaning specified in Section 3.01.

"Advance" means an Interest Advance, a Final Advance, a Provider Advance or an Applied Provider Advance, as the case may be.

"Agreement" means this Agreement, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Applicable Liquidity Rate" has the meaning specified in Section 3.07(f).

"Applicable Margin" means (i) with respect to any Unpaid Advance or Applied Provider Advance, 2.50% per annum and (ii) with respect to any Unapplied Provider Advance, the rate per annum specified in the Fee Letter applicable to this Agreement.

"Applied Downgrade Advance" has the meaning specified in Section 2.06(a).

"Applied Non-Extension Advance" has the meaning specified in Section 2.06(a).

"Applied Provider Advance" has the meaning specified in Section 2.06(a).

"Base Rate" means a fluctuating interest rate per annum in effect from time to time, which rate per annum shall at all times be equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for each day in the period for which the Base Rate is to be determined (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or if such rate is not so published for any day that is a Business Day, the average of the quotations for such day for such transactions received by the Liquidity Provider from three Federal funds brokers of recognized standing selected by it, plus one quarter of one percent (0.25%) per annum.

"Base Rate Advance" means an Advance that bears interest at a rate based upon the Base Rate.

"Borrower" has the meaning specified in the introductory paragraph to this Agreement.

"Borrowing" means the making of Advances requested by delivery of a Notice of Borrowing.

"Business Day" means any day other than a Saturday, a Sunday or a day on which commercial banks are required or authorized to close in New York, New York, Dallas, Texas, or, so long as any Class G Certificate is outstanding, the city and state in which the Class G Trustee, the Borrower or any related Loan Trustee maintains its Corporate Trust Office or receives or disburses funds, and, if the applicable Business Day relates to any Advance or other amount

bearing interest based on the LIBOR Rate, on which dealings are carried on in the London interbank market.

"Downgrade Advance" means an Advance made pursuant to Section 2.02(c).

"Effective Date" has the meaning specified in Section 4.01. The delivery of the certificate of the Liquidity Provider contemplated by Section 4.01(e) shall be conclusive evidence that the Effective Date has occurred.

"Excluded Taxes" means (i) Taxes imposed on, based on or measured by the income of, or franchise Taxes imposed on, the Liquidity Provider or its Lending Office by the jurisdiction where such Liquidity Provider's principal office or such Lending Office is located or any other taxing jurisdiction in which such Tax is imposed as a result of the Liquidity Provider being, or having been, organized in, or conducting, or having conducted, any activities unrelated to the transactions contemplated by the Operative Agreements in, such jurisdiction, (ii) any Taxes resulting from any change (other than a change pursuant to Section 3.11 hereof) in the Lending Office without the prior written consent of American and (iii) withholding taxes, whether or not indemnified under Section 3.03.

"Excluded Withholding Taxes" means (i) in the case of the original Liquidity Provider, any withholding Tax imposed by the United States pursuant to applicable law in effect on the date hereof, (ii) in the case of any successor Liquidity Provider, any withholding Tax imposed by the United States except (a) if such Liquidity Provider is, on the date it acquires its interest herein, a "resident" of an Applicable Treaty jurisdiction entitled to claim the benefits of an Applicable Treaty in respect of amounts payable hereunder, any such withholding Tax to the extent imposed as a result of a change in applicable law after the date such Liquidity Provider acquired its interest herein and (b) in the case of any successor Liquidity Provider, to the extent the amount of such withholding Tax imposed on such successor Liquidity Provider pursuant to applicable law in effect on the date it acquires its interest herein does not exceed the amount of such withholding Tax that, in the absence of the transfer to such Liquidity Provider, would have been a Non-Excluded Tax imposed on payments to the predecessor Liquidity Provider pursuant to applicable law in effect on such date, (iii) any Tax imposed or increased as a result of the Liquidity Provider failing to deliver to the Borrower any certificate or document (which certificate or document in the good faith judgment of the Liquidity Provider it is legally entitled to provide) which is reasonably requested by the Borrower to establish that payments under this Agreement are exempt from (or entitled to a reduced rate of) withholding Tax, (iv) any Tax imposed by a jurisdiction as a result of the Liquidity Provider being, or having been, organized in, or maintaining, or having maintained, its principal office or Lending Office in, or conducting, or having conducted, any activities unrelated to the transactions contemplated by the Operative Agreements in, such jurisdiction, and (v) any Tax resulting from any change (other than a change pursuant to Section 3.11 hereof) in the Lending Office without the prior written consent of American. For purposes of this definition, "Applicable Treaty" means an income tax treaty between the United States and any of Australia, Austria, Canada, France, Germany, Ireland, Japan, Luxembourg, The Netherlands, Sweden, Switzerland or the United Kingdom.

"Expenses" means liabilities, obligations, damages, settlements, penalties, claims, actions, suits, costs, expenses, and disbursements (including, without limitation, reasonable fees

and disbursements of legal counsel and costs of investigation), provided that Expenses shall not include any Taxes other than sales, use and V.A.T. taxes imposed on fees and expenses payable pursuant to Section 7.07.

"Expiry Date" means July 5, 2004, initially, or any date to which the Expiry Date is extended pursuant to Section 2.10, or if any such day is not a Business Day, the preceding Business Day.

"Final Advance" means an Advance made pursuant to Section 2.02(d).

"Intercreditor Agreement" means the Intercreditor Agreement dated as of the date hereof, among the Class G Trustee, the Class C Trustee, the Class D Trustee, the Liquidity Provider, the Policy Provider and the Subordination Agent, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Interest Advance" means an Advance made pursuant to Section 2.02(a).

"Interest Period" means, with respect to any LIBOR Advance, each of the following periods:

- (i) the period beginning on the third Business Day following either (A) the Liquidity Provider's receipt of the Notice of Borrowing for such LIBOR Advance or (B) the date of the withdrawal of funds from the Cash Collateral Account for the purpose of paying interest on the Class G Certificates as contemplated by Section 2.06(a) hereof and, in either case, ending on the next Regular Distribution Date (or, if such Regular Distribution Date is not a Business Day, the next succeeding Business Day); and
- (ii) each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the next Regular Distribution Date (or, if such Regular Distribution Date is not a Business Day, the next succeeding Business Day);

provided, however, that if (x) the Final Advance shall have been made pursuant to Section 2.02(d), or (y) other outstanding Advances shall have been converted into the Final Advance pursuant to Section 6.01, then the Interest Periods shall be successive periods of one month beginning on the third Business Day following the Liquidity Provider's receipt of the Notice of Borrowing for such Final Advance (in the case of clause (x) above) or the Regular Distribution Date following such conversion (in the case of clause (y) above), each such one month period to be subject to the "following business day" methodology set forth in clauses (i) and (ii) above.

"Lending Office" means the lending office of the Liquidity Provider presently located at New York, New York, or such other lending office as the Liquidity Provider from time to time shall notify the Borrower as its Lending Office hereunder; provided that the Liquidity Provider shall not change its Lending Office to another lending office outside the United States of America except in accordance with Section 3.11 hereof.

"LIBOR Advance" means an Advance bearing interest at a rate based upon the LIBOR Rate.

"LIBOR Rate" means, with respect to any Interest Period, (a) the:

- (i) rate per annum appearing on display page 3750 (British Bankers Association-LIBOR) of the Dow Jones Markets Service (or any successor or substitute therefor) at approximately 11:00 a.m. (London time) on the day that is two Business Days prior to the first day of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period, or
- (ii) if the rate calculated pursuant to clause (i) above is not available, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates per annum at which deposits in dollars are offered for the relevant Interest Period by three banks of recognized standing selected by the Liquidity Provider in the London interbank market at approximately 11:00 a.m. (London time) on the day that is two Business Days prior to the first day of such Interest Period in an amount approximately equal to the principal amount of the LIBOR Advance to which such Interest Period is to apply and for a period comparable to such Interest Period.

"Liquidity Event of Default" means the occurrence of either (a) the Acceleration of all of the Equipment Notes or (b) an American Bankruptcy Event.

"Liquidity Indemnitee" means (i) the Liquidity Provider, (ii) the directors, officers, employees and agents of the Liquidity Provider, and (iii) the successors and permitted assigns of the persons described in clauses (i) and (ii).

"Liquidity Provider" has the meaning specified in the introductory paragraph to this Agreement.

"Maximum Available Commitment" means, subject to the proviso contained in the third sentence of Section 2.02(a), at any time of determination, (a) the Maximum Commitment at such time less (b) the aggregate amount of each Interest Advance outstanding at such time; provided that following a Provider Advance or a Final Advance, the Maximum Available Commitment shall be zero.

"Maximum Commitment" means initially \$14,772,404.60, as the same may be reduced from time to time in accordance with Section 2.04(a).

"Non-Excluded Tax" has the meaning specified in Section 3.03.

"Non-Extension Advance" means an Advance made pursuant to Section 2.02(b).

"Notice of Borrowing" has the meaning specified in Section 2.02(e).

"Notice of Replacement Subordination Agent" has the meaning specified in Section 3.08.

"Participation" has the meaning specified in Section 7.08(b).

"Performing Note Deficiency" means any time that less than 65% of the then aggregate outstanding principal amount of all Equipment Notes are Performing Equipment Notes.

"Permitted Transferee" means any Person that:

(a) is not a commercial air carrier, American or any affiliate of American; and

(b) is any one of:

(1) a commercial banking institution organized under the laws of the United States or any state thereof or the District of Columbia;

(2) a commercial banking institution that (x) is organized under the laws of France, Germany, The Netherlands, Switzerland, or the United Kingdom, (y) is entitled on the date it acquires any Participation to a complete exemption from United States federal income taxes for all income derived by it from the transactions contemplated by the Operative Agreements under an income tax treaty, as in effect on such date, between the United States and such jurisdiction of its organization and (z) is engaged in the active conduct of a banking business in such jurisdiction of its organization, holds its Participation in connection with such banking business in such jurisdiction and is regulated as a commercial banking institution by the appropriate regulatory authorities in such jurisdiction; or

(3) a commercial banking institution that (x) is organized under the laws of Canada, France, Germany, Ireland, Japan, Luxembourg, The Netherlands, Sweden, Switzerland or the United Kingdom and (y) is entitled on the date it acquires any Participation to a complete exemption from withholding of United States federal income taxes for all income derived by it from the transactions contemplated by the Operative Agreements under laws as in effect on such date by reason of such income being effectively connected with the conduct of a trade or business within the United States.

"Prospectus Supplement" means the Prospectus Supplement dated June 30, 2003 relating to the Certificates, as such Prospectus Supplement may be amended or supplemented.

"Provider Advance" means a Downgrade Advance or a Non-Extension Advance.

"Regulatory Change" has the meaning specified in Section 3.01.

"Replenishment Amount" has the meaning specified in Section 2.06(b).

"Required Amount" means, for any day, the sum of the aggregate amount of interest, calculated at the rate per annum equal to the Stated Interest Rate for the Class G Certificates on the basis of a 360 day year comprised of twelve 30 day months, that would be payable on the Class G Certificates on each of the three successive semiannual Regular Distribution Dates immediately following such day or, if such day is a Regular Distribution Date, on such day and the succeeding two semiannual Regular Distribution Dates, in each case calculated on the basis of the Pool Balance of the Class G Certificates on such day and without regard to expected future distributions of principal on the Class G Certificates. Notwithstanding the above, in the event of any Policy Provider Election, for purposes of the definition of the Required Amount, the Pool Balance shall be deemed to be reduced by the amount (if positive) by which (a) the then outstanding principal balance of each Series G Equipment Note in respect of which such Policy Provider Election has been made shall exceed (b) the amount of any Policy Drawings previously paid by the Policy Provider in respect of principal on such Series G Equipment Note.

"Termination Date" means the earliest to occur of the following: (i) the Expiry Date; (ii) the date on which the Borrower delivers to the Liquidity Provider a certificate, signed by a Responsible Officer of the Borrower, certifying that (x) all of the Class G Certificates have been paid in full (or provision has been made for such payment in accordance with the Intercreditor Agreement and the Class G Trust Agreement), (y) each of the Indentures has been terminated with respect to all of the Equipment Notes issued thereunder as contemplated by clause (i) of Section 10.01(a) of such Indenture or (z) the Class G Certificates are otherwise no longer entitled to the benefits of this Agreement; (iii) the date on which the Borrower delivers to the Liquidity Provider a certificate, signed by a Responsible Officer of the Borrower, certifying that a Replacement Liquidity Facility has been substituted for this Agreement in full pursuant to Section 3.06(e) of the Intercreditor Agreement; (iv) the fifth Business Day following the receipt by the Borrower of a Termination Notice from the Liquidity Provider pursuant to Section 6.01 hereof; and (v) the date on which no Advance is, or may (including by reason of reinstatement as herein provided) become, available for a Borrowing hereunder.

"Termination Notice" means the Notice of Termination substantially in the form of Annex V to this Agreement.

"Unapplied Provider Advance" means any Provider Advance other than an Applied Provider Advance.

"Unpaid Advance" has the meaning specified in Section 2.05.

(f) For the purposes of this Agreement, the following terms shall have the respective meanings specified in the Intercreditor Agreement:

"Acceleration", "American", "American Bankruptcy Event", "Cash Collateral Account", "Certificate", "Class C Certificates", "Class D Certificates", "Class G Certificateholders", "Class G Certificates", "Class G Trust", "Class G Trust Agreement", "Class G Trustee", "Closing Date", "Controlling Party", "Corporate Trust Office", "Distribution Date", "Dollars", "Downgraded Facility", "Equipment Notes", "Fee Letter", "Final Legal Distribution Date", "Indenture", "Interest Payment Date", "Investment Earnings", "Liquidity Obligations",

"Loan Trustee", "Moody's", "Non-Extended Facility", "Operative Agreements", "Participation Agreement", "Performing Equipment Note", "Person", "Policy Drawings", "Policy Provider", "Policy Provider Election", "Pool Balance", "Rating Agencies", "Ratings Confirmation", "Regular Distribution Dates", "Replacement Liquidity Facility", "Responsible Officer", "Scheduled Payment", "Series G Equipment Note", "Special Payment", "S&P", "Stated Interest Rate", "Subordination Agent", "Taxes", "Threshold Rating", "Trustee", "Underwriters", "Underwriting Agreement", "United States" and "Written Notice".

ARTICLE II

AMOUNT AND TERMS OF THE COMMITMENT

Section 2.01. The Advances. The Liquidity Provider hereby irrevocably agrees, on the terms and conditions hereinafter set forth, to make Advances to the Borrower from time to time on any Business Day during the period from the Effective Date until 12:00 noon (New York City time) on the Expiry Date (unless the obligations of the Liquidity Provider shall be earlier terminated in accordance with the terms of Section 2.04(b)) in an aggregate amount at any time outstanding not to exceed the Maximum Commitment.

Section 2.02. Making the Advances. (a) Each Interest Advance shall be made by the Liquidity Provider upon delivery to the Liquidity Provider of a written and completed Notice of Borrowing in substantially the form of Annex I attached hereto, signed by a Responsible Officer of the Borrower, such Interest Advance to be in an amount not exceeding the Maximum Available Commitment at such time and shall be used solely for the payment when due of interest with respect to the Class G Certificates at the Stated Interest Rate therefor in accordance with Section 3.06(a) and 3.06(b) of the Intercreditor Agreement. Each Interest Advance made hereunder shall automatically reduce the Maximum Available Commitment and the amount available to be borrowed hereunder by subsequent Advances by the amount of such Interest Advance (subject to reinstatement as provided in the next sentence). Subject to the provisions of Section 3.06(g) of the Intercreditor Agreement, upon repayment to the Liquidity Provider of all or any part of the amount of any Interest Advance made pursuant to this Section 2.02(a), together with accrued interest thereon (as provided herein), the Maximum Available Commitment shall be reinstated by an amount equal to the amount of such Interest Advance so repaid, but not to exceed the Maximum Commitment; provided, however, that the Maximum Available Commitment shall not be so reinstated at any time if (x) both a Performing Note Deficiency exists and a Liquidity Event of Default shall have occurred and be continuing, or (y) a Final Advance has been made.

(b) A Non-Extension Advance shall be made by the Liquidity Provider in a single Borrowing if this Agreement is not extended in accordance with Section 3.06(d) of the Intercreditor Agreement (unless a Replacement Liquidity Facility to replace this Agreement shall have been delivered to the Borrower as contemplated by said Section 3.06(d) within the time period specified in such Section 3.06(d)) upon delivery to the Liquidity Provider of a written and completed Notice of Borrowing in substantially the form of Annex II attached hereto, signed by a Responsible Officer of the Borrower, in an amount equal to the Maximum Available Commitment at such time, and shall be used to fund the Cash Collateral Account in accordance with such Section 3.06(d) and Section 3.06(f) of the Intercreditor Agreement.

(c) A Downgrade Advance shall be made in a single Borrowing upon a downgrading of the Liquidity Provider's short-term unsecured debt rating (with respect to Moody's) or short-term issuer credit rating (with respect to S&P) (or if the Liquidity Provider does not have such a rating issued by a given Rating Agency, long-term issuer credit rating (with respect to S&P) or long-term unsecured debt rating (with respect to Moody's)) below the applicable Threshold Rating as provided for in Section 3.06(c) of the Intercreditor Agreement (unless a Replacement Liquidity Facility to replace this Agreement shall have been previously delivered to the Borrower in accordance with said Section 3.06(c)) upon delivery to the Liquidity Provider of a written and completed Notice of Borrowing in substantially the form of Annex III attached hereto, signed by a Responsible Officer of the Borrower, in an amount equal to the Maximum Available Commitment at such time, and shall be used to fund the Cash Collateral Account in accordance with Sections 3.06(c) and 3.06(f) of the Intercreditor Agreement.

(d) A Final Advance shall be made by the Liquidity Provider in a single Borrowing upon the receipt by the Borrower of a Termination Notice from the Liquidity Provider pursuant to Section 6.01 hereof by delivery to the Liquidity Provider of a written and completed Notice of Borrowing in substantially the form of Annex IV attached hereto, signed by a Responsible Officer of the Borrower, in an amount equal to the Maximum Available Commitment at such time, and shall be used to fund the Cash Collateral Account in accordance with Sections 3.06(f) and 3.06(i) of the Intercreditor Agreement.

(e) Each Borrowing shall be made on notice in writing (a "Notice of Borrowing") in substantially the form required by Section 2.02(a), 2.02(b), 2.02(c) or 2.02(d), as the case may be, given by the Borrower to the Liquidity Provider. Each Notice of Borrowing shall be effective upon delivery of a copy thereof to the Liquidity Provider's office at the address specified in Section 7.02. If a Notice of Borrowing is delivered by the Borrower in respect of any Borrowing no later than 1:00 p.m. (New York City time) on a Business Day, upon satisfaction of the conditions precedent set forth in Section 4.02 with respect to a requested Borrowing, the Liquidity Provider shall make available to the Borrower, in accordance with its payment instructions, the amount of such Borrowing in Dollars and immediately available funds, before 4:00 p.m. (New York City time) on such Business Day or before 1:00 p.m. (New York City time) on such later Business Day specified in such Notice of Borrowing. If a Notice of Borrowing is delivered by the Borrower in respect of any Borrowing after 1:00 p.m. (New York City time) on a Business Day, upon satisfaction of the conditions precedent set forth in Section 4.02 with respect to a requested Borrowing, the Liquidity Provider shall make available to the Borrower, in accordance with its payment instructions, the amount of such Borrowing in Dollars and in immediately available funds, before 1:00 p.m. (New York City time) on the first Business Day next following the day of receipt of such Notice of Borrowing or on such later Business Day specified by the Borrower in such Notice of Borrowing. Payments of proceeds of a Borrowing shall be made by wire transfer of immediately available funds to the Borrower in accordance with such wire transfer instructions as the Borrower shall furnish from time to time to the Liquidity Provider for such purpose. Each Notice of Borrowing shall be irrevocable and binding on the Borrower.

(f) Upon the making of any Advance requested pursuant to a Notice of Borrowing in accordance with the Borrower's payment instructions, the Liquidity Provider shall be fully discharged of its obligation hereunder with respect to such Notice of Borrowing, and the

Liquidity Provider shall not thereafter be obligated to make any further Advances hereunder in respect of such Notice of Borrowing to the Borrower or to any other Person (including the Trustee or any Class G Certificateholder). If the Liquidity Provider makes an Advance requested pursuant to a Notice of Borrowing before 12:00 noon (New York City time) on the second Business Day after the date of payment specified in Section 2.02(e), the Liquidity Provider shall have fully discharged its obligations hereunder with respect to such Advance and an event of default shall not have occurred hereunder. Following the making of any Advance pursuant to Section 2.02(b), 2.02(c) or 2.02(d) hereof to fund the Cash Collateral Account, the Liquidity Provider shall have no interest in or rights to the Cash Collateral Account, such Advance or any other amounts from time to time on deposit in the Cash Collateral Account; provided that the foregoing shall not affect or impair the obligations of the Subordination Agent to make the distributions contemplated by Section 3.06(e) or 3.06(f) of the Intercreditor Agreement and provided further, that the foregoing shall not affect or impair the rights of the Liquidity Provider to provide written instructions with respect to the investment and reinvestment of amounts in the Cash Collateral Account to the extent provided in Section 2.02(b) of the Intercreditor Agreement. By paying to the Borrower proceeds of Advances requested by the Borrower in accordance with the provisions of this Agreement, the Liquidity Provider makes no representation as to, and assumes no responsibility for, the correctness or sufficiency for any purpose of the amount of the Advances so made and requested.

Section 2.03. Fees. The Borrower agrees to pay to the Liquidity Provider the fees set forth in the Fee Letter.

Section 2.04. Reductions or Termination of the Maximum Commitment.

(a) Automatic Reduction. Promptly following each date on which the Required Amount is reduced as a result of a reduction in the Pool Balance of the Class G Certificates (including by reason of a Policy Provider Election with respect to one or more Series G Equipment Notes) or otherwise, the Maximum Commitment shall automatically be reduced to an amount equal to such reduced Required Amount (as calculated by the Borrower). The Borrower shall give notice of any such automatic reduction of the Maximum Commitment to the Liquidity Provider and American within two Business Days thereof. The failure by the Borrower to furnish any such notice shall not affect any such automatic reduction of the Maximum Commitment.

(b) Termination. Upon the making of any Provider Advance or Final Advance hereunder or the occurrence of the Termination Date, the obligation of the Liquidity Provider to make further Advances hereunder shall automatically and irrevocably terminate, and the Borrower shall not be entitled to request any further Borrowing hereunder.

Section 2.05. Repayments of Interest Advances or the Final Advance. Subject to Sections 2.06, 2.07 and 2.09 hereof, the Borrower hereby agrees, without notice of an Advance or demand for repayment from the Liquidity Provider (which notice and demand are hereby waived by the Borrower), to pay, or to cause to be paid, to the Liquidity Provider on each date on which the Liquidity Provider shall make an Interest Advance or the Final Advance, an amount equal to (a) the amount of such Advance (any such Advance, until repaid, is referred to herein as an "Unpaid Advance"), plus (b) interest on the amount of each such Unpaid Advance in the

amounts and on the dates determined as provided in Section 3.07 hereof; provided that if (i) the Liquidity Provider shall make a Provider Advance at any time after making one or more Interest Advances which shall not have been repaid in accordance with this Section 2.05 or (ii) this Agreement shall become a Downgraded Facility or Non-Extended Facility at any time when unreimbursed Interest Advances have reduced the Maximum Available Commitment to zero, then such Interest Advances shall cease to constitute Unpaid Advances and shall be deemed to have been changed into an Applied Downgrade Advance or an Applied Non-Extension Advance, as the case may be, for all purposes of this Agreement (including, without limitation, for the purpose of determining when such Interest Advance is required to be repaid to the Liquidity Provider in accordance with Section 2.06 and for the purposes of Section 2.06(b)). The Borrower and the Liquidity Provider agree that the repayment in full of each Interest Advance and Final Advance on the date such Advance is made is intended to be a contemporaneous exchange for new value given to the Borrower by the Liquidity Provider.

Section 2.06. Repayments of Provider Advances. (a) Amounts advanced hereunder in respect of a Provider Advance shall be deposited in the Cash Collateral Account and invested and withdrawn from the Cash Collateral Account as set forth in Sections 3.06(c), 3.06(d), 3.06(e) and 3.06(f) of the Intercreditor Agreement. Subject to Sections 2.07 and 2.09, the Borrower agrees to pay to the Liquidity Provider, on each Regular Distribution Date, commencing on the first Regular Distribution Date after the making of a Provider Advance, interest on the principal amount of any such Provider Advance, in the amounts determined as provided in Section 3.07 hereof; provided, however, that amounts in respect of a Provider Advance withdrawn from the Cash Collateral Account for the purpose of paying interest with respect to the Class G Certificates in accordance with Section 3.06(f) of the Intercreditor Agreement (the amount of any such withdrawal being (y) in the case of a Downgrade Advance, an "Applied Downgrade Advance" and (z) in the case of a Non-Extension Advance, an "Applied Non-Extension Advance" and, together with an Applied Downgrade Advance, an "Applied Provider Advance") shall thereafter (subject to Section 2.06(b)) be treated as an Interest Advance under this Agreement for all purposes hereunder, including for purposes of determining the Applicable Liquidity Rate for interest payable thereon and the dates on which such interest is payable; provided further, however, that if, following the making of a Provider Advance, the Liquidity Provider delivers a Termination Notice to the Borrower pursuant to Section 6.01 hereof, such Provider Advance shall thereafter be treated as a Final Advance under this Agreement for purposes of determining the Applicable Liquidity Rate for interest payable thereon and the dates on which such interest is payable. Subject to Sections 2.07 and 2.09 hereof, immediately upon the withdrawal of any amounts from the Cash Collateral Account on account of a reduction in the Required Amount, the Borrower shall repay to the Liquidity Provider a portion of the Provider Advances in a principal amount equal to such reduction, plus interest on the principal amount prepaid as provided in Section 3.07 hereof.

(b) At any time when an Applied Provider Advance (or any portion thereof) is outstanding, upon the deposit in the Cash Collateral Account of any amount pursuant to clause "third" of Section 2.04(b) of the Intercreditor Agreement, clause "third" of Section 3.02 of the Intercreditor Agreement or clause "fourth" of Section 3.03 of the Intercreditor Agreement (any such amount being a "Replenishment Amount") for the purpose of replenishing or increasing the balance thereof up to the Required Amount at such time, (i) the aggregate outstanding principal amount of all Applied Provider Advances (and of Provider Advances treated as an Interest

Advance for purposes of determining the Applicable Liquidity Rate for interest payable thereon) shall be automatically reduced by the amount of such Replenishment Amount and (ii) the aggregate outstanding principal amount of all Unapplied Provider Advances shall be automatically increased by the amount of such Replenishment Amount.

(c) Upon the provision of a Replacement Liquidity Facility in replacement of this Agreement in accordance with Section 3.06(e) of the Intercreditor Agreement, the Borrower shall pay all Liquidity Obligations then owing to the Liquidity Provider which payment shall be made first from amounts remaining on deposit in the Cash Collateral Account after giving effect to any Applied Provider Advance on the date of such replacement.

Section 2.07. Payments to the Liquidity Provider Under the Intercreditor Agreement. In order to provide for payment or repayment to the Liquidity Provider of any amounts hereunder, the Intercreditor Agreement provides that amounts available and referred to in Articles II and III of the Intercreditor Agreement, to the extent payable to the Liquidity Provider pursuant to the terms of the Intercreditor Agreement (including, without limitation, Section 3.06(f) of the Intercreditor Agreement), shall be paid to the Liquidity Provider in accordance with the terms thereof. Amounts so paid to the Liquidity Provider shall be applied by the Liquidity Provider to Liquidity Obligations then due and payable in accordance with the Intercreditor Agreement and shall discharge in full the corresponding obligations of the Borrower hereunder.

Section 2.08. Book Entries. The Liquidity Provider shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower resulting from Advances made from time to time and the amounts of principal and interest payable hereunder and paid from time to time in respect thereof; provided, however, that the failure by the Liquidity Provider to maintain such account or accounts shall not affect the obligations of the Borrower in respect of Advances.

Section 2.09. Payments from Available Funds Only. All payments to be made by the Borrower under this Agreement shall be made only from the amounts that constitute Scheduled Payments, Special Payments and other payments under the Operative Agreements, including payment under Section 4.02 of the Participation Agreements and payments under Section 2.14 of the Indentures and only to the extent that the Borrower shall have sufficient income or proceeds therefrom to enable the Borrower to make payments in accordance with the terms hereof after giving effect to the priority of payments provisions set forth in the Intercreditor Agreement. The Liquidity Provider agrees that it will look solely to such amounts to the extent available for distribution to it as provided in the Intercreditor Agreement and this Agreement and that the Borrower, in its individual capacity, is not personally liable to it for any amounts payable or liability under this Agreement except as expressly provided in this Agreement, the Intercreditor Agreement or any Participation Agreement. Amounts on deposit in the Cash Collateral Account shall be available to the Borrower to make payments under this Agreement only to the extent and for the purposes expressly contemplated in Section 3.06(f) of the Intercreditor Agreement.

Section 2.10. Extension of the Expiry Date; Non-Extension Advance. No earlier than the 60th day and no later than the 40th day prior to the then effective Expiry Date (unless

such Expiry Date is on or after the date that is 15 days after the Final Legal Distribution Date for the Class G Certificates), the Borrower shall request in writing that the Liquidity Provider extend the Expiry Date to the earlier of (i) the date that is 15 days after the Final Legal Distribution Date for the Class G Certificates and (ii) the date that is the day immediately preceding the 364th day occurring after the last day of the Consent Period (as hereinafter defined). Whether or not the Liquidity Provider has received such a request from the Borrower, the Liquidity Provider shall by notice (the "Consent Notice") to the Borrower during the period commencing on the date that is 60 days prior to the then effective Expiry Date and ending on the date that is 25 days prior to such Expiry Date (such period, the "Consent Period") advise the Borrower whether, in its sole discretion, it agrees to so extend the Expiry Date; provided, however, that such extension shall not be effective with respect to the Liquidity Provider if, by notice (the "Withdrawal Notice") to the Borrower prior to the end of the Consent Period, the Liquidity Provider revokes its Consent Notice. If the Liquidity Provider advises the Borrower in the Consent Notice that such Expiry Date shall not be so extended or gives a Withdrawal Notice to the Borrower prior to the end of the Consent Period, or fails to irrevocably and unconditionally advise the Borrower on or before the end of the Consent Period that such Expiry Date shall be so extended (and, in each case, if the Liquidity Provider shall not have been replaced in accordance with Section 3.06(e) of the Intercreditor Agreement), such Expiry Date shall not be extended and the Borrower shall be entitled on and after the date on which the Consent Period ends (but prior to the then effective Expiry Date) to request a Non-Extension Advance in accordance with Section 2.02(b) hereof and Section 3.06(d) of the Intercreditor Agreement.

Subject to the proviso in the next succeeding sentence, the Liquidity Provider shall have the right at any time in its sole discretion and without the consent of the Borrower to extend the then effective Expiry Date to a date that is on or before the date that is 15 days after the Final Legal Distribution Date for the Class G Certificates by giving not less than five nor more than ten days' prior written notice of such extension to the Borrower, the Class G Trustee and American (which notice shall specify the effective date of such extension (the "Extension Effective Date")). On the Extension Effective Date, the then effective Expiry Date shall be so extended without any further act; provided, however, that the Liquidity Provider shall meet the Threshold Rating on the Extension Effective Date.

ARTICLE III

OBLIGATIONS OF THE BORROWER

Section 3.01. Increased Costs. The Borrower shall pay to the Liquidity Provider from time to time such amounts as may be necessary to compensate the Liquidity Provider for any increased costs incurred by the Liquidity Provider which are attributable to its making or maintaining any LIBOR Advances hereunder or its obligation to make any such Advances hereunder, or any reduction in any amount receivable by the Liquidity Provider under this Agreement or the Intercreditor Agreement in respect of any such Advances or such obligation (such increases in costs and reductions in amounts receivable being herein called "Additional Costs"), resulting from any change after the date of this Agreement in U.S. federal, state, municipal, or foreign laws or regulations (including Regulation D of the Board of Governors of the Federal Reserve System), or the adoption or making after the date of this Agreement of any

interpretations, directives, or requirements applying to a class of banks including the Liquidity Provider under any U.S. federal, state, municipal, or any foreign laws or regulations (whether or not having the force of law) by any court, central bank or monetary authority charged with the interpretation or administration thereof (a "Regulatory Change"), which: (1) changes the basis of taxation of any amounts payable to the Liquidity Provider under this Agreement in respect of any such Advances (other than with respect to Excluded Taxes); or (2) imposes or modifies any reserve, special deposit, compulsory loan or similar requirements relating to any extensions of credit or other assets of, or any deposits with other liabilities of, the Liquidity Provider (including any such Advances or any deposits referred to in the definition of LIBOR Rate or related definitions); provided, that the Borrower shall only be obligated to pay amounts with respect to any Additional Costs accruing from the date 120 days prior to the date of delivery of the notice specified in the next paragraph.

The Liquidity Provider will notify the Borrower of any event occurring after the date of this Agreement that will entitle the Liquidity Provider to compensation pursuant to this Section 3.01 as promptly as practicable after it obtains knowledge thereof and determines to request such compensation, which notice shall describe in reasonable detail the calculation of the amounts owed under this Section. Determinations by the Liquidity Provider for purposes of this Section 3.01 of the effect of any Regulatory Change on its costs of making or maintaining Advances or on amounts receivable by it in respect of Advances, and of the additional amounts required to compensate the Liquidity Provider in respect of any Additional Costs, shall be prima facie evidence of the amount owed under this Section.

Section 3.02. Capital Adequacy. If (1) the adoption, after the date hereof, of any applicable governmental law, rule or regulation regarding capital adequacy, (2) any change, after the date hereof, in the interpretation or administration of any such law, rule or regulation by any central bank or other governmental authority charged with the interpretation or administration thereof or (3) compliance by the Liquidity Provider or any corporation controlling the Liquidity Provider with any applicable guideline or request of general applicability, issued after the date hereof, by any central bank or other governmental authority (whether or not having the force of law) that constitutes a change of the nature described in clause (2), has the effect of requiring an increase in the amount of capital required to be maintained by the Liquidity Provider or any corporation controlling the Liquidity Provider, and such increase is based upon the Liquidity Provider's obligations hereunder and other similar obligations, the Borrower shall pay to the Liquidity Provider from time to time such additional amount or amounts as are necessary to compensate the Liquidity Provider for such portion of such increase as shall be reasonably allocable to the Liquidity Provider's obligations to the Borrower hereunder; provided, that the Borrower shall only be obligated to pay amounts with respect to any such costs accruing from the date 120 days prior to the date of delivery of the notice specified in the next paragraph.

The Liquidity Provider will notify the Borrower of any event occurring after the date of this Agreement that will entitle the Liquidity Provider to compensation pursuant to this Section 3.02 as promptly as practicable after it obtains knowledge thereof and determines to request such compensation, which notice shall describe in reasonable detail the calculation of the amounts owed under this Section. Determinations by the Liquidity Provider for purposes of this Section 3.02 of the effect of any increase in the amount of capital required to be maintained by

the Liquidity Provider and of the amount allocable to the Liquidity Provider's obligations to the Borrower hereunder shall be prima facie evidence of the amounts owed under this Section.

Section 3.03. Payments Free of Deductions. (a) All payments made by the Borrower under this Agreement shall be made without reduction or withholding for or on account of any present or future Taxes of any nature whatsoever now or hereafter imposed, levied, collected, withheld or assessed, other than Excluded Withholding Taxes (such non-excluded Taxes being referred to herein, collectively, as "Non-Excluded Taxes" and, individually, as a "Non-Excluded Tax"). If any Taxes are required to be withheld from any amounts payable to the Liquidity Provider under this Agreement, (i) the Borrower shall within the time prescribed therefor by applicable law pay to the appropriate governmental or taxing authority the full amount of any such Taxes (including any additional Tax required to be deducted or withheld in respect of the additional amounts payable under clause (ii) hereof) and make such reports or returns in connection therewith at the time or times and in the manner prescribed by applicable law, and (ii) in the case of Non-Excluded Taxes, the amounts so payable to the Liquidity Provider shall be increased to the extent necessary to yield to the Liquidity Provider (after deduction or withholding for or on account of all Non-Excluded Taxes) interest or any other such amounts payable under this Agreement at the rates or in the amounts specified in this Agreement. If the Liquidity Provider is not organized under the laws of the United States or any State thereof, to the extent it is eligible to do so, the Liquidity Provider agrees to provide to the Borrower, prior to the first date any amount is payable to it hereunder, two executed original copies of Internal Revenue Service Form W-8BEN or W-8ECI, as appropriate, or any successor or other form prescribed by the Internal Revenue Service, certifying that the Liquidity Provider is exempt from or entitled to a reduced rate of United States withholding tax on payments pursuant to this Agreement. In addition, the Liquidity Provider will provide, from time to time upon the reasonable request of the Borrower, such additional forms or documentation as may be necessary to establish an available exemption from (or an entitlement to a reduced rate of) withholding Tax on payments hereunder. Within 30 days after the date of each payment hereunder, the Borrower shall furnish to the Liquidity Provider the original or certified copy of (or other documentary evidence of) the payment of the Non-Excluded Taxes applicable to such payment.

(b) All Advances made by the Liquidity Provider under this Agreement shall be made free and clear of, and without reduction for or on account of, any Taxes that are imposed by a jurisdiction in which the Liquidity Provider is organized, has its Lending Office or maintains its principal place of business. If any such Taxes are required to be withheld or deducted from any Advances, the Liquidity Provider shall (i) within the time prescribed therefor by applicable law pay to the appropriate governmental or taxing authority the full amount of any such Taxes (and any additional Taxes in respect of the additional amounts payable under clause (ii) hereof) and make such reports or returns in connection therewith at the time or times and in the manner prescribed by applicable law, and (ii) pay to the Borrower an additional amount which (after deduction of all such Taxes) shall be sufficient to yield to the Borrower the full amount that would have been received by it had no such withholding or deduction been required. Within 30 days after the date of each payment hereunder, the Liquidity Provider shall furnish to the Borrower the original or a certified copy of (or other documentary evidence of) the payment of the Taxes applicable to such payment.

(c) If any exemption from, or reduction in the rate of, any Taxes required to be deducted or withheld from amounts payable by the Liquidity Provider hereunder is reasonably available to the Borrower to establish that payments under this Agreement are exempt from (or entitled to a reduced rate of) tax, the Borrower shall deliver to the Liquidity Provider such form or forms and such other evidence of the eligibility of the Borrower for such exemption or reduction as the Liquidity Provider may reasonably identify to the Borrower as being required as a condition to exemption from, or reduction in the rate of, any such Taxes. The Borrower shall, for federal income tax purposes and for all purposes hereunder, treat such payments as Interest Advances, and, as such, will treat such payments as loans made by the Liquidity Provider to the Borrower, unless otherwise required by law.

Section 3.04. Payments. The Borrower shall make or cause to be made each payment to the Liquidity Provider under this Agreement so as to cause the same to be received by the Liquidity Provider not later than 1:00 p.m. (New York City time) on the day when due. The Borrower shall make all such payments in Dollars, to the Liquidity Provider in immediately available funds, by wire transfer to the account of Citibank, N.A. at Citibank, N.A., 399 Park Avenue, New York, NY 10043, ABA #021000089, Account # 4063-2387, Reference: American Airlines Pass Through Trust, Series 2003-1G, Attention: Laura Braack; or to such other account as the Liquidity Provider may from time to time direct the Subordination Agent.

Section 3.05. Computations. All computations of interest based on the Base Rate shall be made on the basis of a year of 365 or 366 days, as the case may be, and all computations of interest based on the LIBOR Rate shall be made on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable.

Section 3.06. Payment on Non-Business Days. Whenever any payment to be made hereunder shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day and no additional interest shall be due as a result (and if so made, shall be deemed to have been made when due). If any payment in respect of interest on an Advance is so deferred to the next succeeding Business Day, such deferral shall not delay the commencement of the next Interest Period for such Advance (if such Advance is a LIBOR Advance) or reduce the number of days for which interest will be payable on such Advance on the next interest payment date for such Advance.

Section 3.07. Interest. (a) Subject to Sections 2.07 and 2.09, the Borrower shall pay, or shall cause to be paid, without duplication, interest on (i) the unpaid principal amount of each Advance from and including the date of such Advance (or, in the case of an Applied Provider Advance, from and including the date on which the amount thereof was withdrawn from the Cash Collateral Account to pay interest on the Class G Certificates) to but excluding the date such principal amount shall be paid in full (or, in the case of an Applied Provider Advance, the date on which the Cash Collateral Account is fully replenished in respect of such Advance) and (ii) any other amount due hereunder (whether fees, commissions, expenses or other amounts or, to the extent permitted by law, installments of interest on Advances or any such other amount) that is not paid when due (whether at stated maturity, by acceleration or otherwise) from and including the due date thereof to but excluding the date such amount is paid in full, in each such case, at a fluctuating interest rate per annum for each day equal to the Applicable Liquidity

Rate (as defined below) for such Advance or such other amount, as the case may be, as in effect for such day, but in no event at a rate per annum greater than the maximum rate permitted by applicable law; provided, however, that, if at any time the otherwise applicable interest rate as set forth in this Section 3.07 shall exceed the maximum rate permitted by applicable law, then to the maximum extent permitted by applicable law any subsequent reduction in such interest rate will not reduce the rate of interest payable pursuant to this Section 3.07 below the maximum rate permitted by applicable law until the total amount of interest accrued equals the absolute amount of interest that would have accrued (without additional interest thereon) if such otherwise applicable interest rate as set forth in this Section 3.07 had at all relevant times been in effect.

(b) Each Advance (including, without limitation, each outstanding Unapplied Provider Advance) will be either a Base Rate Advance or a LIBOR Advance as provided in this Section 3.07. Each such Advance will be a Base Rate Advance for the period from the date of its borrowing to (but excluding) the third Business Day following the Liquidity Provider's receipt of the Notice of Borrowing for such Advance. Thereafter, such Advance shall be a LIBOR Advance.

(c) Each LIBOR Advance shall bear interest during each Interest Period at a rate per annum equal to the LIBOR Rate for such Interest Period plus the Applicable Margin for such LIBOR Advance, payable in arrears on the last day of such Interest Period and, in the event of the payment of principal of such LIBOR Advance on a day other than such last day, on the date of such payment (to the extent of interest accrued on the amount of principal repaid).

(d) Each Base Rate Advance shall bear interest at a rate per annum equal to the Base Rate plus the Applicable Margin for such Base Rate Advance, payable in arrears on each Regular Distribution Date and, in the event of the payment of principal of such Base Rate Advance on a day other than a Regular Distribution Date, on the date of such payment (to the extent of interest accrued on the amount of principal repaid).

(e) Each amount not paid when due hereunder (whether fees, commissions, expenses or other amounts or, to the extent permitted by applicable law, installments of interest on Advances but excluding Advances) shall bear interest at a rate per annum equal to the Base Rate plus 4.50% until paid.

(f) Each change in the Base Rate shall become effective immediately. The rates of interest specified in this Section 3.07 with respect to any Advance or other amount shall be referred to as the "Applicable Liquidity Rate".

Section 3.08. Replacement of Borrower. From time to time and subject to the successor Borrower's meeting the eligibility requirements set forth in Section 6.09 of the Intercreditor Agreement applicable to the Subordination Agent, upon the effective date and time specified in a written and completed Notice of Replacement Subordination Agent in substantially the form of Annex VI attached hereto (a "Notice of Replacement Subordination Agent") delivered to the Liquidity Provider by the then Borrower, the successor Borrower designated therein shall become the Borrower for all purposes hereunder.

Section 3.09. Funding Loss Indemnification. The Borrower shall pay to the Liquidity Provider, upon the request of the Liquidity Provider, such amount or amounts as shall be sufficient (in the reasonable opinion of the Liquidity Provider) to compensate it for any loss, cost, or expense incurred by reason of the liquidation or redeployment of deposits or other funds acquired by the Liquidity Provider to fund or maintain any LIBOR Advance (but excluding loss of anticipated profits) incurred as a result of:

(1) Any repayment of a LIBOR Advance on a date other than the last day of the Interest Period for such Advance; or

(2) Any failure by the Borrower to borrow a LIBOR Advance on the date for borrowing specified in the relevant notice under Section 2.02.

Section 3.10. Illegality. Notwithstanding any other provision in this Agreement, if any change in any law, rule or regulation applicable to or binding on the Liquidity Provider, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Liquidity Provider (or its Lending Office) with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency shall make it unlawful or impossible for the Liquidity Provider (or its Lending Office) to maintain or fund its LIBOR Advances, then upon notice to the Borrower and American by the Liquidity Provider, the outstanding principal amount of the LIBOR Advances shall be converted to Base Rate Advances (a) immediately upon demand of the Liquidity Provider, if such change or compliance with such request, in the reasonable judgment of the Liquidity Provider, requires immediate conversion; or (b) at the expiration of the last Interest Period to expire before the effective date of any such change or request.

Section 3.11. Mitigation. If a condition arises or an event occurs which would, or would upon the giving of notice, result in the payment of any additional costs or amounts pursuant to Section 3.01, 3.02 or 3.03 or require the conversion of any Advance pursuant to Section 3.10, the Liquidity Provider, promptly upon becoming aware of the same, shall notify the Borrower and shall take such steps as may be reasonable to it to mitigate the effects of such condition or event, including the designation of a different Lending Office or furnishing of the proper certificates under any applicable tax laws, tax treaties and conventions to the extent that such certificates are legally available to the Liquidity Provider; provided, that, the Liquidity Provider shall be under no obligation to take any step that, in its good-faith opinion would (i) result in its incurring any additional costs in performing its obligations hereunder unless the Borrower has agreed to reimburse it therefor or (ii) be otherwise disadvantageous to the Liquidity Provider in a significant respect in the reasonable judgment of the Liquidity Provider.

ARTICLE IV

CONDITIONS PRECEDENT

Section 4.01. Conditions Precedent to Effectiveness of Section 2.01. Section 2.01 of this Agreement shall become effective on and as of the first date (the "Effective Date")

on which the following conditions precedent have been satisfied (or waived by the appropriate party or parties):

(a) The Liquidity Provider shall have received on or before the Closing Date each of the following, and in the case of each document delivered pursuant to paragraphs (i), (ii), (iii) and (iv), each in form and substance satisfactory to the Liquidity Provider:

- (i) This Agreement duly executed on behalf of the Borrower;
- (ii) The Intercreditor Agreement duly executed on behalf of each of the parties thereto (other than the Liquidity Provider);
- (iii) Fully executed copies of each of the Operative Agreements executed and delivered on or before the Closing Date (other than this Agreement and the Intercreditor Agreement);
- (iv) A fully executed copy of the Fee Letter;
- (v) A copy of the Prospectus Supplement and specimen copies of the Class G Certificates; and
- (vi) An executed copy of each document, instrument, certificate and opinion delivered on or before the Closing Date pursuant to the Class G Trust Agreement, the Intercreditor Agreement and the other Operative Agreements (in the case of each such opinion, either addressed to the Liquidity Provider or accompanied by a letter from the counsel rendering such opinion to the effect that the Liquidity Provider is entitled to rely on such opinion as of its date as if it were addressed to the Liquidity Provider);
- (vii) Evidence that there shall have been made and shall be in full force and effect, all filings, recordings and/or registrations, and there shall have been given or taken any notice or other similar action as may be reasonably necessary or, to the extent reasonably requested by the Liquidity Provider, reasonably advisable, in order to establish, perfect, protect and preserve the right, title and interest, remedies, powers, privileges, liens and security interests of, or for the benefit of, the Class G Trustee, the Borrower and the Liquidity Provider created by the Operative Agreements executed and delivered on or prior to the Closing Date; and
- (viii) Such other documents, instruments, opinions and approvals pertaining to the transactions contemplated hereby or by the other Operative Agreements as the Liquidity Provider shall have reasonably requested.

(b) The following statement shall be true on and as of the Effective Date: no event shall have occurred and be continuing, or would result from the entering into of this Agreement or the making of any Advance that constitutes a Liquidity Event of Default.

(c) The Liquidity Provider shall have received payment in full of all fees and other sums required to be paid to or for the account of the Liquidity Provider on or prior to the Effective Date pursuant to the Fee Letter applicable to this Agreement.

(d) All conditions precedent to the issuance of the Class G Certificates under the Class G Trust Agreement shall have been satisfied or waived, and all conditions precedent to the purchase of the Class G Certificates by the Underwriters under the Underwriting Agreement shall have been satisfied (unless any of such conditions precedent under the Underwriting Agreement shall have been waived by the Underwriters).

(e) The Borrower and American shall have received a certificate, dated the Effective Date, signed by a duly authorized representative of the Liquidity Provider, certifying that all conditions precedent specified in this Section 4.01 have been satisfied or waived by the Liquidity Provider.

Section 4.02. Conditions Precedent to Borrowing. The obligation of the Liquidity Provider to make an Advance on the occasion of each Borrowing shall be subject to the conditions precedent that the Effective Date shall have occurred and, prior to the time of such Borrowing, the Borrower shall have delivered a Notice of Borrowing which conforms to the terms and conditions of this Agreement and has been completed as may be required by the relevant form of the Notice of Borrowing for the type of Advance requested.

ARTICLE V

COVENANTS

Section 5.01. Affirmative Covenants of the Borrower. So long as any Advance shall remain unpaid or the Liquidity Provider shall have any Maximum Commitment hereunder or the Borrower shall have any obligation to pay any amount to the Liquidity Provider hereunder, the Borrower will, unless the Liquidity Provider shall otherwise consent in writing:

(a) Performance of This and Other Agreements. Punctually pay or cause to be paid all amounts payable by it under this Agreement and the other Operative Agreements and observe and perform in all material respects the conditions, covenants and requirements applicable to it contained in this Agreement and the other Operative Agreements.

(b) Reporting Requirements. Furnish to the Liquidity Provider with reasonable promptness, such other information and data with respect to the transactions contemplated by the Operative Agreements as from time to time may be reasonably requested by the Liquidity Provider; and permit the Liquidity Provider, upon reasonable notice, to inspect the Borrower's books and records with respect to such transactions and to meet with officers and employees of the Borrower to discuss such transactions.

(c) Certain Operative Agreements. Furnish to the Liquidity Provider with reasonable promptness, such Operative Agreements entered into after the date hereof as from time to time may be reasonably requested by the Liquidity Provider.

Section 5.02. Negative Covenants of the Borrower. Subject to the provisions of Sections 7.01(a) and (b) of the Intercreditor Agreement, so long as any Advance shall remain unpaid or the Liquidity Provider shall have any Maximum Commitment hereunder or the Borrower shall have any obligation to pay any amount to the Liquidity Provider hereunder, the Borrower will not appoint or permit or suffer to be appointed any successor Borrower without the prior written consent of the Liquidity Provider, which consent shall not be unreasonably withheld or delayed.

Section 5.03. Covenants Regarding Certain Notices. Promptly following any time that (x) the Class G Certificates have been paid in full (or provision has been made for such payment in accordance with the Intercreditor Agreement and the Class G Trust Agreement) (y) each of the Indentures has been terminated with respect to all of the Equipment Notes issued thereunder as contemplated by clause (i) of Section 10.01(a) of such Indenture or (z) the Class G Certificates are otherwise no longer entitled to the benefits of this Agreement, the Borrower shall deliver to the Liquidity Provider the certificate referred to in clause (ii) of the definition of Termination Date. Promptly following any time that a Replacement Liquidity Facility has been substituted for this Agreement pursuant to Section 3.06(e) of the Intercreditor Agreement, the Borrower shall deliver to the Liquidity Provider the certificate referred to in clause (iii) of the definition of Termination Date.

ARTICLE VI

LIQUIDITY EVENTS OF DEFAULT

Section 6.01. Liquidity Events of Default. If both (x) a Performing Note Deficiency exists and (y) a Liquidity Event of Default shall have occurred and be continuing, the Liquidity Provider may, in its discretion, deliver to the Borrower a Termination Notice, the effect of which shall be to cause (i) the obligation of the Liquidity Provider to make Advances hereunder to expire at the close of business on the fifth Business Day after the date on which such Termination Notice is received by the Borrower, (ii) the Borrower to promptly request, and the Liquidity Provider to promptly make, a Final Advance in accordance with Section 2.02(d) hereof and Section 3.06(i) of the Intercreditor Agreement, (iii) all other outstanding Advances to be automatically converted into Final Advances for all purposes hereunder, including, without limitation, determining the Applicable Liquidity Rate for interest payable thereon, and (iv) subject to Sections 2.07 and 2.09 hereof, all Advances (including, without limitation, any Provider Advance and Applied Provider Advance), any accrued interest thereon and any other amounts outstanding hereunder to become immediately due and payable to the Liquidity Provider.

ARTICLE VII

MISCELLANEOUS

Section 7.01. No Oral Modifications or Continuing Waivers. No terms or provisions of this Agreement may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the Borrower and the Liquidity Provider and any other Person whose consent is required pursuant to this Agreement; provided that no such change or other action shall affect the payment obligations of American without its prior written consent; and any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given.

Section 7.02. Notices. Unless otherwise expressly specified or permitted by the terms hereof, all notices required or permitted under the terms and provisions of this Agreement shall be in English and in writing, and any such notice may be given by United States registered or certified mail, courier service or facsimile or any other customary means of communication, and any such notice shall be effective when delivered (or, if mailed, three Business Days after deposit, postage prepaid, in the first class United States mail and, if delivered by facsimile, upon completion of transmission and confirmation by the sender (by a telephone call to a representative of the recipient or by machine confirmation) that the transmission was received):

Borrower: U.S. Bank Trust National Association
225 Asylum Street
Goodwin Square
Hartford, CT 06103
Attention: Corporate Trust Division
Telephone: (860) 244-1844
Telecopy: (860) 244-1881

Liquidity Provider: CITIBANK, N.A.
2 Penns Way, Suite 200
New Castle, DE 19720
Reference: America Airlines Pass Through
Trust 2003-1G

Attention: Laura Braack
Telephone: (302) 894-6058
Telecopy: (302) 894-6120

with a copy to:

CITIBANK, N.A. Global Aviation
388 Greenwich Street
23rd Floor
New York, NY 10013

Attention: Gaylord Holmes
Telephone: (212) 816-5138

Telecopy: (212) 816-5705

with a copy of any Notice of Borrowing to:

CITIBANK, N.A. Global Aviation
388 Greenwich Street
23rd Floor
New York, NY 10013

Attention: Gaylord Holmes
Telephone: (212) 816-5138
Telecopy: (212) 816-5705

The Borrower or the Liquidity Provider by notice to the other, may designate additional or different addresses for subsequent notices or communications.

Section 7.03. No Waiver; Remedies. No failure on the part of the Liquidity Provider to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right under this Agreement preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

Section 7.04. Further Assurances. The Borrower agrees to do such further acts and things and to execute and deliver to the Liquidity Provider such additional assignments, agreements, powers and instruments as the Liquidity Provider may reasonably require or deem advisable to carry into effect the purposes of this Agreement and the other Operative Agreements or to better assure and confirm unto the Liquidity Provider its rights, powers and remedies hereunder and under the other Operative Agreements.

Section 7.05. Indemnification; Survival of Certain Provisions. The Liquidity Provider shall be indemnified hereunder to the extent and in the manner described in Section 4.02 of the Participation Agreements. In addition, the Borrower agrees to indemnify, protect, defend and hold harmless each Liquidity Indemnitee from and against and shall pay on demand, all Expenses of any kind or nature whatsoever (other than any Expenses of the nature described in Section 3.01, 3.02 or 7.07 hereof or in the Fee Letter (regardless of whether indemnified against pursuant to said Sections or in such Fee Letter)), that may be imposed on, incurred by or asserted against any Liquidity Indemnitee, in any way relating to, resulting from, or arising out of or in connection with any action, suit or proceeding by any third party against such Liquidity Indemnitee and relating to this Agreement, the Fee Letter, the Intercreditor Agreement or any Participation Agreement; provided, however, that the Borrower shall not be required to indemnify, protect, defend and hold harmless any Liquidity Indemnitee in respect of any Expense of such Liquidity Indemnitee to the extent such Expense is (i) attributable to the gross negligence or willful misconduct of such Liquidity Indemnitee or any other Liquidity Indemnitee (as actually and finally determined by a final, non-appealable judgment of a court of competent jurisdiction); (ii) ordinary and usual operating overhead expense (excluding, without limitation, costs and expenses of any outside counsel, consultant or agent); (iii) attributable to the failure by

the Liquidity Provider to perform or observe any agreement, covenant or condition on its part to be performed or observed in this Agreement or the Intercreditor Agreement, or (iv) a Tax. The indemnities contained in Section 4.02 of the Participation Agreements and the provisions of Sections 3.01, 3.02, 3.03, 3.09, 7.05 and 7.07 hereof shall survive the termination of this Agreement.

Section 7.06. Liability of the Liquidity Provider. (a) Neither the Liquidity Provider nor any of its officers, employees, directors or Affiliates shall be liable or responsible for: (i) the use which may be made of the Advances or any acts or omissions of the Borrower or any beneficiary or transferee in connection therewith; (ii) the validity, sufficiency or genuineness of documents relating to this Agreement or the Intercreditor Agreement, or of any endorsement thereon, even if such documents should prove to be in any or all respects invalid, insufficient, fraudulent or forged; or (iii) the making of Advances by the Liquidity Provider against delivery of a Notice of Borrowing and other documents which do not comply with the terms hereof; provided, however, that the Borrower shall have a claim against the Liquidity Provider, and the Liquidity Provider shall be liable to the Borrower, to the extent of any damages suffered by the Borrower which were the result of (A) the Liquidity Provider's willful misconduct or gross negligence in determining whether documents presented hereunder comply with the terms hereof, or (B) any breach by the Liquidity Provider of any of the terms of this Agreement or the Intercreditor Agreement in a material respect, including, but not limited to, the Liquidity Provider's failure to make lawful payment hereunder after the delivery to it by the Borrower of a Notice of Borrowing strictly complying with the terms and conditions hereof, in the case of either clause (A) or (B), as actually and finally determined by a final, non-appealable judgment of a court of competent jurisdiction. In no event, however, shall the Liquidity Provider be liable on any theory of liability for any special, indirect, consequential or punitive damages (including, without limitation, any loss of profits, business or anticipated savings).

(b) Neither the Liquidity Provider nor any of its officers, employees, directors or Affiliates shall be liable or responsible in any respect for (i) any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with this Agreement or any Notice of Borrowing delivered hereunder, or (ii) any action, inaction or omission which may be taken by it in good faith, absent willful misconduct or gross negligence (in which event the extent of the Liquidity Provider's potential liability to the Borrower shall be limited as set forth in the immediately preceding paragraph), in connection with this Agreement or any Notice of Borrowing.

Section 7.07. Costs, Expenses and Taxes. The Borrower agrees promptly to pay, or cause to be paid (A) on the Effective Date and on such later date or dates on which the Liquidity Provider shall make demand, all reasonable out-of-pocket costs and expenses (including, without limitation, the reasonable fees and expenses of outside counsel for the Liquidity Provider) of the Liquidity Provider in connection with the preparation, negotiation, execution, delivery, filing and recording of this Agreement, any other Operative Agreement and any other documents which may be delivered in connection with this Agreement and (B) on demand, all reasonable costs and expenses (including reasonable counsel fees and expenses) of the Liquidity Provider in connection with (i) the enforcement of this Agreement or any other Operative Agreement, (ii) any Liquidity Event of Default or any collection, bankruptcy, insolvency and other enforcement proceedings in connection therewith, (iii) the modification or

amendment of, or supplement to, this Agreement or any other Operative Agreement or such other documents which may be delivered in connection herewith or therewith (whether or not the same shall become effective) or any waiver or consent thereunder (whether or not the same shall become effective) or (iv) any action or proceeding relating to any order, injunction, or other process or decree restraining or seeking to restrain the Liquidity Provider from paying any amount under this Agreement, the Intercreditor Agreement or any other Operative Agreement or otherwise affecting the application of funds in the Cash Collateral Account. In addition, the Borrower shall pay any and all recording, stamp and other similar taxes and fees payable or determined to be payable in the United States in connection with the execution, delivery, filing and recording of this Agreement, any other Operative Agreement and such other documents, and agrees to hold the Liquidity Provider harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes or fees.

Section 7.08. Binding Effect; Participations.(a) This Agreement shall be binding upon and inure to the benefit of the Borrower and the Liquidity Provider and their respective successors and permitted assigns, except that neither the Liquidity Provider (except as otherwise provided in this Section 7.08) nor (except as contemplated by Section 3.08) the Borrower shall have the right to assign, pledge or otherwise transfer its rights or obligations hereunder or any interest herein, subject to the Liquidity Provider's right to grant Participations pursuant to Section 7.08(b).

(b) The Liquidity Provider agrees that it will not grant any participation (including, without limitation, a "risk participation") (any such participation, a "Participation") in or to all or a portion of its rights and obligations hereunder or under the other Operative Agreements, unless all of the following conditions are satisfied: (i) such Participation is to a Permitted Transferee, (ii) such Participation is made in accordance with all applicable laws, including, without limitation, the Securities Act of 1933, as amended, the Trust Indenture Act of 1939, as amended, and any other applicable laws relating to the transfer of similar interests and (iii) such Participation shall not be made under circumstances that require registration under the Securities Act of 1933, as amended, or qualification of any indenture under the Trust Indenture Act of 1939, as amended. Notwithstanding any such Participation, the Liquidity Provider agrees that (1) the Liquidity Provider's obligations under the Operative Agreements shall remain unchanged, and such participant shall have no rights or benefits as against American or the Borrower or under any Operative Agreement, (2) the Liquidity Provider shall remain solely responsible to the other parties to the Operative Agreements for the performance of such obligations, (3) the Liquidity Provider shall remain the maker of any Advances, and the other parties to the Operative Agreements shall continue to deal solely and directly with the Liquidity Provider in connection with the Advances and the Liquidity Provider's rights and obligations under the Operative Agreements, (4) the Liquidity Provider shall be solely responsible for any withholding Taxes or any filing or reporting requirements relating to such Participation and shall hold the Borrower and American and their respective successors, permitted assigns, affiliates, agents and servants harmless against the same and (5) neither American nor the Borrower shall be required to pay to the Liquidity Provider any amount under Section 3.01, Section 3.02 or Section 3.03 greater than it would have been required to pay had there not been any grant of a Participation by the Liquidity Provider. The Liquidity Provider may, in connection with any Participation or proposed Participation pursuant to this Section 7.08(b), disclose to the participant or proposed participant any information relating to the Operative Agreements or to

the parties thereto furnished to the Liquidity Provider thereunder or in connection therewith and permitted to be disclosed by the Liquidity Provider; provided, however, that prior to any such disclosure, the participant or proposed participant shall agree in writing for the express benefit of the Borrower and American to preserve the confidentiality of any confidential information included therein (subject to customary exceptions).

(c) Notwithstanding the other provisions of this Section 7.08, the Liquidity Provider may assign and pledge all or any portion of the Advances owing to it to any Federal Reserve Bank or the United States Treasury as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank, provided that any payment in respect of such assigned Advances made by the Borrower to the Liquidity Provider in accordance with the terms of this Agreement shall satisfy the Borrower's obligations hereunder in respect of such assigned Advance to the extent of such payment. No such assignment shall release the Liquidity Provider from its obligations hereunder.

Section 7.09. Severability. Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

Section 7.10. GOVERNING LAW. THIS AGREEMENT HAS BEEN DELIVERED IN THE STATE OF NEW YORK AND THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Section 7.11. Submission to Jurisdiction; Waiver of Jury Trial; Waiver of Immunity. (a) Each of the parties hereto, to the extent it may do so under applicable law, for purposes hereof hereby (i) irrevocably submits itself to the non-exclusive jurisdiction of the courts of the State of New York sitting in the City of New York and to the non-exclusive jurisdiction of the United States District Court for the Southern District of New York, for the purposes of any suit, action or other proceeding arising out of this Agreement, the subject matter hereof or any of the transactions contemplated hereby brought by any party or parties hereto or thereto, or their successors or permitted assigns and (ii) waives, and agrees not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof or any of the transactions contemplated hereby may not be enforced in or by such courts.

(b) THE BORROWER AND THE LIQUIDITY PROVIDER EACH HEREBY AGREE TO WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT

MATTER OF THIS AGREEMENT AND THE RELATIONSHIP THAT IS BEING ESTABLISHED, including, without limitation, contract claims, tort claims, breach of duty claims and all other common law and statutory claims. The Borrower and the Liquidity Provider each warrant and represent that it has reviewed this waiver with its legal counsel, and that it knowingly and voluntarily waives its jury trial rights following consultation with such legal counsel. THIS WAIVER IS IRREVOCABLE, AND CANNOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT.

Section 7.12. Execution in Counterparts. This Agreement may be executed in any number of counterparts (and each party shall not be required to execute the same counterpart). Each counterpart of this Agreement including a signature page or pages executed by each of the parties hereto shall be an original counterpart of this Agreement, but all of such counterparts together shall constitute one instrument.

Section 7.13. Entirety. This Agreement, the Intercreditor Agreement and the other Operative Agreements to which the Liquidity Provider is a party constitute the entire agreement of the parties hereto with respect to the subject matter hereof and supersede all prior understandings and agreements of such parties.

Section 7.14. Headings. The headings of the various Articles and Sections herein and in the Table of Contents hereto are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

Section 7.15. LIQUIDITY PROVIDER'S OBLIGATION TO MAKE ADVANCES. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, THE OBLIGATIONS OF THE LIQUIDITY PROVIDER TO MAKE ADVANCES HEREUNDER, AND THE BORROWER'S RIGHTS TO DELIVER NOTICES OF BORROWING REQUESTING THE MAKING OF ADVANCES HEREUNDER, SHALL BE ABSOLUTE, UNCONDITIONAL AND IRREVOCABLE, AND SHALL BE PAID OR PERFORMED, IN EACH CASE STRICTLY IN ACCORDANCE WITH THE TERMS OF THIS AGREEMENT.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first set forth above.

U.S. BANK TRUST NATIONAL ASSOCIATION,
not in its individual capacity but solely as
Subordination Agent, as agent and trustee
for the Class G Trust, as Borrower

By /s/ Alison D.B. Nadeau

Name: Alison D.B. Nadeau
Title: Vice President

CITIBANK, N.A.,
as Liquidity Provider

By /s/ Gaylord C. Holmes

Name: Gaylord C. Holmes
Title: Vice President

INTEREST ADVANCE NOTICE OF BORROWING

The undersigned, a duly authorized signatory of the undersigned borrower (the "Borrower"), hereby certifies to Citibank, N.A. (the "Liquidity Provider"), with reference to the Revolving Credit Agreement (2003-1G) dated as of July 8, 2003, between the Borrower and the Liquidity Provider (the "Liquidity Agreement"; the terms defined therein and not otherwise defined herein being used herein as therein defined or referenced), that:

(1) The Borrower is the Subordination Agent under the Intercreditor Agreement.

(2) The Borrower is delivering this Notice of Borrowing for the making of an Interest Advance by the Liquidity Provider to be used for the payment of the interest on the Class G Certificates which is payable on _____, ____ (the "Distribution Date") in accordance with the terms and provisions of the Class G Trust Agreement and the Class G Certificates, which Advance is requested to be made on _____, _____. The Interest Advance should be remitted to [name of bank/wire instructions/ABA number] in favor of account number [__], reference [__].

(3) The amount of the Interest Advance requested hereby (i) is \$ _____, to be applied in respect of the payment of the interest which is due and payable on the Class G Certificates on the Distribution Date, (ii) does not include any amount with respect to the payment of principal of, or premium on, the Class G Certificates, the Class C Certificates or the Class D Certificates, or interest on the Class C Certificates or Class D Certificates, (iii) was computed in accordance with the provisions of the Class G Certificates, the Class G Trust Agreement and the Intercreditor Agreement (a copy of which computation is attached hereto as Schedule I), (iv) does not exceed the Maximum Available Commitment on the date hereof, (v) does not include any amounts paid in respect of any Series G Equipment Note as to which a Policy Provider Election has been made, and (vi) has not been and is not the subject of a prior or contemporaneous Notice of Borrowing.

(4) Upon receipt by or on behalf of the Borrower of the amount requested hereby, (a) the Borrower will apply the same in accordance with the terms of Section 3.06(b) of the Intercreditor Agreement, (b) no portion of such amount shall be applied by the Borrower for any other purpose and (c) no portion of such amount until so applied shall be commingled with other funds held by the Borrower.

The Borrower hereby acknowledges that, pursuant to the Liquidity Agreement, the making of the Interest Advance as requested by this Notice of Borrowing shall automatically reduce, subject to reinstatement in accordance with the terms of the Liquidity Agreement, the Maximum Available Commitment by an amount equal to the amount of the Interest Advance requested to be made hereby as set forth in clause (i) of paragraph (3) of this Notice of Borrowing and such reduction shall automatically result in corresponding reductions in the amounts available to be borrowed pursuant to a subsequent Advance.

IN WITNESS WHEREOF, the Borrower has executed and delivered
this Notice of Borrowing as of the ____ day of _____, _____.

U.S. BANK TRUST NATIONAL ASSOCIATION,
not in its individual capacity but solely as
Subordination Agent, as Borrower

By: _____
Name:
Title:

SCHEDULE I TO INTEREST ADVANCE NOTICE OF BORROWING

[Insert Copy of Computations in accordance with Interest Advance
Notice of Borrowing]

NON-EXTENSION ADVANCE NOTICE OF BORROWING

The undersigned, a duly authorized signatory of the undersigned borrower (the "Borrower"), hereby certifies to Citibank, N.A. (the "Liquidity Provider"), with reference to the Revolving Credit Agreement (2003-1G) dated as of July 8, 2003, between the Borrower and the Liquidity Provider (the "Liquidity Agreement"; the terms defined therein and not otherwise defined herein being used herein as therein defined or referenced), that:

(1) The Borrower is the Subordination Agent under the Intercreditor Agreement.

(2) The Borrower is delivering this Notice of Borrowing for the making of the Non-Extension Advance by the Liquidity Provider to be used for the funding of the Cash Collateral Account in accordance with Section 3.06(d) of the Intercreditor Agreement, which Advance is requested to be made on _____, _____. The Non-Extension Advance should be remitted to [name of bank/wire instructions/ABA number] in favor of account number [_], reference [_].

(3) The amount of the Non-Extension Advance requested hereby (i) is \$_____, which equals the Maximum Available Commitment on the date hereof and is to be applied in respect of the funding of the Cash Collateral Account in accordance with Sections 3.06(d) and 3.06(f) of the Intercreditor Agreement, (ii) does not include any amount with respect to the payment of the principal of, or premium on, the Class G Certificates, the Class C Certificates or Class D Certificates, or interest on the Class C Certificates or Class D Certificates, (iii) was computed in accordance with the provisions of the Class G Certificates, the Class G Trust Agreement and the Intercreditor Agreement (a copy of which computation is attached hereto as Schedule I), and (iv) has not been and is not the subject of a prior or contemporaneous Notice of Borrowing under the Liquidity Agreement.

(4) Upon receipt by or on behalf of the Borrower of the amount requested hereby, (a) the Borrower will deposit such amount in the Cash Collateral Account and apply the same in accordance with the terms of Sections 3.06(d) and 3.06(f) of the Intercreditor Agreement, (b) no portion of such amount shall be applied by the Borrower for any other purpose and (c) no portion of such amount until so applied shall be commingled with other funds held by the Borrower.

The Borrower hereby acknowledges that, pursuant to the Liquidity Agreement, (A) the making of the Non-Extension Advance as requested by this Notice of Borrowing shall automatically and irrevocably terminate the obligation of the Liquidity Provider to make further Advances under the Liquidity Agreement; and (B) following the making by the Liquidity Provider of the Non-Extension Advance requested by this Notice of Borrowing, the Borrower shall not be entitled to request any further Advances under the Liquidity Agreement.

IN WITNESS WHEREOF, the Borrower has executed and delivered
this Notice of Borrowing as of the ____ day of _____, _____.

U.S. BANK TRUST NATIONAL ASSOCIATION,
not in its individual capacity but solely as
Subordination Agent, as Borrower

By: _____
Name:
Title:

SCHEDULE I TO NON-EXTENSION ADVANCE NOTICE OF BORROWING

[Insert Copy of computations in accordance with Non-Extension Advance
Notice of Borrowing]

DOWNGRADE ADVANCE NOTICE OF BORROWING

The undersigned, a duly authorized signatory of the undersigned borrower (the "Borrower"), hereby certifies to Citibank, N.A. (the "Liquidity Provider"), with reference to the Revolving Credit Agreement (2003-1G) dated as of July 8, 2003, between the Borrower and the Liquidity Provider (the "Liquidity Agreement"; the terms defined therein and not otherwise defined herein being used herein as therein defined or referenced), that:

(1) The Borrower is the Subordination Agent under the Intercreditor Agreement.

(2) The Borrower is delivering this Notice of Borrowing for the making of the Downgrade Advance by the Liquidity Provider to be used for the funding of the Cash Collateral Account in accordance with Section 3.06(c) of the Intercreditor Agreement by reason of the downgrading of the Liquidity Provider's short-term unsecured debt rating (with respect to Moody's) or short-term issuer credit rating (with respect to S&P) (or if the Liquidity Provider does not have such a rating issued by a given Rating Agency, long-term issuer credit rating (with respect to S&P) or long-term unsecured debt rating (with respect to Moody's)) below the applicable Threshold Rating, which Advance is requested to be made on _____, _____. The Downgrade Advance should be remitted to [name of bank/wire instructions/ABA number] in favor of account number [_], reference [_].

(3) The amount of the Downgrade Advance requested hereby (i) is \$ _____, which equals the Maximum Available Commitment on the date hereof and is to be applied in respect of the funding of the Cash Collateral Account in accordance with Sections 3.06(c) and 3.06(f) of the Intercreditor Agreement, (ii) does not include any amount with respect to the payment of the principal of, or premium on, the Class G Certificates, the Class C Certificates or Class D Certificates, or interest on the Class C Certificates or Class D Certificates, (iii) was computed in accordance with the provisions of the Class G Certificates, the Class G Trust Agreement and the Intercreditor Agreement (a copy of which computation is attached hereto as Schedule I), and (iv) has not been and is not the subject of a prior or contemporaneous Notice of Borrowing under the Liquidity Agreement.

(4) Upon receipt by or on behalf of the Borrower of the amount requested hereby, (a) the Borrower will deposit such amount in the Cash Collateral Account and apply the same in accordance with the terms of Sections 3.06(c) and 3.06(f) of the Intercreditor Agreement, (b) no portion of such amount shall be applied by the Borrower for any other purpose and (c) no portion of such amount until so applied shall be commingled with other funds held by the Borrower.

The Borrower hereby acknowledges that, pursuant to the Liquidity Agreement, (A) the making of the Downgrade Advance as requested by this Notice of Borrowing shall

automatically and irrevocably terminate the obligation of the Liquidity Provider to make further Advances under the Liquidity Agreement; and (B) following the making by the Liquidity Provider of the Downgrade Advance requested by this Notice of Borrowing, the Borrower shall not be entitled to request any further Advances under the Liquidity Agreement.

IN WITNESS WHEREOF, the Borrower has executed and delivered this Notice of Borrowing as of the ____ day of _____, ____.

U.S. BANK TRUST NATIONAL ASSOCIATION,
not in its individual capacity but solely as
Subordination Agent, as Borrower

By: _____
Name:
Title:

SCHEDULE I TO DOWNGRADE ADVANCE NOTICE OF BORROWING

[Insert Copy of computations in accordance with Downgrade Advance
Notice of Borrowing]

FINAL ADVANCE NOTICE OF BORROWING

The undersigned, a duly authorized signatory of the undersigned borrower (the "Borrower"), hereby certifies to Citibank, N.A. (the "Liquidity Provider"), with reference to the Revolving Credit Agreement (2003-1G) dated as of July 8, 2003, between the Borrower and the Liquidity Provider (the "Liquidity Agreement"; the terms defined therein and not otherwise defined herein being used herein as therein defined or referenced), that:

(1) The Borrower is the Subordination Agent under the Intercreditor Agreement.

(2) The Borrower is delivering this Notice of Borrowing for the making of the Final Advance by the Liquidity Provider to be used for the funding of the Cash Collateral Account in accordance with Section 3.06(i) of the Intercreditor Agreement by reason of the receipt by the Borrower of a Termination Notice from the Liquidity Provider with respect to the Liquidity Agreement, which Advance is requested to be made on _____, _____. The Final Advance should be remitted to [name of bank/wire instructions/ABA number] in favor of account number [_], reference [_].

(3) The amount of the Final Advance requested hereby (i) is \$_____, which equals the Maximum Available Commitment on the date hereof and is to be applied in respect of the funding of the Cash Collateral Account in accordance with Sections 3.06(f) and 3.06(i) of the Intercreditor Agreement, (ii) does not include any amount with respect to the payment of principal of, or premium on, the Class G Certificates, the Class C Certificates or Class D Certificates, or interest on the Class C Certificates or Class D Certificates, (iii) was computed in accordance with the provisions of the Class G Certificates, the Class G Trust Agreement and the Intercreditor Agreement (a copy of which computation is attached hereto as Schedule I), and (iv) has not been and is not the subject of a prior or contemporaneous Notice of Borrowing.

(4) Upon receipt by or on behalf of the Borrower of the amount requested hereby, (a) the Borrower will deposit such amount in the Cash Collateral Account and apply the same in accordance with the terms of Sections 3.06(f) and 3.06(i) of the Intercreditor Agreement, (b) no portion of such amount shall be applied by the Borrower for any other purpose and (c) no portion of such amount until so applied shall be commingled with other funds held by the Borrower.

The Borrower hereby acknowledges that, pursuant to the Liquidity Agreement, (A) the making of the Final Advance as requested by this Notice of Borrowing shall automatically and irrevocably terminate the obligation of the Liquidity Provider to make further Advances under the Liquidity Agreement; and (B) following the making by the Liquidity Provider of the Final Advance requested by this Notice of Borrowing, the Borrower shall not be entitled to request any further Advances under the Liquidity Agreement.

IN WITNESS WHEREOF, the Borrower has executed and delivered
this Notice of Borrowing as of the ____ day of _____, ____.

U.S. BANK TRUST NATIONAL ASSOCIATION,
not in its individual capacity but solely as
Subordination Agent, as Borrower

By _____
Name:
Title:

SCHEDULE I TO FINAL ADVANCE NOTICE OF BORROWING

[Insert Copy of Computations in accordance with Final Advance
Notice of Borrowing]

NOTICE OF TERMINATION

[Date]

U.S. Bank Trust National Association,
as Subordination Agent, as Borrower
225 Asylum Street
Goodwin Square
Hartford, CT 06103

Attention: Corporate Trust Division.

Revolving Credit Agreement dated as of July 8, 2003, between U.S. Bank Trust National Association, as Subordination Agent, as agent and trustee for the American Airlines Pass Through Trust, 2003-1G, as Borrower, and Citibank, N.A., as Liquidity Provider (the "Liquidity Agreement"; capitalized terms used herein and not otherwise defined shall have the meanings attributed thereto in the Liquidity Agreement)

Ladies and Gentlemen:

You are hereby notified that, pursuant to Section 6.01 of the Liquidity Agreement, because both (x) a Performing Note Deficiency exists and (y) a Liquidity Event of Default has occurred and is continuing, we are giving this notice to you in order to cause (i) our obligations to make Advances (as defined therein) under such Liquidity Agreement to terminate at the close of business on the fifth Business Day after the date on which you receive this notice and (ii) you to request a Final Advance under the Liquidity Agreement pursuant to Section 2.02(d) thereof and Section 3.06(i) of the Intercreditor Agreement (as defined in the Liquidity Agreement) as a consequence of your receipt of this notice.

THIS NOTICE IS THE "NOTICE OF TERMINATION" PROVIDED FOR UNDER THE LIQUIDITY AGREEMENT. OUR OBLIGATIONS TO MAKE ADVANCES UNDER THE LIQUIDITY AGREEMENT WILL TERMINATE AT THE CLOSE OF BUSINESS ON THE FIFTH BUSINESS DAY AFTER THE DATE ON WHICH YOU RECEIVE THIS NOTICE.

Very truly yours,

CITIBANK, N.A.,
as Liquidity Provider

By _____
Name:
Title:

cc: U.S. Bank Trust National Association,
as Class G Trustee

NOTICE OF REPLACEMENT SUBORDINATION AGENT

[Date]
Attention:

Revolving Credit Agreement dated as of July 8, 2003, between U.S. Bank Trust National Association, as Subordination Agent, as agent and trustee for the American Airlines Pass Through Trust, 2003-1G, as Borrower, and Citibank, N.A., as Liquidity Provider (the "Liquidity Agreement")

Ladies and Gentlemen:

For value received, the undersigned beneficiary hereby irrevocably transfers to:

[Name of Transferee]

[Address of Transferee]

all rights and obligations of the undersigned as Borrower under the Liquidity Agreement referred to above. The transferee has succeeded the undersigned as Subordination Agent under the Intercreditor Agreement referred to in the first paragraph of the Liquidity Agreement, pursuant to the terms of Section 7.01 of the Intercreditor Agreement.

By this transfer, all rights of the undersigned as Borrower under the Liquidity Agreement are transferred to the transferee and the transferee shall hereafter have the sole rights and obligations as Borrower thereunder. The undersigned shall pay any costs and expenses of such transfer, including, but not limited to, transfer taxes or governmental charges.

This transfer shall be effective as of [specify time and date]

U.S. BANK TRUST NATIONAL ASSOCIATION,
not in its individual capacity but solely as
Subordination Agent, as Borrower

By _____
Name:
Title:

By _____
Name:
Title:

Ambac
Certificate Guaranty Insurance Policy
Insured Obligations:
Ambac Assurance Corporation
One State Street Plaza, 15th Floor
New York, New York 10004
Telephone: (212) 668-0340
Policy Number: AB0686BE

- 1. American Airlines 2003-1
Pass Through Trusts,
American Airlines Pass Through Certificates, Series 2003- 1G
\$254,863,000 Class G Certificates
- 2. Excess Interest Premium: Payable as set forth in the
(as defined in the attached endorsement) policy fee letter.

AMBAC ASSURANCE CORPORATION (AMBAC), a Wisconsin stock insurance corporation, in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees unconditionally and irrevocably to pay to the Trustee for the benefit of the Holders of the Insured Obligations, that portion of the Insured Amounts which shall become Due for Payment but shall be unpaid by reason of Nonpayment.

Ambac will make such payments to the Trustee from its own funds on the later of (a) one (1) Business Day following notification to Ambac of Nonpayment or (b) the Business Day on which the Insured Amounts are Due for Payment. Such payments of principal or interest shall be made only upon presentation of an instrument of assignment in form and substance satisfactory to Ambac, transferring to Ambac all rights under such Insured Obligations to receive the principal of and interest on the Insured Obligation. Ambac shall be subrogated to all the Holders' rights to payment on the Insured Obligations to the extent of the insurance disbursements so made. Once payments of the Insured Amounts have been made to the Trustee, Ambac shall have no further obligation hereunder in respect of such Insured Amounts.

In the event the Trustee for the Insured Obligations has notice that any payment of principal or interest on an Insured Obligation which has become Due for Payment and which is made to a Holder by or on behalf of the Trustee has been deemed a preferential transfer and theretofore recovered from its Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such Holder will be entitled to payment from Ambac to the extent of such recovery if sufficient funds are not otherwise available.

This Policy is noncancelable by Ambac for any reason, including failure to receive payment of any premium due hereunder. The premium on this Policy is not refundable for any reason. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Insured Obligation, other than at the sole option of Ambac, nor against any risk other than Nonpayment, including failure of the Trustee to make any payment due Holders of Insured Amounts.

To the fullest extent permitted by applicable law, Ambac hereby waives and agrees not to assert any and all rights and defenses, to the extent such rights and defenses may be available to Ambac, to avoid payment of its obligations under this Policy in accordance with the express provisions hereof.

Any capitalized terms not defined herein shall have the meaning given such terms in the endorsement attached hereto or in the Agreement.

In witness whereof, Ambac has caused this Policy to be affixed with its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as their original signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.

/s/ Robert J. Genader [AMBAC SEAL] /s/ Anne G. Gill
President Secretary
/s/ Barry Schofield
Authorized Representative
Effective Date: July 8, 2003

CERTIFICATE GUARANTY INSURANCE POLICY
ENDORSEMENT

Attached to and forming
part of Policy No. AB0686BE
issued to:

Effective Date of Endorsement:
July 8, 2003

U.S. Bank Trust National Association,
not in its individual capacity but solely as Subordination
Agent and Trustee under the Agreement, together with its successors
and assigns in such capacity

Citibank, N.A.,
as Class G Liquidity Provider, together with
any Replacement Liquidity Provider for any Class G Liquidity Facility
solely with respect to Deficiency Amounts
described in item (g) of the
definition of "Deficiency Amount"

For all purposes of this Policy, the following terms shall have the
following meanings:

"Agreement" shall mean the Intercreditor Agreement, dated as of July 8,
2003, by and among U.S. Bank Trust National Association, as Class G Trustee,
Class C Trustee and Class D Trustee, Citibank, N.A., as Class G Liquidity
Provider, Ambac Assurance Corporation, as Policy Provider, and U.S. Bank Trust
National Association, as Subordination Agent, without regard to any amendment or
supplement thereto unless such amendment or supplement has been executed, or
otherwise approved in writing, by the Insurer.

"Class G Final Legal Distribution Date" means January 9, 2012.

"Collateral" shall have the meaning set forth in the Insurance
Agreement.

"Deficiency Amount" shall mean:

with respect to any Regular Distribution Date other than the Class G Final Legal
Distribution Date, any shortfall in amounts available to the Subordination
Agent, after giving effect to the subordination provisions of the Agreement and
to the application of Prior Funds and all other available funds on such
Distribution Date in accordance with the Agreement, for the payment of accrued
and unpaid interest at the Stated Interest Rate for the Class G Certificates on
the Pool Balance of the Class G Certificates on such Distribution Date;

with respect to any Special Distribution Date (other than a Special Distribution
Date established pursuant to the second paragraph of Section 3.07(c) of the
Agreement) established by reason of receipt of a Special Payment constituting
the proceeds of any Series G Equipment Note or the related Collateral, as the
case may be (each a "Disposition Payment"), any shortfall in the amounts
available to the Subordination Agent, after giving effect to the subordination
provisions of the Agreement and to the application of any Prior Funds and all
other available funds (including, without limitation, the application of the
related Disposition Payment) in accordance with the Agreement, for the reduction
in the outstanding Pool Balance of the Class G Certificates by an amount equal
to the outstanding principal amount of such Series G Equipment Note (determined
immediately prior to the receipt of such Disposition Payment and less any
Insured Amounts previously paid by the Insurer on the Class G Certificates in
respect of principal of such Series G Equipment Note), plus accrued and unpaid
interest on the amount of such

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reduction accrued at the Stated Interest Rate for the Class G Certificates for the period from the immediately preceding Regular Distribution Date to such Special Distribution Date;

with respect to the Special Distribution Date established by reason of the failure of the Subordination Agent to have received a Special Payment constituting a Disposition Payment on or before the date which is twenty-four (24) months after the last date on which full payment due was made on such Series G Equipment Note (the date of such payment in full, the "Last Payment Date") as to which there has been a failure to pay principal or that has been accelerated subsequent to the Last Payment Date, if, on or prior to such Special Distribution Date, there has not been a drawing made theretofore pursuant to clause (b) above, the amount equal to the then outstanding principal amount of such Series G Equipment Note, plus accrued and unpaid interest thereon at the Stated Interest Rate for the Class G Certificates from the immediately preceding Regular Distribution Date to such Special Distribution Date; provided, however, that if the Insurer shall have duly given a Notice of Insurer Election with respect to such Series G Equipment Note, the Deficiency Amount with respect to such Special Distribution Date shall be an amount equal to the shortfall in amounts available to the Subordination Agent, after giving effect to the application of any drawing paid under the Class G Liquidity Facility in respect of interest due on the Class G Certificates on such Distribution Date and any withdrawal from the Class G Cash Collateral Account in respect of interest due on such Distribution Date in accordance with the Agreement, in each case, attributable to interest on such Series G Equipment Note, for payment of an amount equal to the scheduled principal and interest due but not paid on such Series G Equipment Note (without regard to Acceleration thereof) during such twenty-four (24) month period;

with respect to each Regular Distribution Date following the Special Distribution Date as to which any Notice of Insurer Election described in the proviso to clause (c) above has been given in respect of any Series G Equipment Note, and prior to the establishment of a Special Distribution Date at the election of the Insurer in accordance with the last sentence of the second paragraph of Section 3.07(c) of the Agreement or an Election Distribution Date with respect to such Series G Equipment Note, an amount equal to the scheduled principal (without regard to the Acceleration thereof) and interest payments (without regard to any funds available under the Class G Liquidity Facility or the Class G Cash Collateral Account) at the Stated Interest Rate for the Class G Certificates (without duplication of any payments that may be required to be made under item (a) above) that were to become due on such Regular Distribution Date on such Series G Equipment Note;

with respect to any Special Distribution Date elected by the Insurer pursuant to a Notice of Insurer Election in accordance with the last sentence of the second paragraph of Section 3.07(c) of the Agreement or which is an Election Distribution Date, an amount equal to the shortfall in amounts available to the Subordination Agent to pay in full the then outstanding principal balance of the Series G Equipment Note as to which such Special Distribution Date or such Election Distribution Date, as applicable, relates and accrued and unpaid interest thereon at the Stated Interest Rate for the Class G Certificates from the immediately preceding Regular Distribution Date to such Special Distribution Date or such Election Distribution Date, as the case may be, less any Insured Amounts previously paid by the Insurer in respect of principal on such Series G Equipment Note;

with respect to the Class G Final Legal Distribution Date, any shortfall in amounts available to the Subordination Agent, after giving effect to the subordination provisions of the Agreement, and to the application of Prior Funds and all other available funds in accordance with the Agreement, for the payment in full of the Final Distributions (calculated as of such date but excluding any accrued and unpaid premium (which shall include, without limitation, any accrued and unpaid Make-Whole Amount)) on the Class G Certificates; and

with respect to any Distribution Date (including any Special Distribution Date or Election Distribution Date) which occurs during any Excess Interest Period, the amount equal to the Excess Interest unpaid on such date;

provided, further, for the avoidance of doubt, that the Deficiency Amount shall not include amounts arising as a result of (i) deductions for or withholdings of Taxes in respect of any payments made or to be made by the Subordination Agent, the Class G Trust, the Class G Trustee or the Class G Liquidity Provider or amounts received by the Subordination Agent, the Class G Trust, the Class G Trustee or the Class G Liquidity Provider, (ii) any Taxes imposed on

the payments or amounts referenced in clause (i), and (iii) any Taxes imposed on the Subordination Agent, the Class G Trust or the Class G Trustee.

"Disposition Payment" shall have the meaning given to such term in subclause (b) of the definition of "Deficiency Amount"

"Due for Payment" shall mean, with respect to any Distribution Date, the Insured Amount that is payable to the Holders in respect of the Class G Certificates on such Distribution Date or to the Class G Liquidity Provider in respect of Excess Interest in the manner provided in the Agreement.

"Election Distribution Date" shall mean any Special Distribution Date established by the Subordination Agent upon twenty (20) days' Written Notice to the Class G Trustee and the Policy Provider by reason of the occurrence and continuation of a Policy Provider Default occurring after a Notice of Insurer Election has been given.

"Excess Interest" shall mean interest accrued on all outstanding Drawings under the Class G Liquidity Facility in respect of the Class G Certificates, exclusive of any default interest, from and after the first day of any Excess Interest Period to the date of determination.

"Excess Interest Period" shall mean, with respect to any Series G Equipment Note and Drawing in respect of the Class G Certificates attributable thereto, the period commencing on the day immediately following the end of the twenty-four (24) month period referred to in clause (c) of the definition of "Deficiency Amount" with respect to any such Series G Equipment Note, and ending on the later to occur of (i) the Class G Final Legal Distribution Date and (ii) the date on which all obligations owed to the Class G Liquidity Provider have been paid in full.

"Holder" shall mean any person who is the registered owner or beneficial owner of any Class G Certificates and who, on the applicable Distribution Date, is entitled under the terms of the Class G Certificates to payment thereunder.

"Insolvency Proceeding" means the commencement, after the date hereof, of any bankruptcy, insolvency, readjustment of debt, reorganization, marshalling of assets and liabilities or similar proceedings by or against American Airlines, Inc. or the Class G Liquidity Provider and the commencement, after the date hereof, of any proceedings by American Airlines, Inc. or the Class G Liquidity Provider for the winding up or liquidation of its affairs or the consent, after the date hereof, to the appointment of a trustee, conservator, receiver or liquidator in any bankruptcy, insolvency, readjustment of debt, reorganization, marshalling of assets and liabilities or similar proceedings of or relating to American Airlines, Inc. or the Class G Liquidity Provider.

"Insurance Agreement" shall mean the Insurance and Indemnity Agreement dated as of July 8, 2003, by and among the Insurer, American Airlines, Inc. and U.S. Bank Trust National Association, not in its individual capacity, but solely as Subordination Agent and Class G Trustee, as amended, modified or supplemented from time to time in accordance with the terms thereof.

"Insurance Policy" or "Policy" shall mean the Certificate Guaranty Insurance Policy No. AB0686BE of which this Endorsement is a part together with each and every endorsement thereto.

"Insured Amount" shall mean, with respect to any Distribution Date, the Deficiency Amount for such Distribution Date.

"Insured Obligations" shall mean the Class G Certificates and Excess Interest in respect of the Class G Certificates.

"Insurer" shall mean Ambac Assurance Corporation, or any successor thereto, as issuer of the Insurance Policy.

"Last Payment Date" shall have the meaning given to that term in subclause (c) of the definition of "Deficiency Amount".

"Nonpayment" shall mean, with respect to any Distribution Date, an Insured Amount which is Due for Payment but has not been paid in respect of such Distribution Date.

"Notice of Avoided Payment" shall mean the telephonic notice, promptly confirmed in writing by facsimile in the form of Exhibit B to the Policy, in each instance delivered or performed on a Business Day and sent to the contact person for the Insurer at the address and/or fax number set forth in Section 9.03 of the Agreement, the original of which is subsequently delivered by registered or certified mail from the Subordination Agent specifying the Preference Amount which shall be due and owing on the applicable Distribution Date.

"Notice of Insurer Election" shall mean a notice given by the Insurer when no Policy Provider Default shall have occurred and be continuing, stating that the Insurer elects to make payments of Deficiency Amounts as defined under the proviso to clause (c) and the provisions of clause (d) and, if applicable, clause (e) of the definition of "Deficiency Amounts" in respect of any Series G Equipment Note in lieu of applying clause (c) (without the proviso) of the definition of "Deficiency Amount", which notice shall be given to the Subordination Agent not less than five (5) days prior to the Special Distribution Date established for payment of a Deficiency Amount under clause (c) (without the proviso) of the definition thereof and not less than twenty (20) days prior to the Special Distribution Date elected by the Insurer for payment of a Deficiency Amount under clause (e) of the definition thereof.

"Notice of Nonpayment" shall mean the telephonic notice, promptly confirmed in writing by facsimile in the form of Exhibit A-1 (or, with respect to Insured Amounts in respect of amounts described in item (g) of the definition of "Deficiency Amount," Exhibit A-2) to the Policy, in each instance delivered or performed on a Business Day and sent to the contact person for the Insurer at the address and/or fax numbers set forth in Section 9.03 of the Agreement, the original of which is subsequently delivered by registered or certified mail from the Subordination Agent (or, with respect to Insured Amounts in respect of amounts described in item (g) of the definition of "Deficiency Amount" from the Class G Liquidity Provider) specifying the Insured Amount which shall be due and owing to the Subordination Agent (or, with respect to Insured Amounts in respect of amounts described in item (g) of the definition of "Deficiency Amount,"

to the Class G Liquidity Provider) for distribution to the Holders or the Class G Liquidity Provider in respect of the Class G Certificates, as applicable, on the applicable Distribution Date.

"Order" shall mean a final, non-appealable order of a court of competent jurisdiction exercising jurisdiction in an insolvency proceeding providing for recovery of a Preference Amount.

"Preference Amount" means any payment of principal of, or interest at the Stated Interest Rate on, the Series G Equipment Notes made to the Class G Trustee or the Subordination Agent or (without duplication) any payment of the Pool Balance of, or interest at the Stated Interest Rate on, the Class G Certificates (or any payment of the proceeds of any drawing under the Class G Liquidity Facility in respect of the Class G Certificates) made to a Holder which has become recoverable or been recovered from the Class G Trustee, the Subordination Agent or the Holders (as the case may be) as a result of such payment being determined or deemed a preferential transfer pursuant to the United States Bankruptcy Code or otherwise rescinded or required to be returned in accordance with an Order; provided, that, for the avoidance of doubt, the Preference Amount shall not include any amounts that were or are required to be deducted in respect of taxes from the related preferential transfer.

"Prior Funds" shall, at any date of determination, mean (i) any drawing paid under the Class G Liquidity Facility in respect of interest due on the Class G Certificates on such date, and (ii) any amounts withdrawn from the Class G Cash Collateral Account in respect of interest due on the Class G Certificates on such date.

"Subordination Agent" shall mean U.S. Bank Trust National Association not in its individual capacity but solely as Subordination Agent under the Agreement, or any successor thereto under the Agreement.

"Trustee" for purposes of the Policy shall mean the Subordination Agent or, with respect to Insured Amounts in respect of amounts described in item (g) of the definition of "Deficiency Amount," the Class G Liquidity Provider.

Capitalized terms used herein and not otherwise defined shall have the meaning assigned to them in the Agreement, as defined herein.

Notwithstanding the first sentence of the second paragraph of the face of the Policy, the Insurer will pay any Insured Amount payable hereunder no later than 4:00 p.m. (New York City time) to the Subordination Agent (or, with respect to Insured Amounts in respect of amounts described in item (g) of the definition of "Deficiency Amount," to the Class G Liquidity Provider) on the later of (i) the Distribution Date on which the related Insured Amount is Due for Payment, or (ii) the Business Day on which the Insurer receives a Notice of Nonpayment; provided that, if such Notice of Nonpayment is received after 1:00 p.m. (New York City time) on such Business Day, it will be deemed to be received on the following Business Day. If any such Notice of Nonpayment is not in proper form or is otherwise insufficient for the purpose of making a claim under the Policy, it shall be deemed not to have been received for purposes of this paragraph, and the Insurer shall promptly so advise the Subordination Agent (or the Class G

Liquidity Provider, if applicable) and the Subordination Agent (or the Class G Liquidity Provider, if applicable) may submit an amended Notice of Nonpayment.

Notwithstanding the third paragraph of the face of the Policy, the Insurer shall pay any Preference Amount due to be paid pursuant to an Order, no later than 4:00 p.m. on the later of (x) the Special Distribution Date established for the payment of such Preference Amount (or, if payment is to be made to a receiver, conservator, debtor-in-possession or trustee in bankruptcy, on the date specified in the Order) and (y) the third Business Day following receipt by the Insurer on a Business Day of (i) a certified copy of an Order, (ii) a certificate by or on behalf of the Subordination Agent, the Class G Trustee and the Holder, as applicable, that such Order has been entered, is final and is not subject to any stay, (iii) an assignment, in form and substance satisfactory to the Insurer, duly executed and delivered by the Subordination Agent, the Class G Trustee or the Holder, as applicable, irrevocably assigning to the Insurer all rights and claims of the Subordination Agent, the Class G Trustee or the Holder (provided such Preference Amount is received by the Holder) with respect to such Preference Amount, and (iv) a Notice of Avoided Payment (in the form attached hereto as Exhibit B) appropriately completed and executed by the Subordination Agent. Any Notice of Avoided Payment received by the Insurer after 1:00 p.m. (New York City time) on a Business Day shall be deemed to have been received on the next Business Day. If any Notice of Avoided Payment is not in proper form or is otherwise insufficient for the purpose of making a claim under the Policy, it shall be deemed not to have been received for purposes of this paragraph and the Insurer shall promptly so advise the Subordination Agent and the Subordination Agent may submit an amended Notice of Avoided Payment. Such payment shall be disbursed to the receiver, conservator, debtor-in-possession or trustee in bankruptcy named in the Order, and not to the Subordination Agent, the Class G Trustee or the Holder directly, unless the Subordination Agent, the Class G Trustee or the Holder has made a payment of the Preference Amount to the court or such receiver, conservator, debtor-in-possession or trustee in bankruptcy named in the Order, in which case the Insurer will pay to the Subordination Agent for payment over to the Holder or the Class G Trustee, subject to the delivery of (a) the items referred to in clauses (i), (ii), (iii) and (iv) above to the Insurer and (b) evidence satisfactory to the Insurer that payment has been made to such court or receiver, conservator, debtor-in-possession or trustee in bankruptcy named in the Order.

No instrument of assignment shall be required notwithstanding the second paragraph of the face of the Policy except in connection with payment of a Preference Amount. Notwithstanding the second paragraph of the face of the Policy, the Insurer shall be subrogated to the rights of the holders of the Class G Certificates and to the rights of the holders of the Series G Equipment Notes only to the extent provided in the Agreement. For the avoidance of doubt, the subrogation provisions in the Agreement include Sections 2.04, 3.02, 3.03 and 3.08 thereof.

A premium will be payable on this Policy in accordance with the terms of the Insurance Agreement.

The Policy to which this Endorsement is attached and of which it forms a part is hereby amended to provide that the Insurer shall have no obligation (i) to pay any Insured Amount or Preference Amount except at the times and in the amounts expressly provided for in this Policy or (ii) to pay any amount in excess of \$254,863,000, plus interest at the Stated Interest Rate for

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the Class G Certificates for the period during which the Class G Certificates were outstanding plus Excess Interest. Clause (ii) of the preceding sentence shall not limit the Insurer's payment obligations with respect to any Deficiency Amount paid by the Insurer which becomes a Preference Amount.

THIS POLICY DOES NOT COVER (I) PREMIUMS (INCLUDING, WITHOUT LIMITATION, ANY ACCRUED AND UNPAID MAKE-WHOLE AMOUNT), IF ANY, PAYABLE IN RESPECT OF THE CLASS G CERTIFICATES, (II) SHORTFALLS, IF ANY, ATTRIBUTABLE TO WITHHOLDING TAXES IMPOSED IN CONNECTION WITH PAYMENTS IN RESPECT OF THE CLASS G CERTIFICATES (INCLUDING INTEREST, PENALTIES AND ADDITIONS IN RESPECT OF SUCH TAXES) OR (III) ANY RISK OTHER THAN THE RISK OF NONPAYMENT AND THE RISK OF THE OCCURRENCE OF A PREFERENCE AMOUNT, INCLUDING FAILURE OF THE SUBORDINATION AGENT OR THE CLASS G TRUSTEE TO MAKE ANY PAYMENT DUE TO THE HOLDERS OF THE CLASS G CERTIFICATES FROM FUNDS RECEIVED.

This Policy and the obligations of the Insurer hereunder shall terminate on the day (the "Termination Date") which is one year and one day following the Distribution Date upon which the Final Distributions on the Class G Certificates are made. The foregoing notwithstanding, if an Insolvency Proceeding has commenced and has not been concluded or dismissed on the Termination Date, then this Policy and the Insurer's obligations hereunder shall terminate on the later of (i) the date of the conclusion or dismissal of such Insolvency Proceeding without continuing jurisdiction by the court in such Insolvency Proceeding, and (ii) the date on which the Insurer has made all payments required to be made under the terms of this Policy in respect of Preference Amounts.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above-mentioned Policy other than as specifically provided for otherwise by this Endorsement.

The obligations of the Insurer to make payments to the Class G Liquidity Provider hereunder may not be amended or modified without the consent of the Class G Liquidity Provider.

This Policy shall be construed under the laws of the State of New York.

IN THE EVENT THAT AMBAC ASSURANCE CORPORATION WERE TO BECOME INSOLVENT, ANY CLAIMS ARISING UNDER THE POLICY WOULD BE EXCLUDED FROM COVERAGE BY THE CONNECTICUT GUARANTY ASSOCIATION.

There shall be no acceleration of payments due under the Policy with respect to Insured Amounts except at the sole option of the Insurer. For purposes of this paragraph, acceleration of payment shall mean, without limitation, any acceleration of a payment by reason of a payment default or insolvency of American Airlines, Inc. or the Class G Trust.

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IN WITNESS WHEREOF, the Insurer has caused this Endorsement to the Policy to be signed by its duly authorized officers.

Vice President

Assistant Secretary

/s/ Barry Schofield

/s/ Melissa Velie

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EXHIBIT A-1
TO THE CERTIFICATE GUARANTY INSURANCE POLICY
Policy No. AB0686BE

NOTICE OF NONPAYMENT AND DEMAND
FOR PAYMENT OF AN INSURED AMOUNT

Date: []

AMBAC ASSURANCE CORPORATION
One State Street Plaza
New York, New York 10004
Attention: General Counsel

Reference is made to Certificate Guaranty Insurance Policy No. AB0686BE (together with all endorsements thereto, the "Policy") issued by Ambac Assurance Corporation ("Ambac"). Terms capitalized herein and not otherwise defined shall have the meanings ascribed to such terms in or pursuant to the Policy unless the context otherwise requires.

The Subordination Agent hereby certifies as follows:

1. The Subordination Agent is an agent for the Class G Trustee under the Agreement.
2. The relevant Distribution Date is _____. Such Distribution Date is a [Regular Distribution Date, a Special Distribution Date, Election Distribution Date, or the Class G Final Legal Distribution Date].
- [3. Payment of interest at the Stated Interest Rate for the Class G Certificates accrued to the Distribution Date which is a Regular Distribution Date as determined pursuant to paragraph (a) of the definition of "Deficiency Amount" in the Policy is an amount equal to \$_____.]
- [3. The amount determined for payment to the Holders of the Class G Certificates pursuant to paragraph (b) of the definition of "Deficiency Amount" in the Policy on the Distribution Date which is a Special Distribution Date in respect of a reduction in the outstanding Pool Balance of such Class G Certificates and interest on the amount of such reduction at the Stated Interest Rate for the Class G Certificates from the immediately preceding Regular Distribution Date to such Special Distribution Date is \$_____.]
- [3. The Subordination Agent has not received a timely Notice of Insurer Election pursuant to the Policy and the amount determined for payment to the Holders of the Class G Certificates pursuant to paragraph (c) of the definition of "Deficiency Amount" in the Policy on the Distribution Date which is a Special Distribution Date in respect of the outstanding principal amount of the relevant Series G Equipment Note(s) and interest accrued

thereon at the Stated Interest Rate for the Class G Certificates from the immediately preceding Regular Distribution Date to such Special Distribution Date is \$_____.]

- [3. The Subordination Agent has received a timely Notice of Insurer Election pursuant to the Policy and the amount determined for payment to the Holders of the Class G Certificates pursuant to the proviso in paragraph (c) of the definition of "Deficiency Amount" in the Policy on the Distribution Date which is a Special Distribution Date in respect of scheduled principal (without regard to Acceleration thereof) and interest at the Stated Interest Rate for the Class G Certificates that is due on the relevant Series G Equipment Note(s) during the twenty-four (24) month period referred to in such paragraph (c) is \$_____.]
- [3. The Subordination Agent has received a timely Notice of Insurer Election pursuant to the Policy, no Election Distribution Date has been established pursuant to the Policy or Special Distribution Date established at the election of the Insurer in accordance with Section 3.07(c) of the Agreement and the amount determined for payment to the Holders of the Class G Certificates pursuant to paragraph (d) of the definition of "Deficiency Amount" in the Policy on the Distribution Date which is a Regular Distribution Date in respect of scheduled principal (without regard to acceleration thereof) and (without duplication of any payments that may be required to be made pursuant to paragraph (a) of such definition) interest at the Stated Interest Rate for the Class G Certificates due on the Regular Distribution Date on the relevant Series G Equipment Note(s) is \$_____.]
- [3. The amount determined for payment to the Holders of the Class G Certificates pursuant to paragraph (e) of the definition of "Deficiency Amount" in the Policy on the Distribution Date which is a Special Distribution Date elected by the Insurer in accordance with Section 3.07(c) of the Agreement or an Election Distribution Date in respect of the outstanding principal balance of the relevant Series G Equipment Note(s) and accrued interest thereon at the Stated Interest Rate for the Class G Certificates from the immediately preceding Regular Distribution Date to such Special Distribution Date or Election Distribution Date, as the case may be, is \$_____.]
- [3. The amount determined for payment to the Holders of the Class G Certificates pursuant to paragraph (f) of the definition of "Deficiency Amount" in the Policy on the Distribution Date which is the Class G Final Legal Distribution Date in respect of interest at the Stated Interest Rate and the Pool Balance of such Class G Certificates is \$_____.]

4. There is a Deficiency Amount in respect of such Distribution Date of \$_____ in respect of the Class G Certificates, which amount is an Insured Amount pursuant to the terms of the Policy.
5. The sum of \$_____ is the Insured Amount that is Due for Payment to the Subordination Agent.
6. The Subordination Agent has not heretofore made a demand for the Insured Amount in respect of such Distribution Date.
7. The Subordination Agent hereby requests that payment of such Insured Amount that is Due for Payment be made by Ambac under the Policy and directs that payment under the Policy be made to the following account by bank wire transfer of federal or other immediately available funds in accordance with the terms of the Policy to:

[]

ABA #[]
Acct #[]
FBO: []

[Policy Account number.]

8. The Subordination Agent hereby agrees that, following receipt of the Insured Amount from Ambac, it shall (a) cause such funds to be deposited in the Policy Account and not permit such funds to be held in any other account, (b) cause such funds to be paid to the Class G Trustee for distribution to the Holders of Class G Certificates in payment of the Pool Balance of, or interest on, the Class G Certificates and not apply such funds for any other purpose and (c) maintain an accurate record of such payments with respect to the Class G Certificates, and the corresponding claim on the Policy and proceeds thereof.

U.S. Bank Trust National Association, not in its individual capacity but solely as Subordination Agent

By: _____

Title: _____
(Officer)

EXHIBIT A-2
TO THE CERTIFICATE GUARANTY INSURANCE POLICY
Policy No. AB0686BE

NOTICE OF NONPAYMENT AND DEMAND
FOR PAYMENT OF AN INSURED AMOUNT TO THE CLASS G LIQUIDITY
PROVIDER

Date: []

AMBAC ASSURANCE CORPORATION
One State Street Plaza
New York, New York 10004
Attention: General Counsel

Reference is made to Certificate Guaranty Insurance Policy No. AB0686BE (together with all endorsements thereto, the "Policy") issued by Ambac Assurance Corporation ("Ambac"). Terms capitalized herein and not otherwise defined shall have the meanings ascribed to such terms in or pursuant to the Policy unless the context otherwise requires.

The Class G Liquidity Provider hereby certifies as follows:

1. The relevant Distribution Date is _____. Such Distribution Date is a Distribution Date described in item (g) of the definition of "Deficiency Amount" in the Policy. The Excess Interest payable on such Distribution Date to the Class G Liquidity Provider is \$_____.
2. There is a Deficiency Amount in respect of such Distribution Date of \$_____ in respect of amounts owed to the Class G Liquidity Provider in respect of the Class G Certificates, which amount is an Insured Amount pursuant to the terms of the Policy.
3. The sum of \$_____ is the Insured Amount that is Due for Payment to the Class G Liquidity Provider.
4. The Class G Liquidity Provider has not heretofore made a demand for the Insured Amount in respect of such Distribution Date.

5. The Class G Liquidity Provider hereby requests that payment of such Insured Amount that is Due for Payment be made by Ambac under the Policy and directs that payment under the Policy be made to the following account by bank wire transfer of federal or other immediately available funds in accordance with the terms of the Policy to:

[]

ABA #[]
Acct #[]
FBO: []

[Policy Account number.]

6. The Class G Liquidity Provider hereby agrees that, following receipt of the Insured Amount from Ambac, it shall maintain an accurate record of such payments with respect to the Class G Liquidity Facility and the corresponding claim of the Class G Liquidity Provider on the Policy and proceeds thereof.

Citibank, N.A., as Class G Liquidity Provider

By: _____

Title: _____
(Officer)

EXHIBIT B
TO THE CERTIFICATE GUARANTY INSURANCE POLICY
Policy No. AB0686BE

NOTICE OF AVOIDED PAYMENT AND DEMAND
FOR PAYMENT OF PREFERENCE AMOUNTS

Date: []

AMBAC ASSURANCE CORPORATION
One State Street Plaza
New York, New York 10004
Attention: General Counsel

Reference is made to Certificate Guaranty Insurance Policy No. AB0686BE (together with all endorsements thereto, the "Policy") issued by Ambac Assurance Corporation ("Ambac"). Terms capitalized herein and not otherwise defined shall have the meanings ascribed to such terms in or pursuant to the Policy unless the context otherwise requires.

The Subordination Agent hereby certifies as follows:

1. The Subordination Agent is an agent for the Class G Trustee under the Agreement.
2. The Subordination Agent has established _____ as a Special Distribution Date pursuant to the Agreement for amounts claimed hereunder.
3. An Order providing for the recovery of a Preference Amount of \$_____ has been issued.
4. \$_____ of the amount set forth in item No. 3 above has been paid by the Subordination Agent, the Class G Trustee or the Holders and \$_____ is required to be paid to the receiver, conservator, debtor-in-possession or trustee in bankruptcy named in the Order.
5. The Subordination Agent has not heretofore made a demand for such Preference Amount.
6. The Subordination Agent hereby requests that payment of \$_____ of such Preference Amount be made to the receiver, conservator, debtor-in-possession or trustee in bankruptcy named in the Order and \$_____ of such Preference Amount be paid to the Subordination Agent for payment over to the Class G Trustee for distribution to the Holders, in each case, by Ambac under the Policy and directs that such payments under the Policy be made to the

following accounts by bank wire transfer of federal or other immediately available funds in accordance with the terms of the Policy to:

7. For the portion to be paid to the receiver, conservator, debtor-in-possession or trustee, to_____:

ABA #[]
Acct #[]
FBO: []

[relevant account number]

For the portion to be paid to the Subordination Agent:

ABA #[]
Acct #[]
FBO: []

[Policy Account Number]

U.S. Bank Trust National Association, not in its individual capacity but solely as Subordination Agent

By: _____

Title:_____

(Officer)

AMBAC ASSURANCE CORPORATION,
as Policy Provider,

AMERICAN AIRLINES, INC.

U.S. BANK TRUST NATIONAL ASSOCIATION,
not in its individual capacity but solely as Subordination Agent

and

U.S. BANK TRUST NATIONAL ASSOCIATION,
as Trustee under the
AMERICAN AIRLINES PASS THROUGH TRUST 2003-1G

INSURANCE AND INDEMNITY AGREEMENT

AMERICAN AIRLINES, INC.

PASS THROUGH CERTIFICATES,
SERIES 2003-1G
Dated as of July 8, 2003

(This Table of Contents is for convenience of reference only and shall not be deemed to be part of this Insurance Agreement. All capitalized terms used in this Insurance Agreement and not otherwise defined shall have the meanings set forth in Article I of this Insurance Agreement.)

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INSURANCE AND INDEMNITY AGREEMENT (as may be amended, modified or supplemented from time to time, this "Insurance Agreement"), dated as of July 8, 2003, by and among AMBAC ASSURANCE CORPORATION, as Policy Provider (the "Policy Provider"), AMERICAN AIRLINES, INC. (with its successors and permitted assigns, "American"), U.S. BANK TRUST NATIONAL ASSOCIATION ("U.S. Bank"), not in its individual capacity but solely as Subordination Agent (the "Subordination Agent"), and U.S. BANK TRUST NATIONAL ASSOCIATION, not in its individual capacity but solely as Class G Trustee (the "Class G Trustee").

W I T N E S S E T H :

WHEREAS, on the date hereof, American is financing seven Aircraft;

WHEREAS, pursuant to each Indenture, on the date hereof, American will issue, on a recourse basis, separate series of Equipment Notes, which Equipment Notes are to be secured by a security interest in all right, title and interest of American in and to the Aircraft and certain other property described in each Indenture;

WHEREAS, on the date hereof, U.S. Bank, not in its individual capacity but as Trustee under the Class G Trust Agreement, will create the Class G Trust, which will acquire the Series G Equipment Notes pursuant to the terms of the Operative Agreements;

WHEREAS, (i) Citibank, N.A., as Class G Liquidity Provider, has entered into a Class G Liquidity Facility, for the benefit of the Class G Certificateholders with U.S. Bank, as the Subordination Agent, as agent and trustee for the trustee of the Class G Trust, and (ii) U.S. Bank, as trustee of the Class G Trust, the Class G Liquidity Provider, the Policy Provider and the Subordination Agent have entered into the Intercreditor Agreement;

WHEREAS, pursuant to the Class G Trust Agreement, the Class G Trust has been created to facilitate the sale of the Class G Certificates;

WHEREAS, the Policy Provider has issued the Policy in respect of the Class G Certificates, pursuant to which it has agreed to guarantee the payment of interest on the Class G Certificates to the Subordination Agent for the benefit of the Class G Certificateholders, and the payment of principal of the Class G Certificates on the Final Legal Distribution Date and as otherwise provided therein to the Subordination Agent for the benefit of the Class G Certificateholders;

WHEREAS, the Policy Provider shall be paid the Premium as set forth herein; and

WHEREAS, each of American, the Class G Trustee, and the Subordination Agent has agreed to undertake certain obligations in consideration for the Policy Provider's issuance of the Policy.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01 Defined Terms. Unless the context clearly requires otherwise, all capitalized terms used but not defined herein shall have the respective meanings assigned to them in the Intercreditor Agreement or, if not defined therein, in the Policy described below. For purposes of this Insurance Agreement, the following terms shall have the following meanings:

"Act" means Part A of subtitle VII of Title 49, United States Code.

"Aircraft" means any aircraft which is part of the Collateral.

"Airframe" means any airframe which is part of the Collateral.

"Ambac Commitment" shall have the meaning set forth in the Policy Fee Letter.

"American Entity" means AMR Corporation, American or any Affiliate of American that is controlled by AMR Corporation. For the purposes of the preceding sentence, "control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise.

"Ambac Supplemental Agreements" means (i) the Policy Provider Indemnity and Inspection Agreement, (ii) the Supplemental Agreement, dated as of the date hereof, between American and the Policy Provider, and (iii) the Agreement Regarding Additional Covenants and Conditions, dated as of the date hereof, between the Policy Provider and American.

"Bankruptcy Code" means the United States Bankruptcy Code, 11 U.S.C. Section 101 et seq.

"Citizen of the United States" is defined in Section 40102(a)(15) of the Act and in the FAA Regulations.

"Collateral" means the "Collateral" as defined in each Indenture with respect to an Aircraft.

"Engine" means any engine which is or will be part of the Collateral.

"Event of Loss" means an Event of Loss as defined in Annex A of any applicable Indenture.

"FAA" means the Federal Aviation Administration of the United States of America or any Government Entity succeeding to the functions of the Federal Aviation Administration.

"FAA Filed Documents" with respect to each Aircraft, means the Indenture with the Indenture Supplement covering such Aircraft attached.

"FAA Regulations" with respect to each Aircraft, means the Federal Aviation Regulations issued or promulgated pursuant to the Act from time to time.

"Final Legal Distribution Date" means January 9, 2012 with respect to the Class G Certificates.

"Financing Statements" means collectively, UCC-1 (and, where appropriate, UCC-3) financing statements covering each Aircraft and the related Collateral, executed by American, as debtor (if required), showing the Loan Trustee as secured party, for filing in Delaware and each other jurisdiction in which such filing is made in accordance with Section 3.01(d) of the related Participation Agreement.

"GAAP" means generally accepted accounting principles as set forth in the statements of financial accounting standards issued by the Financial Accounting Standards Board of the American Institute of Certified Public Accountants, as such principles may at any time or from time to time be varied by any applicable financial accounting rules or regulations issued by the SEC and, with respect to any Person, shall mean such principles applied on a basis consistent with prior periods except as may be disclosed in such Person's financial statements.

"Government Entity" means (i) any federal, state, provincial, local, municipal or similar government, and any body, board, department, commission, court, tribunal, authority, agency or other instrumentality of any such government or otherwise exercising any executive, legislative, judicial, administrative or regulatory functions of such government or (ii) any other government entity having jurisdiction over any matter contemplated by the Operative Agreements or the Underwriting Agreement or relating to the observance or performance of the obligations of any of the parties to the Operative Agreements or the Underwriting Agreement.

"Holder" has the meaning given such term in the Policy.

"Indemnification Agreement" means the Indemnification Agreement, dated as of June 30, 2003, among the Policy Provider, American and the Underwriters.

"Insurance Agreement" has the meaning given such term in the initial paragraph hereof.

"Intercreditor Agreement" means the Intercreditor Agreement, dated as the date hereof, by and among U.S. Bank, as Trustee under each of the Trusts, the Class G Liquidity Provider, the Policy Provider and the Subordination Agent.

"Investment Company Act" means the Investment Company Act of 1940, including, unless the context otherwise requires, the rules and regulations thereunder, as amended from time to time.

"Late Payment Rate" shall mean with respect to any period, a rate per annum equal to the Debt Rate for the Series G Equipment Notes (as defined in any Indenture), plus 2%.

"Lien" means any mortgage, pledge, lien, charge, encumbrance or security interest affecting the title to or any interest in property.

"Loan Trustee" with respect to each Aircraft means U.S. Bank in its capacity as Loan Trustee under the related Indenture, and any successor loan trustee appointed pursuant to such related Indenture.

"Material Adverse Change" means, in respect of any Person, as of any date, a material adverse change in the ability of such Person to perform its obligations under any of the Operative Agreements to which it is a party as of such date, or any material adverse change in the business, financial condition or results of operations of such Person on a consolidated basis with its subsidiaries.

"Moody's" means Moody's Investors Service, Inc., and any successor thereto.

"Offer Date" means June 30, 2003.

"Offering Document" shall have the meaning set forth in the Indemnification Agreement.

"Operative Agreements" means this Insurance Agreement, the Intercreditor Agreement, the Indemnification Agreement, each Participation Agreement, each Indenture, the Series G Equipment Notes, the Class G Certificates, the Class G Liquidity Facility, the Class G Trust Agreement, the Ambac Supplemental Agreements, the Pledge Agreement, the Policy and the Policy Fee Letter, together with all exhibits and schedules included with any of the foregoing.

"Person" means an individual, joint stock company, trust, unincorporated association, joint venture, limited liability company, corporation, business or owner trust, partnership or other organization or entity (whether governmental or private).

"Pledge Agreement" means the Pledge Agreement, dated as of the date hereof, between the Policy Provider and American, in form and substance satisfactory to the Policy Provider.

"Policy" means the Certificate Guaranty Insurance Policy No. AB0686BE, together with all endorsements thereto, issued by the Policy Provider in favor of the Subordination Agent for the benefit of the Class G Certificateholders and the Class G Liquidity Provider to the extent provided therein, as the same may be amended from time to time in accordance with its terms.

"Policy Fee Letter" means the fee letter, dated as of July 8, 2003 among the Policy Provider, the Subordination Agent and American setting forth the Premium in respect of the Class G Certificates and certain other amounts payable in respect of the Policy.

"Policy Provider" means Ambac Assurance Corporation, or any successor thereto, as issuer of the Policy.

"Policy Provider Information" shall have the meaning set forth in the Indemnification Agreement.

"Premium" means the premium payable in respect of the Policy on the Closing Date and on each Semi-Annual Distribution Date thereafter in an amount equal to one-half (1/2) of the product of (a) the Ambac Commitment and (b) the Premium Percentage; provided, that the Premium payable on the Closing Date shall be pro rated from the Closing Date to the first Semi-Annual Distribution Date (based upon a 360 day year of twelve 30 day months).

"Premium Percentage" shall have the meaning set forth in the Policy Fee Letter.

"Prospectus Supplement" shall have the meaning set forth in the Indemnification Agreement.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and any successor thereto.

"SEC" means the Securities and Exchange Commission of the United States of America, or any successor thereto.

"Section 1110" means 11 U.S.C. Section 1110 of the Bankruptcy Code or any successor or analogous section of the federal bankruptcy law in effect from time to time.

"Securities Act" means the Securities Act of 1933, including, unless the context otherwise requires, the rules and regulations thereunder, as amended from time to time.

"Securities Exchange Act" means the Securities Exchange Act of 1934, including, unless the context otherwise requires, the rules and regulations thereunder, as amended from time to time.

"Security" means a "security" as defined in Section 2(a)(1) of the Securities Act.

"Semi-Annual Distribution Date" means each July and January Regular Distribution Date.

"Series G Equipment Notes" means the Series G Equipment Notes issued pursuant to any Indenture by American, and authenticated by the Loan Trustee thereunder, and any Equipment Notes issued in exchange therefor or replacement thereof pursuant to the terms of such Indenture.

"Transactions" means the transactions contemplated by the Operative Agreements and the Underwriting Agreement.

"Trust Indenture Act" means the Trust Indenture Act of 1939, as amended by the Trust Indenture Reform Act of 1990, as in force at the date as of which this Insurance Agreement is executed.

"UCC" means the Uniform Commercial Code as in effect in any applicable jurisdiction.

"Underwriters" means Citigroup Global Markets Inc., J.P. Morgan Securities Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley & Co. Incorporated.

"Underwriter Information" shall have the meaning set forth in the Indemnification Agreement.

"Underwriting Agreement" means the Underwriting Agreement, dated June 30, 2003, among the Underwriters and American, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

"U.S. Air Carrier" means any United States air carrier that is a Citizen of the United States holding an air carrier operating certificate issued by the Secretary of Transportation pursuant to the Act for aircraft capable of carrying 10 or more individuals or 6000 pounds or more of cargo, and as to which there is in force an air carrier operating certificate issued pursuant to Part 121 of the FAA Regulations, or which may operate as an air carrier by certification or otherwise under any successor or substitute provisions therefor or in the absence thereof.

SECTION 1.02 Other Definitional Provisions. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Insurance Agreement shall refer to this Insurance Agreement as a whole and not to any particular provision of this Insurance Agreement. Section, subsection, Schedule and Exhibit references are to this Insurance Agreement unless otherwise specified. The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms. The words "include" and "including" shall be deemed to be followed by the phrase "without limitation."

SECTION 1.03 Negotiated Document. This Insurance Agreement is the result of negotiations among and has been reviewed by the parties hereto and their respective counsel. Accordingly, this Insurance Agreement shall be deemed to be the product of all parties hereto, and no ambiguity shall be construed in favor of or against any such party on the grounds that a particular party was the drafter or author of this Insurance Agreement or any part thereof. Accordingly, in any dispute concerning the meaning of this Insurance Agreement, or any term or condition hereof, such dispute shall be resolved without reference to the doctrine of contra proferentem or any related or similar doctrine.

ARTICLE II

REPRESENTATIONS, WARRANTIES AND COVENANTS

SECTION 2.01 Representations and Warranties of American.

American represents and warrants as of the Closing Date as follows:

(a) Organization; Qualification. American is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and has the corporate power and authority to conduct its business in which it is currently engaged and to own or hold under lease its properties and to enter into and perform its obligations under the Operative Agreements to which it is a party as of such date. American is duly qualified to do business as a foreign corporation in good standing in each jurisdiction in which the nature and extent of the business conducted by it, or the ownership of its properties, requires such qualification, except where the failure to be so qualified would not give rise to a Material Adverse Change to American.

(b) Corporate Authorization. American has taken, or caused to be taken, all necessary corporate action (including, without limitation, the obtaining of any consent or approval of stockholders required by its certificate of incorporation or by-laws) to authorize the execution and delivery of each of the Operative Agreements to which it is a party as of such date, and the performance of its obligations thereunder.

(c) No Violation. The execution and delivery by American of the Operative Agreements to which it is a party as of such date, the performance by American of its obligations thereunder and the consummation by American of the Transactions contemplated thereby, do not and will not (a) violate any provision of the certificate of incorporation or by-laws of American, (b) violate any law, regulation, rule or order applicable to or binding on American or (c) violate or constitute any default under (other than any violation or default that would not result in a Material Adverse Change to American), or result in the creation of any Lien (other than as permitted under the related Indenture) upon the Aircraft under, any indenture, mortgage, chattel mortgage, deed of trust, conditional sales contract, lease, loan or other material agreement, instrument or document to which American is a party or by which it or any of its properties is bound.

(d) Approvals. The execution and delivery by American of the Operative Agreements to which it is a party and the Underwriting Agreement as of such date, the performance by American of its respective obligations thereunder and the consummation by American of the Transactions contemplated thereby do not and will not require the consent or approval of, or the giving of notice to, or the registration with, or the recording or filing of any documents with, or the taking of any other action in respect of, (a) any trustee or other creditor of American, and (b) any Government Entity, other than (w) the filings or recordings of the FAA Filed Documents and the Financing Statements (and continuation statements periodically), (x) filings, recordings, notices or other ministerial actions pursuant to any routine recording, contractual or regulatory requirements applicable to it, (y) filings, recordings, notices or other actions contemplated by the Operative Agreements in connection with the leasing or

reregistration of the Aircraft, and (z) filings, recordings, notices or other actions relating to the Securities Act, the Trust Indenture Act or state securities laws.

(e) Valid and Binding Agreements. The Operative Agreements and the Underwriting Agreement executed and delivered by American on or prior to such date have been duly executed and delivered by American and, assuming the due authorization, execution and delivery thereof by the other party or parties thereto, constitute the legal, valid and binding obligations of American and are enforceable against American in accordance with the respective terms thereof, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium and other similar laws affecting the rights of creditors generally and general principles of equity, whether considered in a proceeding at law or in equity and subject to principles of public policy limiting the right to enforce the indemnification provisions contained herein, insofar as such provisions relate to indemnification for liabilities arising under federal securities laws.

(f) Representations and Warranties. The representations and warranties of American contained in the Operative Agreements are true and correct in all material respects.

(g) Litigation. Except as set forth in the Prospectus Supplement, the most recent Annual Report on Form 10-K, as amended, of American filed with the SEC on or prior to the Closing Date, or in any Quarterly Report on Form 10-Q or Current Report on Form 8-K filed by American with the SEC subsequent to such Form 10-K, no action, claim or proceeding is now pending or, to the actual knowledge of American, threatened against American before any court, governmental body, arbitration board, tribunal or administrative agency, which would reasonably be expected to result in a Material Adverse Change to American.

(h) Financial Condition. (i) The audited consolidated balance sheet of American as of December 31, 2002 included in American's Annual Report for the fiscal year ending December 31, 2002 on Form 10-K, as amended, filed by American with the SEC, and the related consolidated statements of operations and cash flows for the fiscal year then ended, and (ii) the unaudited consolidated financial statements of American as of March 31, 2003 and for the period ending March 31, 2003 included in the Quarterly Report on Form 10-Q of American have each been prepared in conformity with GAAP and present fairly in all material respects the consolidated financial condition of American and its consolidated subsidiaries as of such dates and their consolidated results of operations and cash flows for such periods. Since March 31, 2003, there has been no Material Adverse Change of American, except as disclosed in the Prospectus Supplement, the foregoing SEC filings or any Current Report on Form 8-K filed by American with the SEC since March 31, 2003.

(i) Registration and Recordation. The representation and warranty of American set forth in Section 4.01(e) of each Participation Agreement is true and correct.

(j) No Default. No event exists that, in respect of any Aircraft, constitutes an Indenture Event of Default.

(k) No Event of Loss. No Event of Loss has occurred with respect to any Airframe or any Engine which is Collateral under any Indenture executed on the date hereof and,

to the actual knowledge of American, no circumstance, condition, act or event has occurred that, with the giving of notice or lapse of time or both gives rise to or constitutes an Event of Loss with respect to such Airframe or any such Engine.

(l) Compliance with Laws.

(a) American is a Citizen of the United States and a U.S. Air Carrier.

(b) American holds all licenses, permits and franchises from the appropriate Government Entities necessary to authorize American to lawfully engage in air transportation and to carry on scheduled commercial passenger service as currently conducted, except where the failure to so hold any such license, permit or franchise would not give rise to a Material Adverse Change to American.

(c) American is not an "investment company" or a company controlled by an "investment company" within the meaning of the Investment Company Act.

(m) Securities Laws. Neither American nor any Person authorized to act on its behalf has directly or indirectly offered any beneficial interest or Security relating to the ownership of the Aircraft, or any of the Equipment Notes or any other interest in or security under any Indenture, for sale, to, or solicited any offer to acquire any such interest or security from, or has sold any such interest or security to, any Person in violation of the Securities Act.

(n) Offering Document. Except for the Policy Provider Information and the Underwriter Information, the Offering Document on the Offer Date, and as of the Closing Date, neither contained or will contain any untrue statement of a material fact nor omitted or will omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(o) Section 1110. The Loan Trustee under each Indenture will be entitled to the benefits of Section 1110 (as in effect on the Closing Date) with respect to the Aircraft subject to such Indenture in the event of a case under Chapter 11 of the Bankruptcy Code in which American is a debtor.

(p) Class G Certificates. Neither American nor any American Entity owns or beneficially holds, directly or indirectly on the Closing Date any Class G Certificates or any interest therein.

(q) Licenses. American holds all licenses, permits and franchises from the appropriate government entities necessary to authorize American to lawfully engage in air transportation and to carry on scheduled commercial passenger service as currently conducted, except where the failure to so hold any such license, permit or franchise would not give rise to a material adverse change to American.

SECTION 2.02 Covenants of American. American covenants and agrees with the Policy Provider as follows:

(a) So long as the Class G Certificates are outstanding, neither American nor any of its Affiliates (i) will issue or permit to be outstanding, directly or indirectly, on or after the Closing Date, any debt (other than the Series G Equipment Notes) in respect of any Aircraft, including in connection with a Refunding, in an aggregate amount in excess of 50% of the Pool Balance of the Class G Certificates then outstanding (provided that any reduction in the Pool Balance of the Class G Certificates in connection with a prepayment of any Series G Equipment Notes pursuant to Sections 2.10(b) and 2.10(e) of any Indenture shall be deemed added to the Pool Balance of the Class G Certificates for the purposes of such calculation), and (ii) will issue or cause to be issued, directly or indirectly, any debt subordinate to the Series G Equipment Notes in respect of any Aircraft, including in connection with a Refunding, to any Person or entity other than American or any of its Affiliates until the earlier to occur of (A) three years after the Closing Date and (B) the date on which the corporate ratings assigned to American are at least BBB+ by S&P and Baa1 by Moody's. American will not redeem, and will not permit the redemption of, any Equipment Notes in connection with any Refunding pursuant to Section 2.11(b) of any Indenture if (i) the conditions set forth in the preceding sentence have not been satisfied, (ii) immediately prior to such Refunding, any amounts are due to the Policy Provider in respect of Policy Drawings, Policy Provider Interest Amounts, or amounts due under the Policy Fee Letter, or (iii) immediately after giving effect to such Refunding, a Payment Default (as defined in any Indenture) would exist under any Indenture or any Related Indenture (as defined in any Indenture). So long as American or any of its Affiliates owns, or beneficially holds, directly or indirectly, any Class C Certificates or any interest therein, there shall be no Class C Liquidity Facility in respect of the Class C Certificates. So long as American or any of its Affiliates owns, or beneficially holds, directly or indirectly, any Class D Certificates or any interest therein, there shall be no liquidity facility in respect of the Class D Certificates.

(b) In the event that American does not maintain all-risk aircraft hull insurance covering any Aircraft or all-risk coverage with respect to any Engines (as defined in the related Indenture) or Parts (as defined in the related Indenture) while removed from an Aircraft (including, without limitation, war risk insurance) as required by Section 7.06(b) of the related Indenture (the "Specified Insurance"), the Policy Provider is entitled, at its own expense and without any reimbursement from American (including, without limitation, pursuant hereto and the Policy Fee Letter or pursuant to any Participation Agreement) to obtain such Specified Insurance for its own benefit.

(c) American agrees that if the Class G Liquidity Provider is in default of any payment obligation of the Class G Liquidity Provider under the Class G Liquidity Facility, American shall, with notice to the Policy Provider and at its own expense, use commercially reasonable efforts to arrange for a Replacement Class G Liquidity Facility to replace the Class G Liquidity Facility; provided, that if the Class G Liquidity Provider in default of any payment obligation is not replaced by American on or before the date of such default, then American shall pay to the Policy Provider fees and expenses in the same amounts and in the same manner that had been payable to the defaulted Class G Liquidity Provider in connection with its commitment under its Class G Liquidity Facility (the "Liquidity Fees and Expenses"). American's obligation to pay the Liquidity Fees and Expenses to the Policy Provider shall terminate on the earlier of (i) date that the Policy Provider's obligations terminate under the Policy, and (ii) the date of the issuance of a Replacement Class G Liquidity Facility.

(d) American agrees that American will use, and will cause each other American Entity to use, reasonable best efforts to insure that no American Entity will own, or beneficially hold, directly or indirectly, any Class G Certificates or any interest therein. In the event that an American Entity acquires an interest in any Class G Certificate, American agrees to immediately pledge, and agrees to cause such other American Entity to immediately pledge, such interest to the Policy Provider pursuant to the terms of the Pledge Agreement.

(e) Neither the American nor any person authorized to act on its behalf will directly or indirectly offer any beneficial interest or security relating to the ownership of the Aircraft or any interest in any of the Equipment Notes or any other interest in or security under any Indenture, for sale to, or solicit any offer to acquire any such interest or security from, or sell any such interest or security to, any person in violation of the Securities Act or applicable state or foreign securities laws.

SECTION 2.03 Representations, Warranties and Covenants of U.S. Bank, Class G Trustee and Subordination Agent. Each of U.S. Bank, Class G Trustee and Subordination Agent represents, warrants and covenants to American and the Policy Provider that it shall perform and observe, in all material respects, all of its respective covenants, obligations and agreements in any Operative Agreement to which it is a party to be observed or performed by it.

SECTION 2.04 Representations, Warranties and Covenants of the Policy Provider. The Policy Provider represents, warrants and covenants to American and the Subordination Agent as follows:

(a) Organization and Licensing. The Policy Provider is duly organized, validly existing and in good standing as a Wisconsin-domiciled stock insurance company, duly qualified to conduct an insurance business in every jurisdiction where qualification may be necessary to accomplish the Transactions.

(b) Corporate Power. The Policy Provider has the corporate power and authority to issue the Policy, to execute and deliver this Insurance Agreement and the other Operative Agreements to which it is a party and to perform all of its obligations hereunder and thereunder.

(c) Authorization; Approvals. The Policy Provider has duly authorized, executed and delivered this Insurance Agreement, the Intercreditor Agreement, the Indemnification Agreement, the Policy Fee Letter and the Ambac Supplemental Agreements. All proceedings legally required for the issuance and execution, delivery and performance of the Policy and the execution, delivery and performance of this Insurance Agreement have been taken and all licenses, orders, consents or other authorizations or approvals of any Government Entity legally required for the enforceability of the Policy have been obtained; any proceedings not taken and any licenses, authorizations or approvals not obtained are not material to the enforceability of the Policy.

(d) Enforceability. This Insurance Agreement, the Intercreditor Agreement, the Policy Fee Letter, the Indemnification Agreement, the Ambac Supplemental Agreements and the Policy (the "Ambac Documents") each constitute a legal, valid and binding obligation of the Policy Provider, enforceable in accordance with its terms, subject to bankruptcy, insolvency,

reorganization, receivership, moratorium and other similar laws affecting creditors' rights generally and to general principles of equity and subject to principles of public policy limiting the right to enforce the indemnification provisions contained herein, insofar as such provisions relate to indemnification for liabilities arising under federal securities laws.

(e) No Conflicts. The execution and delivery by the Policy Provider of the Ambac Documents does not, and the performance by the Policy Provider of its obligations under such documents will not, conflict with or result in a breach of any of the terms, conditions or provisions of the certificate of incorporation or by-laws of the Policy Provider, or any restriction contained in any contract, agreement or instrument to which the Policy Provider is a party or by which it is bound or violate any judgement, order or decree applicable to the Policy Provider of any governmental or regulatory body, administrative agency, court or arbitrator having jurisdiction over the Policy Provider or constitute a default under any of the foregoing which would materially and adversely affect its ability to perform its obligations under the Ambac Documents.

(f) Financial Information. (i) The consolidated financial statements of the Policy Provider and its subsidiaries as of December 31, 2002 and December 31, 2001, and for each of the years in the three-year period ended December 31, 2002, included in the Annual Report on Form 10-K of Ambac Financial Group, Inc. (which was filed with the SEC on March 28, 2003, SEC File Number 001-10777), (ii) the unaudited consolidated financial statements of the Policy Provider and its subsidiaries as of March 31, 2003 and for the periods ending March 31, 2003 and March 31, 2002 included in the Quarterly Report on Form 10-Q of Ambac Financial Group, Inc. for the period ended March 31, 2003 (which was filed with the SEC on May 15, 2003), and (iii) the Current Reports on Form 8-K filed with the SEC on January 24, 2003, February 28, 2003, March 4, 2003, March 20, 2003, March 26, 2003, March 31, 2003 and April 21, 2003, as such reports relate to the Policy Provider, each fairly presents in all material respects the financial condition of the Policy Provider as of such dates and for the periods covered by such statements in accordance with accounting principles generally accepted in the United States of America. Since March 31, 2003, there has been no change in the financial condition or operations of the Policy Provider that would materially and adversely affect its ability to perform its obligations under the Policy, except as disclosed in the Prospectus Supplement, the foregoing SEC filings or any Current Report on Form 8-K filed with the SEC since March 31, 2003.

(g) Policy Provider Information. The Policy Provider Information is limited and does not purport to provide the scope of disclosure required to be included in a prospectus with respect to a registrant in connection with the offer and sale of securities of such registrant registered under the Securities Act. Within such limited scope of disclosure, however, as of the Offer Date, the Policy Provider Information did not, and as of the Closing Date, the Policy Provider Information does not, contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading.

(h) No Litigation. There are no actions, suits, proceedings or investigations pending or, to the best of the Policy Provider's knowledge, threatened against it at law or in equity or before or by any court, governmental agency, board or commission or any arbitrator

which, if decided adversely, would materially and adversely affect its ability to perform its obligations under the Operative Agreements to which it is a party.

(i) Compliance with Law, Etc. No practice, procedure or policy employed, or proposed to be employed, by the Policy Provider in the conduct of its business violates any law, regulation, judgment, agreement, order or decree applicable to the Policy Provider that, if enforced, could result in a Material Adverse Change with respect to the Policy Provider.

(j) Securities Act. The issuance of the Policy as described in the Prospectus Supplement is exempt from registration under the Securities Act pursuant to Section 3(a)(8) thereof.

ARTICLE III

THE POLICY; REIMBURSEMENT; INDEMNIFICATION

SECTION 3.01 Issuance of the Policy. The Policy Provider agrees to issue the Policy on the Closing Date, subject to satisfaction of the conditions precedent set forth below on or prior to the Closing Date:

(a) Operative Agreements. The Policy Provider shall have received (i) a copy of each of the Operative Agreements, with the exception of the Policy, in form and substance reasonably satisfactory to the Policy Provider, duly authorized, executed and delivered by each party thereto, other than the Policy Provider, and (ii) a copy of the Prospectus Supplement;

(b) Certified Documents and Resolutions. The Policy Provider shall have received (i) a copy of the certificate of incorporation and by-laws of American, and (ii) a certificate of the Secretary or Assistant Secretary of American dated the Closing Date stating that attached thereto is a true, complete and correct copy of resolutions duly adopted by the Board of Directors of American authorizing the execution, delivery and performance by American of the Operative Agreements to which it is a party and the consummation of the Transactions and that such applicable organizational documents and resolutions are in full force and effect without amendment or modification on the Closing Date;

(c) Incumbency Certificate. The Policy Provider shall have received a certificate of the Secretary or an Assistant Secretary of each of American and the Subordination Agent certifying the names and signatures of the officers of American and the Subordination Agent, respectively, authorized to execute and deliver the Operative Agreements to which it is a party on or prior to the Closing Date;

(d) Representations and Warranties. The representations and warranties of American, the Class G Trustee and the Subordination Agent set forth in this Insurance Agreement and the other Operative Agreements to which they are a party, respectively, shall be true and correct on and as of the Closing Date;

(e) Documentation. The Policy Provider shall have received a copy of each document, instrument, certificate and opinion required to be delivered on or before the Closing

Date under the Operative Agreements and the Underwriting Agreement, including each opinion of counsel addressed to any of Moody's, S&P, the Class G Trustee, American and the Subordination Agent and the Underwriters (except for the comfort letters of Ernst & Young LLP and the opinion of counsel to the Underwriters addressed only to the Underwriters), in respect of American and the Subordination Agent or any of the other parties to the Operative Agreements and the Underwriting Agreement and the Transactions dated the Closing Date, in form and substance reasonably satisfactory to the Policy Provider, addressed to the Policy Provider (or accompanied by a letter from the counsel rendering such opinion to the effect that the Policy Provider is entitled to rely on such opinion as of its date as if it were addressed to the Policy Provider) and addressing such matters as the Policy Provider may reasonably request, and the counsel providing each such opinion shall have been instructed by its client to deliver such opinion to the addressees thereof;

(f) Approvals, Etc. The Policy Provider shall have received true and correct copies of all governmental and third party approvals, licenses and consents, if any, required in connection with the Transactions;

(g) No Litigation, Etc. No suit, action or other proceeding, investigation or injunction, or final judgment relating thereto, shall be pending or threatened before any court, governmental or administrative agency or arbitrator in which it is sought to restrain or prohibit or to obtain damages or other relief in connection with any of the Operative Agreements, the Underwriting Agreement or the consummation of the Transactions;

(h) Legality. No statute, rule, regulation or order shall have been enacted, entered or deemed applicable by any government or governmental or administrative agency or court that would make the Transactions illegal or otherwise prevent the consummation thereof;

(i) Issuance of Ratings. The Policy Provider shall have received confirmation in writing that the Class G Certificates, when issued, will be rated "AAA" by S&P and "Aaa" by Moody's and shall have received confirmation in writing of a rating of the risk insured by the Policy without regard to the Policy and a capital charge acceptable to the Policy Provider, both as set forth in the commitment letter, dated June 3, 2003 between the Policy Provider and American;

(j) Satisfactory Documentation. The Policy Provider and its counsel shall have reasonably determined that all documents, certificates and opinions to be delivered in connection with the Certificates (other than with respect to the Policy Provider) conform to the terms of the related Trust Agreement, the Prospectus Supplement, this Insurance Agreement and the Intercreditor Agreement;

(k) Filings. The Policy Provider shall have received evidence that there shall have been made and shall be in full force and effect, all filings, recordings and registrations, and there shall have been given or taken any notice or similar action as is necessary in order to establish, perfect, protect and preserve the right and interest of the Policy Provider created by the Operative Agreements executed and delivered on or prior to the Closing Date;

(l) Conditions Precedent. All conditions precedent to the issuance of the Certificates under the Trust Agreements shall have been satisfied (other than with respect to the Policy Provider), or waived with the consent of the Policy Provider. All conditions precedent to the effectiveness of the Class G Liquidity Facility shall have been satisfied or waived, and all conditions precedent, if any, to the purchases of the Class G Certificates by the Underwriters under the Underwriting Agreement, the Class C Certificates by the Initial Class C Holder and the Class D Certificates by the Initial Class D Holder, as applicable, shall have been satisfied or waived by the Underwriters, the Initial Class C Holder or the Initial Class D Holder, as applicable;

(m) Expenses. The Policy Provider shall have received payment in full of all amounts required to be paid by American to or for account of the Policy Provider in accordance with the Policy Fee Letter on or prior to the Closing Date; and

(n) Insurance Reports. The Policy Provider shall have received an insurance report of an independent insurance broker and the related certificates of insurance, each in form and substance reasonably satisfactory to the Policy Provider, as to the compliance with the terms of Section 7.06 of each Indenture relating to insurance with respect of the Aircraft.

SECTION 3.02 Payment of Fees and Premium.

(a) Legal Fees. Promptly upon receipt of an invoice, American shall pay or cause to be paid to, or as directed by, the Policy Provider, actual and reasonable legal fees, disbursements and charges incurred by the Policy Provider in connection with the issuance of the Policy and this Insurance Agreement in accordance with the Policy Fee Letter. Any additional actual and reasonable fees of the Policy Provider's counsel or auditors payable in respect of any amendment, modification or supplement to the Offering Document requested by American and incurred after the Closing Date shall be paid by American promptly following receipt of documentation thereof (but in no event later than thirty days following the receipt of such documentation).

(b) Rating Agency Fees. American shall promptly pay the initial fees of S&P and Moody's with respect to rating the Certificates and the Transactions following receipt of a statement with respect thereto. All periodic and subsequent fees of S&P or Moody's with respect to, and directly allocable to, the Certificates shall be for the account of, and shall be billed to, American. The fees for any other rating agency shall be paid by the party requesting such other agency's rating unless such other agency is a substitute for S&P or Moody's in the event that S&P or Moody's is no longer rating the Certificates, in which case the fees for such agency shall be paid by American.

(c) Premium.

(i) In consideration of the issuance by the Policy Provider of the Policy, American shall pay or cause to be paid to the Policy Provider, the Premium as and when due. American shall also pay any additional amounts, as and when due, to be paid by it under the Policy Fee Letter.

(ii) Except as provided in the Policy Fee Letter, no portion of the Premium paid shall be refundable, without regard to whether the Policy Provider makes any payment under the Policy or any other circumstances relating to the Class G Certificates or provision being made for payment of the Class G Certificates prior to maturity;

SECTION 3.03 Reimbursement Obligation.

(a) As and when due in accordance with and from the funds specified in Sections 2.04(b), 3.02 and 3.03 of the Intercreditor Agreement, the Policy Provider shall be entitled to reimbursement for any payment made by the Policy Provider under the Policy to the Subordination Agent or to the Class G Liquidity Provider under Section 2.06(c) or 3.07(c) of the Intercreditor Agreement (the "Policy Payments"), which reimbursement shall be due and payable on the date provided in such Sections, in an amount equal to the amount to be so paid and all amounts previously paid that remain unreimbursed. In addition, to the extent that any such payment by the Policy Provider shall have been made as a result of a default by the Class G Liquidity Provider in its obligation to make an Advance, as provided in the Intercreditor Agreement, the Policy Provider shall be entitled to the payment of interest on such amounts to the extent, at the time and in the priority that the Class G Liquidity Provider would have been paid pursuant to Sections 2.04(b), 3.02 and 3.03 of the Intercreditor Agreement had the Class G Liquidity Provider made such Advance.

(b) After the maturity date of the Series G Equipment Notes and following the sale or other disposition of the Collateral or the Series G Equipment Notes under all defaulted Indentures (the "Reimbursement Date"), and so long as there are no Liquidity Obligations owing to the Class G Liquidity Provider, if the Policy Provider has not been reimbursed in full for all Policy Payments under the Intercreditor Agreement, American agrees to reimburse the Policy Provider immediately, upon demand, to the extent of such Policy Payments, less any amount in respect of such Policy Payments paid to and received by the Policy Provider as a distribution to it under the Intercreditor Agreement (the "Reimbursable Amount"); provided, that, notwithstanding the foregoing, if at any time prior to the Reimbursement Date there are no Liquidity Obligations outstanding, the Policy Provider shall be entitled to reimbursement by American immediately upon demand of any Reimbursable Amount; provided, further that, notwithstanding the foregoing, American's obligations under the other Operative Agreements and the Policy Provider's rights to payments thereunder shall not be affected or reduced by this Section 3.03, except to the extent that American shall not be required to make any payment to the Policy Provider under this Section 3.03(b) that has already been received by the Policy Provider pursuant to the Intercreditor Agreement.

(c) American agrees to pay to the Policy Provider any and all charges, fees, costs and expenses that the Policy Provider may reasonably pay or incur, including actual and reasonable attorneys' and accountants' fees and expenses (without duplication of amounts paid to the Policy Provider in respect of the Operative Agreements), in connection with (i) the preservation (in connection with the occurrence of an Indenture Event of Default), enforcement or defense of any rights in respect of this Insurance Agreement, including defending, monitoring or participating in any litigation or proceeding, including any bankruptcy proceeding, and (ii) any amendment, modification, waiver, consent or other action requested by or agreed to by American with respect to, or related to, any Operative Agreements or to any form document

attached to any Operative Agreement as an exhibit, schedule or annex thereto, whether or not executed or completed. Provided that five (5) Business Days' prior written notice of the intended payment or incurrence shall have been given to American by the Policy Provider, such reimbursement shall be due on the dates on which such charges, fees, costs or expenses are paid or incurred by the Policy Provider.

(d) In the event that any payment of any kind is made under the Policy in respect of Class G Certificates owned or beneficially held, directly or indirectly, by American or any American Entity, American agrees to immediately refund such payment directly to the Policy Provider.

SECTION 3.04 Indemnification. American agrees that the Policy Provider is hereby entitled to the full benefit of the indemnity contained in each Policy Provider Indemnity and Inspection Agreement as if such provisions were set forth in full herein and as if the "Operative Documents" referred to therein include this Insurance Agreement. The Policy Provider agrees to comply with all of its obligations as an Indemnitee under Section 1.1(f) of each Policy Provider Indemnity and Inspection Agreement.

SECTION 3.05 Procedure for Payment of Fees and Premiums. All payments to be made to the Policy Provider under this Insurance Agreement shall be made to the Policy Provider in lawful currency of the United States of America in immediately available funds on the date when due to such account as the Policy Provider shall direct by written notice given at least ten calendar days prior to such date to American. In the event that the date of any payment to the Policy Provider or the expiration of any time period hereunder occurs on a day that is not a Business Day, then such payment shall be made, or such expiration of time period shall occur, on the next succeeding Business Day with the same force and effect as if such payment was made or time period expired on the scheduled date of payment or expiration date, as applicable.

SECTION 3.06 Late Payments. If American fails to pay the Premium or any other amounts owing to the Policy Provider under this Insurance Agreement or the Policy Fee Letter (including without limitation any Policy Drawings, Premiums, indemnities, fees, costs and expenses) when due, interest on such amount shall be assessed against, and due and payable by, American at the Late Payment Rate from the date such amount was due until the date such amount is paid; provided that, notwithstanding the foregoing, American's obligations under the other Operative Agreements and the Policy Provider's rights to payments thereunder shall not be affected or reduced by this Section 3.06, except to the extent that American shall not be required to make any payment to the Policy Provider under this Section 3.06 that has already been received by the Policy Provider pursuant to the Intercreditor Agreement and no payment shall be required to be made to the Policy Provider under the Intercreditor Agreement (and no claim shall be made by the Policy Provider under the Intercreditor Agreement) to the extent such amount has been received under this Agreement. For the purposes of calculating late payments on Policy Payments, interest shall be deemed to commence to accrue on the date that the Policy Provider made such Policy Payment.

SECTION 3.07 Deductions. All payments made to the Policy Provider by American in respect of this Article III shall be made without any deduction or withholding for or on account of any tax, levy, impost, duty, charge, assessment or fee of any nature (any of the

foregoing an "Additional Tax") unless such deduction or withholding is required by any applicable law, as modified by the practice of any relevant governmental revenue authority, then in effect. If a payor is so required to deduct or withhold any Additional Tax, then such payor shall (a) promptly notify the Policy Provider of such requirement, (b) pay to the Policy Provider, in addition to the amount to which the Policy Provider is otherwise entitled, such additional amount as is necessary to ensure that the net amount actually received by the Policy Provider (free and clear of taxes, whether assessed against the payor or the Policy Provider) will equal the full amount the Policy Provider would have received had no such deduction or withholding been required, provided that such an additional amount shall be payable only if such Additional Tax would not have arisen but for a present or former connection between the jurisdiction of the government or taxation authority imposing such Additional Tax and the payor (or an Affiliate of such payor), and (c) pay to the relevant authorities the full amount required to be deducted or withheld (including the full amount required to be deducted or withheld from any additional amount, if any, paid to the Policy Provider pursuant to foregoing clause (b)); provided, that no additional amounts shall be required to be paid to the Policy Provider hereunder in respect of Additional Taxes to the extent such Additional Taxes would not have been imposed but for (i) the fact that the Policy Provider is not the beneficial owner of the payment or that the Policy Provider (or any transferee of any rights or interests thereof) ceases to be (or is not) a "United States person" within the meaning of section 7701(a)(30) of the Internal Revenue Code of 1986, as amended, (ii) any present or former connection between the jurisdiction of the government or taxing authority imposing such Additional Taxes and the Policy Provider, or (iii) the failure of the Policy Provider, as soon as practicable after the payor's written request therefor, to complete, execute and provide to or as directed by the payor any form of documentation that may be required or reasonably requested by the payor in order to allow the payor to make payments under this Insurance Agreement without deduction or withholding for or on account of any Additional Taxes or with such deduction or withholding at a reduced rate (so long as, in the sole discretion of the Policy Provider, the completion, execution or submission of such form or document would not adversely affect the legal or commercial position of the Policy Provider).

ARTICLE IV

FURTHER AGREEMENTS

SECTION 4.01 Effective Date; Term of the Insurance Agreement.

This Insurance Agreement shall take effect on the Closing Date and shall remain in effect until the later of (a) such time as the Policy Provider is no longer subject to a claim under the Policy and the Policy shall have been surrendered to the Policy Provider for cancellation, and (b) all amounts payable to the Policy Provider by American or the Subordination Agent hereunder or from any other source hereunder or under the Operative Agreements and all amounts payable under the Class G Certificates have been paid in full; provided, that the provisions of Section 3.04 hereof shall survive any termination of this Insurance Agreement.

SECTION 4.02 Further Assurances and Corrective Instruments.

(a) Except as otherwise provided in Article VIII of the Intercreditor Agreement, neither American nor the Subordination Agent shall (i) agree to any amendment or modification to any of the Operative Agreements to which either of them is a party, which amendment or

modification would have an adverse effect on the rights or remedies of the Policy Provider, or (ii) grant any waiver of rights in respect of any of the Operative Agreements to which either of them is a party, without the prior written consent of the Policy Provider so long as the Policy Provider is the Controlling Party and any such waiver without prior written consent of the Policy Provider shall be null and void and of no force or effect.

(b) To the extent permitted by law, each of American, the Policy Provider and the Subordination Agent agrees that it will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as American, the Policy Provider or the Subordination Agent may reasonably request and as may be required to effectuate the intention of or facilitate the performance of this Insurance Agreement.

SECTION 4.03 Obligations Absolute.

(a) The obligations of American hereunder and under the other Operative Agreements shall be absolute and unconditional and shall be paid or performed strictly in accordance with this Insurance Agreement and the other Operative Agreements under all circumstances irrespective of:

(i) any lack of validity or enforceability of, or any amendment or other modifications of, or waiver, with respect to any of the Operative Agreements (other than the Policy) or the Certificates;

(ii) any exchange or release of any other obligations hereunder;

(iii) the existence of any claim, setoff, defense, reduction, abatement or other right that any Person may have at any time against the Policy Provider or any other Person;

(iv) any document presented in connection with the Policy proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(v) any payment by the Policy Provider under the Policy against presentation of a certificate or other document that does not strictly comply with the terms of the Policy;

(vi) any failure of American to receive the proceeds from the sale of the Certificates; and

(vii) any other circumstances, other than payment in full, that might otherwise constitute a defense available to, or discharge of, any Person in respect of any Operative Agreements.

(b) Each of the parties hereto renounces the right to assert as a defense to the performance of its obligations herein each of the following: (i) to the extent permitted by law, any and all redemption and exemption rights and the benefit of all valuation and appraisalment

privileges against the indebtedness and obligations evidenced by any Operative Agreements or by any extension or renewal thereof; (ii) presentment and demand for payment, notices of nonpayment and of dishonor, protest of dishonor and notice of protest; (iii) all notices in connection with the delivery and acceptance hereof and all other notices in connection with the performance, default or enforcement of any payment hereunder, except as required by the Operative Agreements; and (iv) all rights of abatement, diminution, postponement or deduction, and all rights of setoff or recoupment arising out of any breach under any of the Operative Agreements, by any party thereto or any beneficiary thereof, or out of any obligation at any time owing to American.

(c) American (i) agrees that any consent, waiver or forbearance hereunder or in the other Operative Agreements with respect to an event shall operate only for such event and not for any subsequent event; (ii) consents to any and all extensions of time that may be granted to American by the Policy Provider with respect to any payment hereunder or other provisions hereof; and (iii) consents to the addition of any and all other makers, endorsers, guarantors and other obligors for any payment hereunder, and to the acceptance of any and all other security for any payment hereunder, and agrees that the addition of any such obligors or security shall not affect the liability of American for any payment hereunder.

(d) No failure by the Policy Provider to exercise, and no delay by the Policy Provider in exercising, any right hereunder or under the Operative Agreements shall operate as a waiver thereof. The exercise by the Policy Provider of any right hereunder shall not preclude the exercise of any other right, and the remedies provided herein to the Policy Provider are declared in every case to be cumulative and not exclusive of any remedies provided by law or equity.

(e) Nothing herein shall be construed as prohibiting any party hereto from pursuing any rights or remedies it may have against any Person in a separate legal proceeding.

SECTION 4.04 Assignments; Reinsurance; Third-Party Rights.

(a) This Insurance Agreement shall be a continuing obligation of the parties hereto and shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. The Subordination Agent, except as provided in Section 7.01 of the Intercreditor Agreement, and American, except for any transaction expressly permitted by Section 5.02 of the Basic Agreement, may not assign their respective rights under this Insurance Agreement, or delegate any of their duties hereunder, without the prior written consent of the other parties hereto. The Policy Provider, except as set forth in subsection (b) of this Section 4.04, may not assign its rights under this Insurance Agreement or delegate any of its duties hereunder without the prior written consent of the other parties hereto. Any assignments made in violation of this Insurance Agreement shall be null and void.

(b) The Policy Provider shall have the right to grant participations in its rights under this Insurance Agreement and to enter into contracts of reinsurance with respect to the Policy upon such terms and conditions as the Policy Provider may in its discretion determine; provided, that no such participation or reinsurance agreement or arrangement shall relieve the Policy Provider of any of its obligations hereunder or under the Policy or grant to any participant or reinsurer any rights hereunder or under any Operative Agreement, and neither American nor

any other party to any Operative Agreement shall be required to pay the Policy Provider hereunder or under any other Operative Agreement any amount greater than it would have been required to pay had there been no such participation or reinsurance.

(c) Except as provided herein with respect to participants and reinsurers, nothing in this Insurance Agreement shall confer any right, remedy or claim, express or implied, upon any Person, including, particularly, any Holder, other than upon the Policy Provider against American, or upon American against the Policy Provider (either directly or as the Controlling Party), and all the terms, covenants, conditions, promises and agreements contained herein shall be for the sole and exclusive benefit of the parties hereto and their successors and permitted assigns. None of the Subordination Agent, the Class G Liquidity Provider, the Trustee or any Holder shall have any right to payment from the Premium paid or payable hereunder or from any amounts paid by American pursuant to Section 3.02, 3.03, 3.04, 3.05 or 3.06 hereof.

SECTION 4.05 Liability of the Policy Provider. Neither the Policy Provider nor any of its officers, directors or employees shall be liable or responsible for: (i) the use that may be made of the Policy by the Subordination Agent or for any acts or omissions of the Subordination Agent in connection therewith; or (ii) the validity, sufficiency, accuracy or genuineness of documents delivered to the Policy Provider in connection with any claim under the Policy, or of any signatures thereon, even if such documents or signatures should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged (unless the Policy Provider shall have actual knowledge thereof). In furtherance and not in limitation of the foregoing, the Policy Provider may accept documents that appear on their face to be in order, without responsibility for further investigation.

SECTION 4.06 No Duplication of Payments. Any payments made hereunder to the Policy Provider are to be without duplication of any payments received by the Policy Provider under the Intercreditor Agreement and, to the extent that the Policy Provider has received, pursuant to the Intercreditor Agreement, payment of any amounts due or owing hereunder, such payment shall not be sought by the Policy Provider pursuant to the terms hereof. Any payments made under the Intercreditor Agreement are to be without duplication of any payments received by the Policy Provider hereunder and, to the extent that the Policy Provider has received hereunder payment of any amounts due or owing under the Intercreditor Agreement, such payment shall not be sought by the Policy Provider pursuant to the terms of the Intercreditor Agreement.

ARTICLE V

MISCELLANEOUS

SECTION 5.01 Amendments, Etc. This Insurance Agreement may be amended, modified, supplemented or terminated only by written instrument or written instruments signed by the parties hereto; provided that if such amendment, modification, supplement or termination would have a material adverse effect on the interests of the Subordination Agent, a Pass Through Trustee or any Class G Certificateholder, Ratings Confirmation shall also be obtained prior to such amendment, modification, supplement or termination being effective. American agrees to provide a copy of any amendment to this Insurance Agreement promptly to the Subordination

Agent and the Rating Agencies. No act or course of dealing shall be deemed to constitute an amendment, modification, supplement or termination hereof.

SECTION 5.02 Notices. All demands, notices and other communications to be given hereunder shall be in writing (except as otherwise specifically provided herein) and shall be mailed by registered mail or personally delivered and faxed to the recipient as follows:

(a) To the Policy Provider:

Ambac Assurance Corporation
One State Street Plaza
New York, New York 10004
Attention: Surveillance Department
Facsimile: (212) 363-1459
Confirmation: (212) 668-0340

In each case in which notice or other communication to the Policy Provider refers to an event of default under any Operative Agreement or any Policy Drawing, or with respect to which failure on the part of the Policy Provider to respond shall be deemed to constitute consent or acceptance, then a copy of such notice or other communication should also be sent to the attention of the general counsel of (i) the Policy Provider at its address set forth above (if by facsimile to (212) 208-3566), and (ii) American and the Subordination Agent at its address set forth below and, in all cases, both any original and all copies shall be marked to indicate "URGENT MATERIAL ENCLOSED.")

(b) To American:

American Airlines, Inc.
4333 Amon Carter Boulevard
Fort Worth, TX 76155
Attention: Treasurer
Facsimile: (817) 967-4318
Confirmation: (817) 931-1088

(c) To the Subordination Agent:

U.S. Bank Trust National Association
225 Asylum Street
Goodwin Square
Hartford, CT 06103
Attention: Corporate Trust Division
Facsimile: (860) 244-1844
Confirmation: (860) 244-1881

Any party, by notice to the other parties hereto, may designate different addresses for subsequent notices or communications. All such notices and other communications shall be

effective upon receipt unless received after business hours on any day, in which case on the opening of business on the next Business Day. Whenever the words "notice" or "notify" or similar words are used herein, they mean the provision of formal notice as set forth in this Section 5.02.

SECTION 5.03 Severability. In the event that any provision of this Insurance Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, the parties hereto agree that such holding shall not invalidate or render unenforceable any other provision hereof. The parties hereto further agree that the holding by any court of competent jurisdiction that any remedy pursued by any party hereto is unavailable or unenforceable shall not affect in any way the ability of such party to pursue any other remedy available to it.

SECTION 5.04 Governing Law. This Insurance Agreement shall be governed by and construed in accordance with the laws of the State of New York, including all matters of construction, validity and performance. This Insurance Agreement is being delivered in New York.

SECTION 5.05 Consent to Jurisdiction.

(a) The parties hereto hereby irrevocably submit to the non-exclusive jurisdiction of the United States District Court for the Southern District of New York and any court of appropriate jurisdiction in the State of New York located in the City and County of New York, and any appellate court from any thereof, in any action, suit or proceeding brought against it or in connection with any of the Operative Agreements or the Transactions or for recognition or enforcement of any judgment, and the parties hereto hereby irrevocably and unconditionally agree that all claims in respect of any such action or proceeding may be heard or determined in such New York state court or, to the extent permitted by law, in such federal court. The parties hereto agree that a final unappealable judgment in any such action, suit or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. To the extent permitted by applicable law, the parties hereto hereby waive and agree not to assert by way of motion, as a defense or otherwise in any such suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of such courts, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that the related documents or the subject matter thereof may not be litigated in or by such courts.

(b) To the extent permitted by applicable law, the parties hereto shall not seek and hereby waive the right to any review of the judgment of any such court by any court of any other nation or jurisdiction which may be called upon to grant an enforcement of such judgment.

(c) Service on any party may be made by delivering, by U.S. registered mail, messenger or courier service, copies of the summons and complaint and other process which may be served in any suit, action or proceeding to such party addressed to its street address shown in Section 5.02(b), Attention: General Counsel, and such service shall be effective service of process for any litigation brought against such party in any court. Such address may be changed by such party by written notice to the other parties hereto.

(d) Nothing contained in this Insurance Agreement shall limit or affect any party's right to serve process in any other manner permitted by law or to start legal proceedings relating to any of the Operative Agreements against any other party or its properties in the courts of any jurisdiction.

SECTION 5.06 Consent of Policy Provider. No disclosure relating to the Policy Provider contained in any Offering Document, which disclosure modifies, alters, changes, amends or supplements the disclosure relating to the Policy Provider provided by the Policy Provider for use in the Prospectus Supplement shall be made without the Policy Provider's prior written consent. In the event that the consent of the Policy Provider is required under, or the Policy Provider, as Controlling Party or otherwise, gives direction to the Loan Trustee, the Subordination Agent or the Pass Through Trustee pursuant to, any Operative Agreement, the determination whether to grant or withhold such consent or to give such direction shall be made by the Policy Provider in its sole discretion without any implied duty towards any other Person.

SECTION 5.07 Counterparts. This Insurance Agreement may be executed in counterparts by the parties hereto, and all such counterparts shall constitute one and the same instrument.

SECTION 5.08 Headings. The headings of Articles and Sections and the Table of Contents contained in this Insurance Agreement are provided for convenience only. They form no part of this Insurance Agreement and shall not affect its construction or interpretation.

SECTION 5.09 Trial by Jury Waived. Each party hereby waives, to the fullest extent permitted by law, any right to a trial by jury in respect of any litigation arising directly or indirectly out of, under or in connection with this Insurance Agreement or any of the other Operative Agreements or any of the Transactions contemplated hereunder or thereunder. Each party hereto (A) certifies that no representative, agent or attorney of any party hereto has represented, expressly or otherwise, that it would not, in the event of litigation, seek to enforce the foregoing waiver, and (B) acknowledges that it has been induced to enter into the Operative Agreements to which it is a party by, among other things, this waiver.

SECTION 5.10 Limited Liability. No recourse under any Operative Agreement or the Policy shall be had against, and no personal liability shall attach to, any officer, employee, director, affiliate or shareholder of any party hereto, as such, by the enforcement of any assessment or by any legal or equitable proceeding, by virtue of any statute or otherwise in respect of any of the Operative Agreements, the Certificates or the Policy, it being expressly agreed and understood that each Operative Agreement is solely an obligation of each party hereto, and that any and all personal liability, either at common law or in equity, or by statute or constitution, of every such officer, employee, director, affiliate or shareholder for breaches of any party hereto of any obligations under any Operative Agreement is hereby expressly waived as a condition of and in consideration for the execution and delivery of this Insurance Agreement.

SECTION 5.11 Entire Agreement. This Insurance Agreement, the Policy, the Policy Fee Letter and the other Operative Agreements set forth the entire agreement between the parties with respect to the subject matter hereof and thereof, and supersede and replace any

agreement or understanding that may have existed between the parties prior to the date hereof in respect of such subject matter. This Insurance Agreement and the Policy are separate and independent agreements and nothing herein shall be construed to vary or otherwise modify any terms of the Policy. No breach by any party hereto of any representation, warranty, covenant, agreement or undertaking contained herein shall in any way affect the obligations of the Policy Provider under the Policy.

SECTION 5.12 Successors and Assigns. This Insurance Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Insurance Agreement, all as of the day and year first above mentioned.

AMBAC ASSURANCE CORPORATION,
as Policy Provider

By: /s/ Barry Schofield

Name: Barry Schofield
Title: Vice President

U.S. BANK TRUST NATIONAL
ASSOCIATION, not in its individual
capacity but solely as Subordination Agent

By: /s/ Ward A. Spooner

Name: Ward A. Spooner
Title: Vice President

U.S. BANK TRUST NATIONAL
ASSOCIATION, not in its individual
capacity but solely as Class G Trustee

By: /s/ Ward A. Spooner

Name: Ward A. Spooner
Title: Vice President

AMERICAN AIRLINES, INC.

By: /s/ Michael P. Thomas

Name: Michael P. Thomas
Title: Managing Director
Corporate Finance & Banking

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AMERICAN AIRLINES, INC.

AMBAC ASSURANCE CORPORATION

CITIGROUP GLOBAL MARKETS INC.

J.P. MORGAN SECURITIES INC.

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

MORGAN STANLEY & CO. INCORPORATED

American Airlines Pass Through Certificates
Series 2003-1G

INDEMNIFICATION AGREEMENT

Dated: As of June 30, 2003

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INDEMNIFICATION AGREEMENT, dated as of June 30, 2003 (this "Indemnification Agreement"), by and among AMERICAN AIRLINES, INC. ("American"), AMBAC ASSURANCE CORPORATION (the "Policy Provider"), CITIGROUP GLOBAL MARKETS INC., J.P. MORGAN SECURITIES INC., MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED and MORGAN STANLEY & CO. INCORPORATED (the "Underwriters").

Section 1. Defined Terms. Unless the context clearly requires otherwise, all capitalized terms used but not defined herein shall have the respective meanings assigned to them in the Underwriting Agreement, dated June 30, 2003 (the "Underwriting Agreement"), between American and the Underwriters; and the following terms shall have the following meanings:

"Incorporated Documents" means any documents of American filed pursuant to the Exchange Act which are incorporated by reference into any Offering Document.

"Indemnified Party" has the meaning given in Section 5.

"Indemnifying Party" has the meaning given in Section 5.

"Offering Document" means collectively, the Prospectus, the Prospectus Supplement and any amendment or supplement thereto, all with respect to the Class G Certificates, that makes reference to the Policy Provider or the Policy.

"Policy Provider Information" has the meaning given in Section 4.

"Prospectus" means the Prospectus of American Airlines, Inc. dated as of March 21, 2002 relating to \$2,500,000,000 of pass through certificates, including the Incorporated Documents.

"Prospectus Supplement" means the prospectus supplement of American Airlines, Inc. dated June 30, 2003 relating to \$\$254,863,000 of Class G Certificates, including the Incorporated Documents.

"Underwriter Information" has the meaning given in Section 3.

Section 2. Representations, Warranties and Agreements of the Underwriters. Each Underwriter represents, warrants and agrees with the Policy Provider as follows:

(a) Offering Document. Such Underwriter will not use, or distribute to other broker-dealers for use, any Offering Document in connection with the offer and sale of the Class G Certificates unless any information included in such Offering Document relating to the Policy Provider has been furnished by the Policy Provider for inclusion therein and has been approved by the Policy Provider.

(b) Underwriter Information. All material provided by such Underwriter to American in writing specifically for inclusion in the Offering Document (as revised from time to time), insofar as such information relates to the Underwriters, shall be true and correct in all material respects.

(c) Compliance with Laws. Such Underwriter will comply in all material respects with all legal requirements in connection with its offers and sales of the Class G Certificates and will make such offers and sales in the manner provided in the Offering Document.

(d) Organization, Power, Enforceability. Such Underwriter is duly organized, validly existing and in good standing in the jurisdiction of its organization and has the corporate power and authority to execute and deliver this Indemnification Agreement and to perform its obligations hereunder. This Indemnification Agreement constitutes a legal, valid and binding obligation of such Underwriter, enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium, receivership and other similar laws affecting creditors' rights generally and by general principles of equity and subject to principles of public policy limiting the right to enforce the indemnification provisions contained herein insofar as such provisions relate to indemnification for liabilities arising under federal securities laws.

Section 3. Representations and Warranties of American.
American represents and warrants to, and agrees with, the Policy Provider as follows:

(a) Except for the Policy Provider Information and the information contained in the last three sentences of the second paragraph, the second and third sentences of the fourth paragraph, and the eighth paragraph, in each case, under the heading "Underwriting" in the Prospectus Supplement (the "Underwriter Information"), (i) the Offering Document, as of the date thereof, neither contained any untrue statement of a material fact nor omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and (ii) as of the date hereof, the Offering Document did not, and on the Closing Date the Offering Document will not, contain any untrue statement of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(b) The Incorporated Documents heretofore filed were filed in a timely manner and, when they were filed (or, if any amendment with respect to any such document was filed, when such amendment was filed), complied in all material respects with the requirements of the Exchange Act and did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(c) As of the date hereof, its representations and warranties contained in the Underwriting Agreement are true and correct in all material respects.

(d) The Company will not use any Offering Document in connection with the offer and sale of the Class G Certificates unless the information included in or incorporated into by reference in such Offering Document under the caption "Description of the Policy Provider" (or a similar caption making reference to the Policy Provider) has been furnished by the Policy Provider for inclusion therein and has been approved by the Policy Provider. Without limiting the foregoing, no disclosure relating to the Policy Provider contained in any Offering Document, which disclosure modifies, alters, changes, amends or supplements the Policy Provider Information, shall be made without the Policy Provider's prior written consent.

Section 4. Representations, Warranties and Agreements of the Policy Provider. The Policy Provider represents and warrants to, and agrees with, American and each of the Underwriters as follows:

(a) Organization and Licensing. The Policy Provider is a Wisconsin domiciled stock insurance company which is licensed under the laws of the State of Wisconsin and is duly qualified or licensed to conduct an insurance business in each jurisdiction where qualification may be necessary to accomplish the Transactions (as defined in the Policy Provider Agreement).

(b) Corporate Power. The Policy Provider has the corporate power and authority to issue the Policy and execute and deliver this Indemnification Agreement, the Intercreditor Agreement and the Policy Provider Agreement and to perform all of its obligations hereunder and thereunder.

(c) Authorization; Approvals. The Policy Provider has duly authorized, executed and delivered this Indemnification Agreement. Proceedings legally required for the issuance of the Policy and the execution, delivery and performance of this Indemnification Agreement, the Intercreditor Agreement and the Policy Provider Agreement have been taken and licenses, orders, consents or other authorizations or approvals of any governmental boards or bodies legally required for the enforceability of the Policy, if any, have been obtained; any proceedings not taken and any licenses, authorizations or approvals not obtained are not material to the enforceability of the Policy.

(d) Enforceability. The Policy, when issued, and each of the Intercreditor Agreement and the Policy Provider Agreement, when executed, will constitute, and this Indemnification Agreement constitutes, a legal, valid and binding obligation of the Policy Provider, enforceable in accordance with its terms, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, receivership and other similar laws affecting creditors' rights generally and by general principles of equity and subject to principles of public policy limiting the right to enforce the indemnification provisions contained therein and herein insofar as such provisions relate to indemnification for liabilities arising under federal securities laws.

(e) Financial Information. The financial statements of the Policy Provider included in or incorporated by reference into the Prospectus Supplement, fairly

present in all material respects the financial condition of the Policy Provider as of the dates and for the periods covered by such statements in accordance with generally accepted accounting principles consistently applied. Since March 31, 2003, there has been no material change in such financial condition of the Policy Provider that would materially and adversely affect its ability to perform its obligations under the Policy, this Indemnification Agreement or the Intercreditor Agreement.

(f) Policy Provider Information. The Policy Provider Information is limited and does not purport to provide the scope of disclosure required to be included in a prospectus with respect to a registrant in connection with the offer and sale of securities of such registrant registered under the Securities Act; subject to the foregoing, as of the date hereof, the information included in or incorporated into by reference in the Prospectus Supplement under the caption "Description of the Policy Provider" (the "Policy Provider Information") does not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading. The Policy Provider consents to the inclusion in the Prospectus Supplement of the Policy Provider Information. The Policy Provider will promptly inform American and the Underwriters of any information which would cause the representation and warranty of the Policy Provider set forth in the first sentence of this subsection (f) not to be true and correct as of the Closing Date.

(g) No Litigation. There are no actions, suits, proceedings or investigations pending or, to the best of the Policy Provider's knowledge, threatened against it at law or in equity or before or by any court, governmental agency, board or commission or any arbitrator which, if decided adversely, would materially and adversely affect its ability to perform its obligations under the Policy, this Indemnification Agreement, the Intercreditor Agreement or the Policy Provider Agreement.

(h) Exemption from Registration. The Policy is exempt from registration under the Securities Act.

Section 5. Indemnification and Contribution. (a) The Policy Provider agrees to indemnify and hold harmless (i) each Underwriter, each of its officers, directors, shareholders, employees, agents and each person, if any, who controls such Underwriters within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act and (ii) American, each of its officers, directors, shareholders, employees, agents and each person, if any, who controls American within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, in each case from and against any and all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred by such indemnitee in connection with defending or investigating any such action or claim) caused by any untrue statement or alleged untrue statement of a material fact contained in the Policy Provider Information, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or a breach of any of the representations and warranties of the Policy Provider contained in Section 4 hereof.

(b) Each Underwriter agrees, severally and not jointly, to indemnify and hold harmless the Policy Provider, each of its officers, directors, shareholders, employees, agents and each person, if any, who controls the Policy Provider within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act from and against any and all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred by such indemnitee in connection with defending or investigating any such action or claim) caused by any untrue statement or alleged untrue statement of a material fact contained in the information relating to such Underwriter contained in the Underwriter Information, or a breach of any of the representations and warranties of such Underwriter contained in Section 2 hereof.

(c) Except for the Policy Provider Information and the Underwriter Information, American agrees to indemnify and hold harmless the Policy Provider, each of its officers, directors, shareholders, employees, agents and each person, if any, who controls the Policy Provider within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act from and against any and all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred by such indemnitee in connection with defending or investigating any such action or claim) caused by any untrue statement or alleged untrue statement of a material fact contained in any Offering Document, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or a breach of any of the representations and warranties of American contained in Section 3 hereof.

(d) In case any action or proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to subsection (a), (b) or (c) of this Section 5, such person (the "Indemnified Party") shall promptly notify the person against whom such indemnity may be sought (the "Indemnifying Party") in writing; provided, that the failure to notify the Indemnifying Party shall not relieve the Indemnifying Party from any liability that it may have under this Section 5 except to the extent that the Indemnifying Party has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; provided further, that the failure to notify the Indemnifying Party shall not relieve it from any liability that it may have to an Indemnified Party other than under this Section 5. An Indemnifying Party may participate at its own expense in the defense of such action. If it so elects within a reasonable time after receipt of such notice, an Indemnifying Party, jointly with any other Indemnifying Parties receiving such notice, may, except as provided in the immediately following sentence, assume the defense of such action, with counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party and any others the Indemnifying Party may designate in such proceeding and shall pay the fees and disbursements of such counsel related to such proceeding. In any such proceeding, any Indemnified Party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless (i) the Indemnifying Party and the Indemnified Party shall have mutually agreed to the retention of such counsel, (ii) the Indemnifying Party has failed within a reasonable time to assume defense of such action or proceeding or retain counsel

reasonably satisfactory to the Indemnified Party, or (iii) the named parties to any such proceeding (including any impleaded parties) include both the Indemnifying Party and the Indemnified Party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them or the Indemnified Party shall have been advised by counsel that one or more legal defenses available to it may be different from or in addition to those available to the Indemnifying Party. It is understood that the Indemnifying Party shall not under subsection (a), (b) or (c) of this Section 5, in respect of the legal expenses of any Indemnified Party in connection with any proceeding, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all such Indemnified Parties and that all such fees and expenses shall be reimbursed as they are incurred. The Indemnifying Party shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Indemnifying Party agrees to indemnify the Indemnified Party from and against any loss or liability by reason of such settlement or judgment. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Party is or could have been a party and indemnity could have been sought hereunder by such Indemnified Party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such proceeding.

(e) To provide for just and equitable contribution if the indemnification provided by the Indemnifying Party is determined to be unavailable or insufficient to hold harmless any Indemnified Party (other than due to application of this Section), each Indemnifying Party shall contribute to the losses incurred by the Indemnified Party on the basis of the relative fault of the Indemnifying Party, on the one hand, and the Indemnified Party, on the other hand. The relative fault of each Indemnifying Party, on the one hand, and each Indemnified Party, on the other, shall be determined by reference to, among other things, (i) whether the breach of, or alleged breach of, any of its representations and warranties set forth herein are within the control of the Indemnifying Party or the Indemnified Party, (ii) whether any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact related to information supplied by the Indemnifying Party or the Indemnified Party and (iii) the parties relative intent, knowledge, access to information and opportunity to correct or prevent such statement, omission or breach.

(f) The indemnity and contribution provisions contained in this Section 5 shall remain operative and in full force and effect regardless of (i) any termination of this Indemnification Agreement, (ii) any due diligence investigation or statement as to the results of any due diligence investigation by or on behalf of (x) any Underwriter or any person controlling any Underwriter (y) the Policy Provider, its officers or directors or any person controlling the Policy Provider or (z) American, its officers or directors or any person controlling American, and (iii) acceptance of and payment for any of the Class G Certificates.

Section 6. Amendments, Etc. This Indemnification Agreement may be amended, modified, supplemented or terminated only by written instrument or written instruments signed by the parties hereto.

Section 7. Notices. All demands, notices and other communications to be given hereunder shall be in writing (except as otherwise specifically provided herein) and shall be mailed by registered mail or personally delivered and telecopied to the recipient as follows:

(a) To American:

American Airlines, Inc.
4333 Amon Carter Boulevard
Fort Worth, TX 76155
Attention: Treasurer Telex: 4630158
Facsimile: (817) 967-4318
Confirmation: (817) 931-1088

(b) To the Policy Provider:

Ambac Assurance Corporation
One State Street Plaza
New York, New York 10004
Attention: Surveillance Department
Facsimile: (212) 363-1459
Confirmation: (212) 668-0340

(c) To the Underwriters:

c/o Citigroup Global Markets Inc.
Attn: Mark Rhodes, First Vice President
388 Greenwich Street
24th Floor
New York, NY 10013
Facsimile: (212) 816-0949
Confirmation: (212) 816-5822

With a copy to:

Shearman & Sterling LLP
599 Lexington Avenue
New York, NY 10022
Attention: Alexander C. Bancroft
Facsimile: (646) 848-7179
Confirmation: (212) 848-4000

A party may specify an additional or different address or addresses by writing mailed or delivered to the other parties as aforesaid. All such notices and other communications shall be effective upon receipt. All such notices telecopied shall be effective upon acknowledgment of receipt electronically confirmed by the sender's telecopy machine.

Section 8. Severability. In the event that any provision of this Indemnification Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, the parties hereto agree that such holding shall not invalidate or render unenforceable any other provision hereof. The parties hereto further agree that the holding by any court of competent jurisdiction that any remedy pursued by any party hereto is unavailable or unenforceable shall not affect in any way the ability of such party to pursue any other remedy available to it.

Section 9. Governing Law. This Indemnification Agreement shall be governed by and construed in accordance with the laws of the State of New York.

Section 10. Counterparts. This Indemnification Agreement may be executed in counterparts by the parties hereto, and all such counterparts shall constitute one and the same instrument.

Section 11. Headings. The headings of Sections contained in this Indemnification Agreement are provided for convenience only. They form no part of this Indemnification Agreement and shall not affect its construction or interpretation.

Section 12. Miscellaneous. This Indemnification Agreement shall inure to the benefit and be binding upon the parties hereto and their respective successors and assigns and the officers, directors, shareholders, employees, agents and controlling persons referred to in Section 5 hereof, and no other person shall have any right or obligation hereunder. This Indemnification Agreement supercedes all prior agreements or understandings entered into by the Policy Provider relating to the subject matter hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, all as of the day and year first above mentioned.

AMERICAN AIRLINES, INC.

By: /s/ Michael P. Thomas

Name: Michael P. Thomas
Title: Managing Director
Corporate Finance & Banking

AMBAC ASSURANCE CORPORATION

By: /s/ David B. Nemschoff

Name: David B. Nemschoff
Title: Managing Director

CITIGROUP GLOBAL MARKETS INC.,
J.P. MORGAN SECURITIES INC.,
MERRILL LYNCH, PIERCE, FENNER &
SMITH INCORPORATED and MORGAN
STANLEY & CO. INCORPORATED, as
Underwriters

By: CITIGROUP GLOBAL MARKETS
INC., acting on behalf of itself and as the
representative of the other named
Underwriters.

By: /s/ Jeffrey J. Singer

Name: Jeffrey J. Singer
Title: Director

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PARTICIPATION AGREEMENT

(N961AN)

Dated as of July 8, 2003

among

AMERICAN AIRLINES, INC.,

U.S. BANK TRUST NATIONAL ASSOCIATION,

as Pass Through Trustee under each of the
Pass Through Trust Agreements,

U.S. BANK TRUST NATIONAL ASSOCIATION,

as Subordination Agent,

U.S. BANK TRUST NATIONAL ASSOCIATION,

as Loan Trustee,

and

U.S. BANK TRUST NATIONAL ASSOCIATION,

in its individual capacity as set forth herein

Aircraft of the make and model and
bearing the U.S. Registration Number and
Manufacturer's Serial Number listed on
Schedule I hereto

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PARTICIPATION AGREEMENT

(N961AN)

This PARTICIPATION AGREEMENT (N961AN), dated as of July 8, 2003, is made by and among AMERICAN AIRLINES, INC., a Delaware corporation (together with its successors and permitted assigns, the "Company"), U.S. BANK TRUST NATIONAL ASSOCIATION, a national banking association (in its individual capacity, together with its successors and permitted assigns, "U.S. Bank"), not in its individual capacity except as otherwise expressly provided in any of the Operative Documents or the Pass Through Documents, but solely as trustee (in such capacity together with any successor or other trustee in such capacity, the "Pass Through Trustee") under each of the Pass Through Trust Agreements (such term and other capitalized terms used herein without definition being defined as provided in Section 1.01), U.S. BANK TRUST NATIONAL ASSOCIATION, a national banking association, as subordination agent and trustee (in such capacity, together with any successor trustee in such capacity, the "Subordination Agent") under the Intercreditor Agreement, and U.S. BANK TRUST NATIONAL ASSOCIATION, as loan trustee (in such capacity, together with any successor trustee in such capacity, the "Loan Trustee") under the Indenture.

W I T N E S S E T H:

WHEREAS, the Company is the owner of that certain aircraft of the make and model set forth in Schedule I hereto as more particularly described in the Indenture Supplement originally executed and delivered under the Indenture;

WHEREAS, concurrently with the execution and delivery of this Agreement, the Company and the Loan Trustee are entering into the Indenture, pursuant to which, among other things, the Company will issue separate series of Equipment Notes, which Equipment Notes are to be secured by a security interest in all right, title and interest of the Company in and to the Aircraft and certain other property described in the Indenture;

WHEREAS, pursuant to the Basic Pass Through Trust Agreement and each of the Trust Supplements set forth in Schedule III hereto, concurrently with the execution and delivery of this Agreement, separate Pass Through Trusts are being created to facilitate certain of the transactions contemplated hereby, including, without limitation, the issuance and sale of Pass Through Certificates;

WHEREAS, pursuant to the Intercreditor Agreement, the Subordination Agent will hold the Equipment Notes on behalf of the Pass Through Trusts;

NOW, THEREFORE, in consideration of the foregoing premises and the mutual agreements herein contained, and of other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. For the purposes of this Agreement, unless the context otherwise requires, capitalized terms used but not defined herein shall have the respective meanings set forth or incorporated by reference in Annex A.

Section 1.02. Other Definitional Provisions. (a) The definitions stated herein and in Annex A apply equally to both the singular and the plural forms of the terms defined.

(b) All references in this Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits", "Annexes" and other subdivisions are to the designated Article, Section, Subsection, Schedule, Exhibit, Annex or other subdivision of this Agreement, unless otherwise specifically stated.

(c) The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit, Annex or other subdivision.

(d) All references in this Agreement to a "government" are to such government and any instrumentality or agency thereof.

(e) Unless the context otherwise requires, whenever the words "including", "include" or "includes" are used herein, they shall be deemed to be followed by the phrase "without limitation".

ARTICLE II

THE LOANS

Section 2.01. The Loans. Subject to the terms and conditions of this Agreement and the Indenture, on the Closing Date, the Pass Through Trustee for each Pass Through Trust shall make a loan to the Company by paying to the Company the aggregate original principal amounts of the Equipment Notes being issued to such Pass Through Trust as set forth on Schedule II opposite the name of such Pass Through Trust. The Pass Through Trustees, on behalf of the Pass Through Trusts, shall make such loans to the Company no later than 10:00 a.m. (New York City time) on the Closing Date by transferring such amount in immediately available funds to the Company at its account at The Chase

Manhattan Bank (ABA No. 021000021), Account Number 910-1-019884, Attention: Tina DoCampo.

Section 2.02. Issuance of Equipment Notes. Upon the occurrence of the above payments by the Pass Through Trustee for each Pass Through Trust to the Company, the Company shall issue, pursuant to and in accordance with Article II of the Indenture, to the Subordination Agent as agent and trustee for the Pass Through Trustee for each Pass Through Trust, one or more Equipment Notes of the maturity and aggregate principal amount and bearing the interest rate set forth in Schedule II opposite the name of such Pass Through Trust. Each such Equipment Note shall be duly authenticated by the Loan Trustee pursuant to the Indenture, registered in the name of the Subordination Agent and dated the Closing Date and shall be delivered by the Loan Trustee to the Subordination Agent.

Section 2.03. The Closing. The closing (the "Closing") of the transactions contemplated hereby shall take place at the offices of Debevoise & Plimpton, 919 Third Avenue, New York, New York at 10:00 a.m. (New York City time) on July 8, 2003, or at such other time or place as the parties shall agree.

ARTICLE III

CONDITIONS PRECEDENT

Section 3.01. Conditions Precedent to Obligations of the Pass Through Trustees. The obligation of each Pass Through Trustee to make the loan contemplated by Article II is subject to the fulfillment (or the waiver by such Pass Through Trustee) prior to or on the Closing Date of the following conditions precedent:

(a) The Company shall have tendered the Equipment Notes to the Loan Trustee for authentication, and the Loan Trustee shall have authenticated such Equipment Notes and shall have tendered the Equipment Notes to the Subordination Agent on behalf of the applicable Pass Through Trustee in accordance with Section 2.02.

(b) No change shall have occurred after the date of this Agreement in applicable law or regulations thereunder or interpretations thereof by appropriate regulatory authorities or any court that would make it a violation of law or governmental regulations for the Pass Through Trustees to make the loans contemplated by Section 2.01 or to acquire the Equipment Notes or to realize the benefits of the security afforded by the Indenture.

(c) This Agreement and the following documents shall have been duly authorized, executed and delivered by the respective party or parties thereto (other

than the Pass Through Trustees or the Loan Trustee), shall be in full force and effect and executed counterparts (or copies thereof where indicated) thereof shall have been delivered to each relevant Pass Through Trustee:

- (i) the Intercreditor Agreement;
 - (ii) the Class G Liquidity Facility relating to the Pass Through Certificates, Series 2003-1G;
 - (iii) the Policy relating to the Pass Through Certificates, Series 2003-1G;
 - (iv) the Pass Through Trust Agreements;
 - (v) the Indenture and the Indenture Supplement covering the Aircraft and dated the Closing Date;
 - (vi) the Manufacturer's Consent;
 - (vii) a copy of the FAA Bill of Sale; and
 - (viii) a copy of the Warranty Bill of Sale.
- (d) A Uniform Commercial Code financing statement or statements covering the security interest created by the Indenture naming the Company, as debtor, and the Loan Trustee, as secured party, shall have been duly filed in all places necessary or desirable within the State of Delaware.
- (e) Each Pass Through Trustee shall have received the following:
- (i) a certificate dated the Closing Date of the Secretary or an Assistant Secretary of the Company, certifying as to (A) a copy of the resolutions of the Board of Directors of the Company or the executive committee thereof duly authorizing the transactions contemplated hereby and the execution, delivery and performance by the Company of this Agreement and the Indenture and each other document required to be executed and delivered by the Company in accordance with the provisions hereof or thereof and (B) a copy of the certificate of incorporation and by-laws of the Company, as in effect on the Closing Date;
 - (ii) a certificate or other evidence from the Secretary of State of the State of Delaware, dated as of a date reasonably near the Closing Date, as to the due incorporation and good standing of the Company in such state;

(iii) an incumbency certificate of the Company as to the person or persons authorized to execute and deliver this Agreement, the Indenture and each other document to be executed by the Company in connection with the transactions contemplated hereby and thereby, and the specimen signatures of such person or persons; and

(iv) one or more certificates of the Loan Trustee and the Subordination Agent certifying to the reasonable satisfaction of the Pass Through Trustees as to the due authorization, execution, delivery and performance by the Loan Trustee and the Subordination Agent of each of the Operative Documents to which the Loan Trustee or the Subordination Agent is or will be a party and any other documents to be executed by or on behalf of the Loan Trustee or Subordination Agent in connection with the transactions contemplated hereby or thereby.

(f) On the Closing Date, the following statements shall be correct: (i) the representations and warranties herein of the Company are correct in all material respects as though made on and as of such date, except to the extent that such representations and warranties relate solely to an earlier date (in which case such representations and warranties are correct on and as of such earlier date) and (ii) no event has occurred and is continuing that constitutes an Event of Default or an Event of Loss or would constitute an Event of Default or Event of Loss but for the requirement that notices be given or time elapse or both.

(g) Each Pass Through Trustee and the Loan Trustee shall have received an opinion addressed to it from Gary F. Kennedy, Esq., Senior Vice President and General Counsel of the Company (or such other internal counsel to the Company as shall be reasonably satisfactory to the Pass Through Trustees), substantially in the form set forth in Exhibit A.

(h) Each Pass Through Trustee and the Loan Trustee shall have received an opinion addressed to it from Shipman & Goodwin LLP, special counsel for U.S. Bank, the Loan Trustee and the Subordination Agent, substantially in the form set forth in Exhibit B.

(i) Each Pass Through Trustee and the Loan Trustee shall have received an opinion addressed to it from Crowe & Dunlevy, P.C., special FAA counsel in Oklahoma City, Oklahoma, substantially in the form set forth in Exhibit C.

(j) Each Pass Through Trustee and the Loan Trustee shall have received a certificate or certificates signed by the chief financial or accounting officer, any Senior Vice President, the Treasurer, any Vice President or any

Assistant Treasurer (or any other Responsible Officer) of the Company, dated the Closing Date, certifying as to the correctness of each of the matters stated in Section 3.01(f).

(k) Each Pass Through Trustee shall have received a certificate from U.S. Bank in its individual capacity and as Loan Trustee and Subordination Agent, as applicable, dated the Closing Date, signed by an authorized officer of U.S. Bank in its individual capacity and as Loan Trustee and Subordination Agent, as applicable, certifying for each such entity that no Loan Trustee Liens or Other Party Liens attributable to it, as applicable, exist, and further certifying as to the correctness of each of the matters stated in Section 5.01.

(l) [intentionally left blank]

(m) The Loan Trustee shall have received an insurance report of an independent insurance broker and the related certificates of insurance, each in form and substance reasonably satisfactory to the Loan Trustee, as to the compliance with the terms of Section 7.06 of the Indenture relating to insurance with respect to the Aircraft.

(n) No action or proceeding shall have been instituted nor shall governmental action be threatened before any court or governmental agency, nor shall any order, judgment or decree have been issued or proposed to be issued by any court or governmental agency at the time of the Closing to set aside, restrain, enjoin or prevent the completion and consummation of this Agreement or the transactions contemplated hereby.

(o) The Company shall have entered into the Underwriting Agreement, the Class G Pass Through Certificates shall have been issued and sold pursuant to the Underwriting Agreement, and the Underwriters shall have transferred to the Class G Pass Through Trustee in immediately available funds an amount at least equal to the aggregate purchase price of the Series G Equipment Notes to be purchased from the Company; and the purchasers of the Class C and Class D Pass Through Certificates shall have transferred to the Class C and Class D Pass Through Trustees in immediately available funds an amount at least equal to the aggregate purchase price of the Series C and Series D Equipment Notes to be purchased from the Company.

(p) The Loan Trustee shall have received an executed copy of the Manufacturer's Consent substantially in the form set forth in Exhibit D.

(q) The Loan Trustee shall have received a copy of a current, valid standard certificate of airworthiness for the Aircraft duly issued by the FAA,

together with a copy of a duly executed certificate of registration of the Aircraft with the FAA in the name of the Company.

(r) The Company shall have good title to the Aircraft, free and clear of all Liens except Permitted Liens.

Promptly upon the recording of the Indenture (with the Indenture Supplement attached) pursuant to the Transportation Code, the Company will cause Crowe & Dunlevy, P.C., special FAA counsel in Oklahoma City, Oklahoma to deliver to the Subordination Agent, to the Pass Through Trustees, to the Loan Trustee and to the Company an opinion as to the due recording of such instrument and the lack of filing of any intervening documents with respect to the Aircraft.

Section 3.02. Conditions Precedent to Obligations of the Company. The obligation of the Company to issue and sell the Equipment Notes is subject to the fulfillment (or waiver by the Company) prior to or on the Closing Date of the following conditions precedent:

(a) No change shall have occurred after the date of this Agreement in applicable law or regulations thereunder or interpretations thereof by appropriate regulatory authorities or any court that would make it a violation of law or governmental regulations for the Company to enter into any transaction contemplated by the Operative Documents or the Pass Through Trust Agreements.

(b) The documents referred to in Section 3.01(c) shall have been duly authorized, executed and delivered by the respective party or parties thereto (other than the Company), shall be in full force and effect and executed counterparts (or copies thereof where indicated) thereof shall have been delivered to the Company, and the Company shall have received such documents and evidence with respect to U.S. Bank, the Class G Liquidity Provider, the Policy Provider, the Loan Trustee, the Subordination Agent and each Pass Through Trustee as the Company may reasonably request in order to establish the consummation of the transactions contemplated by this Agreement, the taking of all corporate and other proceedings in connection therewith and compliance with the conditions herein set forth.

(c) The Indenture (with the Indenture Supplement covering the Aircraft attached) shall have been duly filed for recordation (or shall be in the process of being so duly filed for recordation) with the FAA pursuant to the Transportation Code.

(d) On the Closing Date, the representations and warranties herein of U.S. Bank, the Loan Trustee, the Subordination Agent and the Pass Through

Trustees shall be correct as though made on and as of such date, except to the extent that such representations and warranties relate solely to an earlier date (in which case such representations and warranties shall have been correct on and as of such earlier date), and, insofar as such representations and warranties concern U.S. Bank, the Loan Trustee, the Subordination Agent or any Pass Through Trustee, such party shall have so certified to the Company.

(e) The Company shall have received each opinion referred to in Subsections 3.01(h), 3.01(i) and 3.01(l), each such opinion (other than 3.01(l)) addressed to the Company or accompanied by a letter from the counsel rendering such opinion authorizing the Company to rely on such opinion as if it were addressed to the Company, and the certificates referred to in Subsections 3.01(e)(iv) and 3.01(k).

(f) The Company shall have received (i) an opinion addressed to it from Shipman & Goodwin LLP, special counsel for the Pass Through Trustees, substantially in the form set forth in Exhibit E-1, and (ii) an opinion addressed to it from Parkowski, Guerke & Swayze, P.A., special Delaware counsel for the Pass Through Trustee, substantially in the form set forth in Exhibit E-2.

(g) No action or proceeding shall have been instituted nor shall governmental action be threatened before any court or governmental agency, nor shall any order, judgment or decree have been issued or proposed to be issued by any court or governmental agency at the time of the Closing to set aside, restrain, enjoin or prevent the completion and consummation of this Agreement or the transactions contemplated hereby.

(h) The Company shall have received a certificate from U.S. Bank dated the Closing Date, signed by an authorized officer of U.S. Bank, certifying for each Pass Through Trustee that no Other Party Liens attributable to it exist and further certifying as to the correctness of each of the matters stated in Section 5.01.

ARTICLE IV

REPRESENTATIONS, WARRANTIES AND INDEMNITIES OF THE COMPANY

Section 4.01. Representations and Warranties of the Company. The Company represents and warrants that:

(a) The Company is a corporation duly incorporated and validly existing in good standing under the laws of the State of Delaware, is a Certificated

Air Carrier, is a Citizen of the United States, has the corporate power and authority to own or hold under lease its properties and to enter into and perform its obligations under the Operative Documents to which it is a party and is duly qualified to do business as a foreign corporation in good standing in each jurisdiction in which the failure to so qualify would have a material adverse effect on the consolidated financial condition of the Company and its subsidiaries, considered as a whole.

(b) The execution, delivery and performance by the Company of this Agreement and the other Operative Documents to which the Company is a party have been duly authorized by all necessary corporate action on the part of the Company, do not require any stockholder approval or approval or consent of any trustee or holder of any indebtedness or obligations of the Company, except such as have been duly obtained and are in full force and effect, and do not contravene any law, governmental rule, regulation, judgment or order binding on the Company or the certificate of incorporation or by-laws of the Company or contravene or result in a breach of, or constitute a default under, or result in the creation of any Lien (other than as permitted under the Indenture) upon the property of the Company under, any material indenture, mortgage, contract or other agreement to which the Company is a party or by which it or any of its properties may be bound or affected.

(c) Neither the execution and delivery by the Company of this Agreement and the other Operative Documents to which it is a party, nor the consummation by the Company of any of the transactions contemplated hereby or thereby, requires the authorization, consent or approval of, the giving of notice to, the filing or registration with or the taking of any other action in respect of, the Department of Transportation, the FAA or any other federal or state governmental authority or agency, except for (i) the registration of the issuance and sale of the Pass Through Certificates under the Securities Act of 1933, as amended, and under the securities laws of any state in which the Pass Through Certificates may be offered for sale if the laws of such state require such action, (ii) the qualification of the Pass Through Trust Agreements under the Trust Indenture Act of 1939, as amended, (iii) the filings referred to in Section 4.01(e), and (iv) consents, approvals, notices, registrations and other actions required to be obtained, given, made or taken only after the date hereof.

(d) This Agreement and each other Operative Document to which the Company is a party have been duly executed and delivered by the Company and constitute the legal, valid and binding obligations of the Company enforceable against the Company in accordance with their terms, except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the rights of creditors generally and by general principles of equity

and except, in the case of the Indenture, as limited by applicable laws that may affect the remedies provided in the Indenture, which laws, however, do not make the remedies provided in the Indenture inadequate for the practical realization of the rights and benefits intended to be provided thereby.

(e) Except for (i) the filing for recordation pursuant to the Transportation Code of the Indenture (with the Indenture Supplement covering the Aircraft attached) and (ii) with respect to the security interests created by such documents, the filing of financing statements (and continuation statements at periodic intervals) under the Uniform Commercial Code of Delaware, no further filing or recording of any document is necessary or advisable under the laws of the United States or any state thereof as of the Closing Date in order to establish and perfect the security interest in the Aircraft created under the Indenture in favor of the Loan Trustee as against the Company and any third parties in any applicable jurisdiction in the United States.

(f) The Company is not an investment company or a company controlled by an investment company within the meaning of the Investment Company Act of 1940, as amended.

(g) As of the Closing Date, (i) the Company has good title to the Aircraft, free and clear of Liens other than Permitted Liens, (ii) the Aircraft has been duly certified by the FAA as to type and airworthiness in accordance with the terms of the Indenture, (iii) the Indenture (with the Indenture Supplement covering the Aircraft attached) has been duly filed for recordation (or shall be in the process of being so duly filed for recordation) with the FAA pursuant to the Transportation Code and (iv) the Aircraft is duly registered with the FAA in the name of the Company.

Section 4.02. General Indemnity. (a) Claims Defined. For the purposes of this Section 4.02, "Claims" shall mean any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs or expenses of whatsoever kind and nature (whether or not on the basis of negligence, strict or absolute liability or liability in tort) that may be imposed on, incurred by, suffered by or asserted against an Indemnitee, as defined herein, and, except as otherwise expressly provided in this Section 4.02, shall include all reasonable out-of-pocket costs, disbursements and expenses (including reasonable out-of-pocket legal fees and expenses) of an Indemnitee in connection therewith or related thereto.

(b) Indemnitee Defined. For the purposes of this Section 4.02, "Indemnitee" means (i) U.S. Bank and the Loan Trustee, (ii) each separate or additional trustee appointed pursuant to Section 8.02 of the Indenture, (iii) so long as it holds any Equipment Notes as agent and trustee of any Pass Through Trustee, the Subordination

Agent, (iv) so long as it is the holder of any Equipment Notes, each Pass Through Trustee and each Related Noteholder, (v) each Liquidity Provider and (vi) each of their respective successors and permitted assigns in such capacities, agents, servants, officers, employees and directors (the respective agents, servants, officers, employees and directors of each of the foregoing Indemnitees, as applicable, together with such Indemnatee, being referred to herein collectively as the "Related Indemnatee Group" of such Indemnatee); provided that such Persons shall, to the extent they are not signatories to this Agreement, have expressly agreed in writing to be bound by the terms of this Section 4.02 prior to, or concurrently with, the making of a Claim hereunder. If an Indemnatee fails to comply with any duty or obligation under this Section 4.02 with respect to any Claim, such Indemnatee shall not, to the extent such failure was prejudicial to the Company, be entitled to any indemnity with respect to such Claim under this Section 4.02. No holder of a Pass Through Certificate in its capacity as such holder shall be an Indemnatee for purposes hereof.

(c) Claims Indemnified. Subject to the exclusions stated in Subsection 4.02(d), the Company agrees to indemnify, protect, defend and hold harmless on an after-Tax basis each Indemnatee against Claims resulting from or arising out of the sale, purchase, acceptance, non-acceptance or rejection of the Aircraft under the Purchase Agreement or the ownership, possession, use, non-use, substitution, airworthiness, control, maintenance, repair, operation, registration, re-registration, condition, sale, lease, sublease, storage, modification, alteration, return, transfer or other disposition of the Aircraft, the Airframe, any Engine or any Part (including, without limitation, latent or other defects, whether or not discoverable, and any claim for patent, trademark or copyright infringement) by the Company, any Permitted Lessee or any other Person. Without limiting the foregoing and subject to, and without duplication of, the provisions of Section 6.01(a), the Company agrees to pay the reasonable ongoing fees, and the reasonable out-of-pocket costs and expenses (including, without limitation, reasonable attorney's fees and disbursements and, to the extent payable as provided in the Indenture, reasonable compensation and expenses of the Loan Trustee's agents), of the Loan Trustee in connection with the transactions contemplated hereby.

(d) Claims Excluded. The following are excluded from the Company's agreement to indemnify an Indemnatee under this Section 4.02:

(i) any Claim to the extent such Claim is attributable to acts or events occurring after (x) the Lien of the Indenture has been discharged or (y) the transfer of possession of the Aircraft pursuant to Article IV of the Indenture except to the extent that such Claim is attributable to acts occurring in connection with the exercise of remedies pursuant to Section 4.02 of the Indenture following the occurrence and continuance of an Event of Default; provided that nothing in this clause (i) shall be deemed to release the Company from any of its obligations

under the Operative Documents that expressly provide for performance after the termination of the Indenture;

(ii) any Claim to the extent such Claim is, or is attributable to, a Tax, except with respect to paying any indemnity on an after-tax basis;

(iii) any Claim to the extent such Claim is attributable to the negligence or willful misconduct of such Indemnitee or such Indemnitee's Related Indemnitee Group;

(iv) any Claim to the extent such Claim is attributable to the noncompliance by such Indemnitee or such Indemnitee's Related Indemnitee Group with any of the terms of, or any misrepresentation by an Indemnitee or its Related Indemnitee Group contained in, this Agreement, any other Operative Document or any Pass Through Document to which such Indemnitee or any of such Related Indemnitee Group is a party or any agreement relating hereto or thereto;

(v) any Claim to the extent such Claim constitutes a Permitted Lien attributable to such Indemnitee;

(vi) any Claim to the extent such Claim is attributable to the offer, sale, assignment, transfer, participation or other disposition of any Equipment Note or Pass Through Certificate, all or any part of such Indemnitee's interest in the Operative Documents or the Pass Through Documents or any interest in the Collateral or any similar security (whether voluntary or involuntary) by or on behalf of such Indemnitee or its Related Indemnitee Group other than during the occurrence and continuance of an Event of Default (provided that any such offer, sale, assignment, transfer, participation or other disposition during the occurrence and continuation of an Event of Default shall not be subject to indemnification unless it is made in accordance with the Indenture and applicable law);

(vii) any Claim to the extent such Claim is attributable to (A) a failure on the part of the Loan Trustee to distribute in accordance with this Agreement or the Indenture any amounts received and distributable by it hereunder or thereunder, (B) a failure on the part of the Subordination Agent to distribute in accordance with the Intercreditor Agreement any amounts received and distributable by it thereunder or (C) a failure on the part of any Pass Through Trustee to distribute in accordance with the Pass Through Trust Agreement to which it is a party any amounts received and distributable by it thereunder;

(viii) any Claim to the extent such Claim is attributable to the authorization or giving or withholding of any future amendments, supplements,

waivers or consents with respect to any Operative Document or any Pass Through Document, other than such as have been requested by the Company or that occur as the result of an Event of Default, or such as are expressly required or contemplated by the provisions of the Operative Documents or the Pass Through Documents;

(ix) any Claim to the extent such Claim is (a) paid by the Company pursuant to any indemnification, compensation or reimbursement provision of any other Operative Document or any Pass Through Document (without duplication of any payment obligation of the Company) or (b) payable or borne by a Person in its individual capacity other than the Company pursuant to any provision of any Operative Document or any Pass Through Document;

(x) any Claim to the extent such Claim is an ordinary and usual operating or overhead expense;

(xi) any Claim to the extent such Claim is incurred by or asserted as a result of any "prohibited transaction" within the meaning of Section 406 of ERISA or Section 4975 of the Code; and

(xii) any Claim to the extent such Claim is attributable to one or more of the other aircraft financed through the offering of Pass Through Certificates (in the event of doubt, any Claim shall be allocated between the Aircraft and such other aircraft in the same proportion that the then outstanding Equipment Notes bear to the then outstanding equipment notes issued with respect to the other aircraft and held by the Pass Through Trustees).

(e) Insured Claims. In the case of any Claim indemnified by the Company hereunder that is covered by a policy of insurance maintained by the Company, each Indemnitee agrees to cooperate, at the Company's expense, with the insurers in the exercise of their rights to investigate, defend or compromise such Claim.

(f) Claims Procedure. An Indemnitee shall promptly notify the Company of any Claim as to which indemnification is sought; provided that the failure to provide such prompt notice shall not release the Company from any of its obligations to indemnify hereunder, except to the extent that the Company is prejudiced by such failure or the Company's indemnification obligations are increased as a result of such failure. Such Indemnitee shall promptly submit to the Company all additional information in such Indemnitee's possession to substantiate such request for payment to the Company as the Company shall reasonably request. Subject to the rights of insurers under policies of insurance maintained by the Company, the Company shall have the right, at its sole cost and expense, to investigate, and the right in its sole discretion to defend or compromise, any Claim for which indemnification is sought under this Section 4.02, and, at the

Company's expense, the Indemnitee shall cooperate with all reasonable requests of the Company in connection therewith. Such Indemnitee shall not enter into a settlement or other compromise with respect to any Claim without the prior written consent of the Company, which consent shall not be unreasonably withheld or delayed, unless such Indemnitee waives its right to be indemnified with respect to such Claim under this Section 4.02. Where the Company or the insurers under a policy of insurance maintained by the Company undertake the defense of an Indemnitee with respect to a Claim, no additional legal fees or expenses of such Indemnitee in connection with the defense of such Claim shall be indemnified hereunder unless such fees or expenses were incurred at the written request of the Company or such insurers. Subject to the requirements of any policy of insurance, an Indemnitee may participate at its own expense in any judicial proceeding controlled by the Company pursuant to the preceding provisions; provided that such party's participation does not, in the opinion of the counsel appointed by the Company or its insurers to conduct such proceedings, interfere with such control; and such participation shall not constitute a waiver of the indemnification provided in this Section 4.02. Notwithstanding anything to the contrary contained herein, the Company shall not under any circumstances be liable for the fees and expenses of more than one counsel for all Indemnitees.

(g) Subrogation. To the extent that a Claim indemnified by the Company under this Section 4.02 is in fact paid in full by the Company or an insurer under a policy of insurance maintained by the Company, the Company or such insurer, as the case may be, shall, without any further action, be subrogated to the rights and remedies of the Indemnitee on whose behalf such Claim was paid with respect to the transaction or event giving rise to such Claim. Such Indemnitee shall give such further assurances or agreements and shall cooperate with the Company or such insurer, as the case may be, to permit the Company or such insurer to pursue such rights and remedies, if any, to the extent reasonably requested by the Company. So long as no Event of Default shall have occurred and be continuing, if an Indemnitee receives any payment from any party other than the Company or its insurers, in whole or in part, with respect to any Claim paid by the Company or its insurers hereunder, it shall promptly pay over to the Company the amount received (but not an amount in excess of the amount the Company or any of its insurers has paid in respect of such Claim). Any amount referred to in the preceding sentence that is payable to the Company shall not be paid to the Company, or, if it has been previously paid directly to the Company, shall not be retained by the Company, if at the time of such payment an Event of Default shall have occurred and be continuing, but shall be paid to and held by the Loan Trustee as security for the obligations of the Company under this Agreement, the Indenture and the other Operative Documents, and, if the Company agrees, shall be applied against the Company's obligations hereunder and thereunder when and as they become due and payable and, at such time as there shall not be continuing any such Event of Default, such amount, to the extent not previously so applied against the Company's obligations, shall be paid to the Company.

(h) No Guaranty. Nothing set forth in this Section 4.02 shall constitute a guaranty by the Company that the Aircraft shall at any time have any particular value, useful life or residual value.

(i) Payments; Interest. Any amount payable to any Indemnitee pursuant to this Section 4.02 shall be paid within 30 days after receipt by the Company of a written demand therefor from such Indemnitee accompanied by a written statement describing in reasonable detail the Claims that are the subject of and basis for such indemnity and the computation of the amount payable. Any payments made pursuant to this Section 4.02 directly to an Indemnitee or to the Company, as the case may be, shall be made in immediately available funds at such bank or to such account as is specified by the payee in written directions to the payor or, if no such directions shall have been given, by check of the payor payable to the order of the payee and mailed to the payee by certified mail, return receipt requested, postage prepaid to its address referred to in Section 7.01. To the extent permitted by applicable law, interest at the Past Due Rate shall be paid, on demand, on any amount or indemnity not paid when due pursuant to this Section 4.02 until the same shall be paid. Such interest shall be paid in the same manner as the unpaid amount in respect of which such interest is due.

ARTICLE V

REPRESENTATIONS, WARRANTIES AND COVENANTS OF U.S. BANK

Section 5.01. Representations, Warranties and Covenants of U.S. Bank. U.S. Bank, generally, and each of the Loan Trustee, the Subordination Agent and the Pass Through Trustee as it relates to it, represents, warrants and covenants that:

(a) U.S. Bank is a national banking association duly organized and validly existing in good standing under the laws of the United States, is eligible to be the Loan Trustee under Section 8.01(a) of the Indenture, will promptly comply with Section 8.01(a) of the Indenture and has full power, authority and legal right to enter into and perform its obligations under each of the Operative Documents and the Pass Through Documents to which U.S. Bank, the Loan Trustee, the Subordination Agent or any Pass Through Trustee is a party and, in its capacity as Loan Trustee and Pass Through Trustee, respectively, to authenticate the Equipment Notes and the Pass Through Certificates, respectively. U.S. Bank is qualified to act as Loan Trustee under Section 8.01(c) of the Indenture.

(b) The execution, delivery and performance by U.S. Bank, individually or in its capacity as Loan Trustee, Subordination Agent or Pass Through Trustee, as the case may be, of this Agreement, each of the other Operative Documents and each of the Pass Through Documents to which U.S.

Bank, the Loan Trustee, the Subordination Agent or any Pass Through Trustee is a party, the performance by U.S. Bank, individually or in its capacity as Loan Trustee, Subordination Agent or Pass Through Trustee, as the case may be, of its obligations thereunder and the consummation on the Closing Date of the transactions contemplated thereby, and the authentication of the Equipment Notes and the Pass Through Certificates, respectively, to be delivered on the Closing Date, (i) have been duly authorized by all necessary action on the part of U.S. Bank, the Loan Trustee, the Subordination Agent and each Pass Through Trustee, as the case may be, (ii) and do not violate any law or regulation of the United States or of the state of the United States in which U.S. Bank is located and which governs the banking and trust powers of U.S. Bank or any order, writ, judgment or decree of any court, arbitrator or governmental authority applicable to U.S. Bank, the Loan Trustee, the Subordination Agent or any Pass Through Trustee or any of their assets, (iii) will not violate any provision of the articles of association or by-laws of U.S. Bank and (iv) will not violate any provision of, or constitute a default under, any mortgage, indenture, contract, agreement or undertaking to which any of U.S. Bank, the Loan Trustee, the Subordination Agent or any Pass Through Trustee is a party or by which any of them or their respective properties may be bound or affected.

(c) Neither the execution and delivery by U.S. Bank, individually or in its capacity as Loan Trustee, Subordination Agent or Pass Through Trustee, as the case may be, of this Agreement, any other Operative Document or any Pass Through Document to which U.S. Bank, the Loan Trustee, the Subordination Agent or any Pass Through Trustee is a party, nor the consummation by U.S. Bank, the Loan Trustee, the Subordination Agent or any Pass Through Trustee of any of the transactions contemplated hereby or thereby, requires the authorization, consent or approval of, the giving of notice to, the filing or registration with, or the taking of any other action in respect of, (i) any governmental authority or agency of the United States or the state of the United States where U.S. Bank is located and regulating the banking and trust powers of U.S. Bank, and (ii) any trustee or other holder of any debt of U.S. Bank.

(d) This Agreement, each other Operative Document and each Pass Through Document to which U.S. Bank, the Loan Trustee, the Subordination Agent or any Pass Through Trustee is a party have been duly executed and delivered by U.S. Bank, individually and in its capacity as Loan Trustee, Subordination Agent or Pass Through Trustee, as the case may be, and constitute the legal, valid and binding obligations of U.S. Bank, the Loan Trustee, the Subordination Agent and such Pass Through Trustee, to the extent it is a party thereto, enforceable against it in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium or other

similar laws affecting the rights of creditors generally and by general principles of equity.

(e) It unconditionally agrees with and for the benefit of the parties to this Agreement that it will not directly or indirectly create, incur, assume or suffer to exist any Loan Trustee Lien or Other Party Lien attributable to it, and it agrees that it will, at its own cost and expense, promptly take such action as may be necessary to discharge and satisfy in full any such Lien; and it shall indemnify, protect, defend and hold harmless each Indemnitee and the Company against Claims in any way resulting from or arising out of a breach by it of its obligations under this Section 5.01(e).

(f) The Equipment Notes to be issued to the Subordination Agent pursuant hereto are being acquired by it to be held under the Intercreditor Agreement.

(g) Each of U.S. Bank, the Loan Trustee, the Subordination Agent and each Pass Through Trustee agrees that it will not impose any lifting charge, cable charge, remittance charge or any other charge or fee on any transfer by the Company of funds to, through or by U.S. Bank, the Loan Trustee, the Subordination Agent or such Pass Through Trustee pursuant to this Agreement, any other Operative Document or any Pass Through Document, except as may be otherwise agreed to in writing by the Company.

(h) Each of U.S. Bank, the Loan Trustee, the Subordination Agent and any Pass Through Trustee agrees to be bound by the terms of Section 10.16 of the Indenture.

(i) There are no Taxes payable by U.S. Bank, the Loan Trustee, the Subordination Agent or any Pass Through Trustee imposed by the State of Connecticut, the State of Delaware or any political subdivision or taxing authority thereof in connection with the execution, delivery or performance by U.S. Bank, the Loan Trustee, the Subordination Agent or any Pass Through Trustee of any Operative Document or any Pass Through Document (other than franchise or other taxes based on or measured by any fees or compensation received by any such Person for services rendered in connection with the transactions contemplated by the Operative Documents or the Pass Through Documents), and there are no Taxes payable by any Pass Through Trustee imposed by the State of Connecticut, the State of Delaware or any political subdivision thereof in connection with the acquisition, possession or ownership by such Pass Through Trustee of any of the Equipment Notes (other than franchise or other taxes based on or measured by any fees or compensation received by such Pass Through Trustee for services rendered in connection with the transactions contemplated by

the Operative Documents or the Pass Through Documents) and, assuming that the Pass Through Trusts will not be taxable for Federal income tax purposes as corporations, but, rather, will be characterized for such purposes as grantor trusts or partnerships, the Pass Through Trusts will not be subject to any Taxes imposed by the State of Connecticut, the State of Delaware or any political subdivision thereof.

(j) Except with the consent of the Company, which shall not be unreasonably withheld, U.S. Bank will act as Pass Through Trustee solely through its offices within the State of Connecticut, except for such services that may be performed for it by various agents, but not directly by it, in other states.

(k) There are no pending or, to its knowledge, threatened actions or proceedings against the U.S. Bank, the Loan Trustee, the Subordination Agent or any Pass Through Trustee before any court or administrative agency which individually or in the aggregate, if determined adversely to it, would materially adversely affect the ability of U.S. Bank, the Loan Trustee, the Subordination Agent or any Pass Through Trustee to perform its obligations under any Operative Document or any Pass Through Document.

(l) The representations and warranties contained in Section 7.15 of each Pass Through Trust Agreement are true, complete and correct as of the Closing Date.

ARTICLE VI

OTHER COVENANTS AND AGREEMENTS

Section 6.01. Other Agreements. (a) The Company agrees promptly to pay (without duplication of any other obligation the Company may have to pay such amounts) (A) the initial and annual fees and (to the extent the Loan Trustee is entitled to be reimbursed for its reasonable expenses) the reasonable expenses of the Loan Trustee in connection with the transactions contemplated hereby and (B) the following expenses incurred by the Loan Trustee, the Subordination Agent and the Pass Through Trustees in connection with the negotiation, preparation, execution and delivery of this Agreement, the other Operative Documents and the other documents or instruments referred to herein or therein:

(i) the reasonable fees, expenses and disbursements of (x) Shipman & Goodwin LLP, special counsel for the Loan Trustee, the Subordination Agent and the Pass Through Trustees and (y) Crowe & Dunlevy, P.C., special FAA counsel in Oklahoma City, Oklahoma; and

(ii) all reasonable expenses incurred in connection with printing and document production or reproduction expenses, and the filing of Uniform Commercial Code financing statements.

(b) The Loan Trustee, the Noteholders, the Subordination Agent and each Pass Through Trustee agree to execute and deliver, at the Company's expense, all such documents as the Company may reasonably request for the purpose of continuing the registration of the Aircraft at the FAA in the Company's name. In addition, each of the Loan Trustee, the Subordination Agent, each Pass Through Trustee and any other Noteholder agrees, for the benefit of the Company, to cooperate with the Company in effecting any foreign registration of the Aircraft pursuant to Section 7.02(e) of the Indenture; provided that prior to any such change in the country of registry of the Aircraft the conditions set forth in Section 7.02(e) of the Indenture are met to the reasonable satisfaction of, or waived by, the Loan Trustee and the Policy Provider.

(c) Each of U.S. Bank, the Loan Trustee, the Subordination Agent, each Pass Through Trustee and any other Noteholder, the Class G Liquidity Provider (by entering into the Class G Liquidity Facility), and the Policy Provider (by entering into the Policy Provider Agreement), agrees that, unless an Event of Default shall have occurred and be continuing (and then only in accordance with the Indenture), it shall not take any action contrary to, or otherwise in any way interfere with or disturb, the quiet enjoyment of the use and possession of the Aircraft, the Airframe, any Engine or any Part by the Company or any transferee of any interest in any thereof permitted under the Indenture.

(d) Each Noteholder, including, without limitation, the Subordination Agent and each Pass Through Trustee, unconditionally agrees with and for the benefit of the parties to this Agreement that it will not directly or indirectly create, incur, assume or suffer to exist any Noteholder Liens, and such Noteholder agrees that it will, at its own cost and expense, promptly take such action as may be necessary to discharge and satisfy in full any such Noteholder Lien; and each Noteholder hereby agrees to indemnify, protect, defend and hold harmless each Indemnitee and the Company against Claims in any way resulting from or arising out of a breach by it of its obligations under this Section 6.01(d).

(e) By its acceptance of its Equipment Notes, each Noteholder unconditionally agrees for the benefit of the Company and the Loan Trustee to be bound by and to perform and comply with all of the terms of such Equipment Notes, the Indenture and this Agreement applicable to such Noteholder.

(f) Each Pass Through Trustee shall file any tax returns required to be filed by the related Pass Through Trust and the Company shall pay the Applicable Portion of any expenses relating thereto. The Company shall be responsible for the Applicable Portion of any interest or penalties related to any Pass Through Trustee's failure to file

any such tax returns required to be filed by the relevant Pass Through Trust, except to the extent that such failure is attributable to the gross negligence or willful misconduct of such Pass Through Trustee. For purposes of this Section 6.01(f), the "Applicable Portion" of any amount shall equal such amount multiplied by a fraction, the numerator of which shall be the sum of the then outstanding aggregate principal amount of the Equipment Notes held by the relevant Pass Through Trustee, and the denominator of which shall be the sum of the outstanding aggregate principal amount of all "Equipment Notes" issued under each of the "Indentures" (in each case as defined in the Intercreditor Agreement) held by such Pass Through Trustee.

Section 6.02. Certain Covenants of the Company. The Company covenants and agrees with the Loan Trustee as follows:

(a) On and after the Closing, the Company will cause to be done, executed, acknowledged and delivered such further acts, conveyances and assurances as the Loan Trustee shall reasonably request for accomplishing the purposes of this Agreement and the other Operative Documents; provided that any instrument or other document so executed by the Company will not expand any obligations or limit any rights of the Company in respect of the transactions contemplated by the Operative Documents.

(b) The Company, at its own expense, will cause the Indenture (with the Indenture Supplement covering the Aircraft attached) to be promptly filed and recorded, or filed for recording, with the FAA to the extent permitted under the Transportation Code and the rules and regulations of the FAA thereunder.

(c) The Company, at its expense, will take, or cause to be taken, such action with respect to the due and timely recording, filing, re-recording and refiling of the Indenture and any financing statements and any continuation statements or other instruments as are necessary to maintain, so long as the Indenture is in effect, the perfection of the security interests created by the Indenture or will furnish the Loan Trustee timely notice of the necessity of such action, together with such instruments, in execution form, and such other information as may be required to enable the Loan Trustee to take such action. In addition, the Company will pay any and all recording, stamp and other similar taxes payable in the United States, and in any other jurisdiction where the Aircraft is registered, in connection with the execution, delivery, recording, filing, re-recording and refiling of the Indenture or any such financing statements or other instruments. The Company will notify the Loan Trustee of any change in its state of incorporation promptly after making such change or in any event within the period of time necessary under applicable law to prevent the lapse of perfection (absent refiling) of financing statements filed under the Operative Documents.

(d) The Company shall at all times maintain its corporate existence except as permitted by Section 6.02(e).

(e) The Company shall not consolidate with or merge into any other Person or convey, transfer or lease substantially all of its assets as an entirety to any Person, unless:

(i) the Person formed by such consolidation or into which the Company is merged or the Person that acquires by conveyance, transfer or lease substantially all of the assets of the Company as an entirety shall, if and to the extent required under Section 1110 in order that the Loan Trustee shall continue to be entitled to any benefits of Section 1110 with respect to the Aircraft, be a Certificated Air Carrier and shall execute and deliver to the Loan Trustee an agreement containing the express assumption by such successor Person of the due and punctual performance and observance of each covenant and condition of the Operative Documents to which the Company is a party to be performed or observed by the Company;

(ii) immediately after giving effect to such transaction, no Event of Default shall have occurred and be continuing; and

(iii) the Company shall have delivered to the Loan Trustee, each Liquidity Provider and the Policy Provider a certificate signed by a Responsible Officer of the Company, and an opinion of counsel (which may be the Company's General Counsel or such other internal counsel to the Company as shall be reasonably satisfactory to the Loan Trustee, such Liquidity Provider and the Policy Provider), each stating that such consolidation, merger, conveyance, transfer or lease and the assumption agreement mentioned in clause (i) above comply with this Section 6.02(e) and that all conditions precedent herein provided relating to such transaction have been complied with (except that such opinion need not cover the matters referred to in clause (ii) above and may rely, as to factual matters, on a certificate of an officer of the Company) and, in the case of such opinion, that such assumption agreement has been duly authorized, executed and delivered by such successor Person and is enforceable against such successor Person in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the rights of creditors generally and by general principles of equity.

Upon any consolidation or merger, or any conveyance, transfer or lease of substantially all of the assets of the Company as an entirety in accordance with this

Section 6.02(e), the successor Person formed by such consolidation or into which the Company is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Agreement and the other Operative Documents with the same effect as if such successor Person had been named as the Company herein. If the Aircraft is at the time registered with the FAA, at the time of, or promptly following, any such consolidation or merger, the Person formed by such consolidation or into which the Company is merged will make such filings and recordings with the FAA pursuant to the Transportation Code, or if the Aircraft is at the time not registered with the FAA, such Person will make such filings and recordings with the applicable aviation authority as shall be necessary to evidence such consolidation or merger.

(f) The Company shall, for as long as and to the extent required under Section 1110 in order that the Loan Trustee shall be entitled to any of the benefits of Section 1110 with respect to the Aircraft, remain a Certificated Air Carrier.

(g) The Company shall not issue Series E Equipment Notes pursuant to the Indenture, unless it shall have satisfied the conditions to any such issuance in the Intercreditor Agreement, the Supplemental Agreement and the other Operative Documents, received Ratings Confirmation (as defined in the Intercreditor Agreement). If Series E Equipment Notes are initially issued to other than the Pass Through Trustee for the Class E Certificates, the Company will cause such Series E Equipment Notes to be subject to the provisions of the Intercreditor Agreement that allow the "Controlling Party" (as defined in the Intercreditor Agreement), during the continuance of an "Indenture Event of Default" (as defined in the Intercreditor Agreement), to direct the Loan Trustee in taking action under the Indenture.

(h) If the Aircraft has been registered in a country other than the United States pursuant to Section 7.02(e) of the Indenture, the Company will furnish to the Loan Trustee annually after such registration, commencing with the calendar year after such registration is effected, an opinion of special counsel in the applicable country reasonably satisfactory to the Loan Trustee and the Policy Provider, stating that, in the opinion of such counsel, either (i) such action has been taken with respect to the recording, filing, re-recording and re-filing of the Operative Documents and any supplements and amendments thereto as is necessary to establish, perfect and protect the Lien created by the Indenture, reciting the details of such actions, or (ii) no such action is necessary to maintain the perfection of such Lien.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Notices. Unless otherwise expressly specified or permitted by the terms hereof, all notices required or permitted under the terms and provisions of this Agreement shall be in English and in writing, and any such notice may be given by registered or certified United States mail, courier service or facsimile or any other customary means of communication, and any such notice shall be effective when delivered (or, if delivered by facsimile, upon completion of transmission and confirmation by the sender (by a telephone call to a representative of the recipient or by machine confirmation) that such transmission was received) to the recipient thereof in accordance with the provisions of this 7.01, (a) if to the Company, U.S. Bank, the Loan Trustee, the Subordination Agent or any Pass Through Trustee, to its respective address (including facsimile number) set forth on Schedule I, or (b) if to any subsequent Noteholder, addressed to such Noteholder at its address set forth in the Equipment Note Register maintained pursuant to Section 2.07 of the Indenture.

Any party, by notice to the other parties hereto, may designate additional or different addresses for subsequent notices or communications. Whenever the words "notice" or "notify" or similar words are used herein, they mean the provision of formal notice set forth in this Section 7.01.

Section 7.02. Survival of Representations, Warranties, Indemnities, Covenants and Agreements. Except as otherwise provided for herein, the representations, warranties, indemnities, covenants and agreements of the Company, U.S. Bank, the Loan Trustee, the Subordination Agent, each Pass Through Trustee and the Noteholders provided for in this Agreement, and each of their obligations hereunder, shall survive the making of the loans, any return of the Aircraft, the transfer of any interest by any Noteholder of its Equipment Note and the expiration or termination (to the extent arising out of acts or events occurring prior to such expiration) of any Operative Documents.

Section 7.03. Governing Law. THIS AGREEMENT HAS BEEN DELIVERED IN THE STATE OF NEW YORK AND SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Section 7.04. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining

provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 7.05. No Oral Modifications or Continuing Waivers; Consents. Subject to Section 9.03 of the Indenture, no terms or provisions of this Agreement may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which the enforcement of the change, waiver, discharge or termination is sought; provided that no such change, waiver, discharge or termination shall be effective unless a signed copy thereof is delivered to the Loan Trustee. Each Pass Through Trustee and, by its acceptance of an Equipment Note, each subsequent Noteholder covenants and agrees that at any time after the date hereof, the Company and the Loan Trustee may, pursuant to Section 9.01 of the Indenture, enter into one or more agreements supplemental to the Indenture and to amend the Equipment Notes, without notice to or consent of any Noteholder, to provide for the issuance of New Series C Equipment Notes, New Series D Equipment Notes and/or Second New Series D Equipment Notes and/or Pass Through Certificates issued by a New Trust in connection with a Refunding and to make changes relating thereto.

Section 7.06. Effect of Headings and Table of Contents. The headings of the various Articles and Sections herein and in the Table of Contents are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

Section 7.07. Successors and Assigns. All covenants, agreements, representations and warranties in this Agreement by the Company, by U.S. Bank, individually or as Loan Trustee, Subordination Agent or Pass Through Trustee, or by any Noteholder, shall bind and inure to the benefit of and be enforceable by the Company, and subject to the terms of Section 6.02(e), its successors and permitted assigns, each Pass Through Trustee and any successor or other trustee under the Pass Through Trust Agreement to which it is a party, the Subordination Agent and its successor under the Intercreditor Agreement and the Loan Trustee and its successor under the Indenture, whether so expressed or not.

Section 7.08. Benefits of Agreement. Nothing in this Agreement, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Agreement, except as provided expressly herein. The Company agrees and acknowledges that the Indemnitees that are not parties to this Agreement are third party beneficiaries of the indemnities by the Company contained in Section 4.02, that each Liquidity Provider is a third party beneficiary of the Company's representations and warranties in Section 4.01 and the covenant and agreement of the Company contained in Section 6.02(e) and that the Policy Provider is a third party beneficiary of the covenant and agreement of the Company contained in Sections 6.02(e) and 6.02(h) and that such Persons may rely on such indemnities, representations and warranties or covenants and

agreements, as the case may be, to the same extent as if such indemnities, representations and warranties or covenants and agreements were made to such Indemnitees, such Liquidity Provider or the Policy Provider, as the case may be, directly.

Section 7.09. Counterparts. This Agreement may be executed in any number of counterparts (and each of the parties hereto shall not be required to execute the same counterpart). Each counterpart of this Agreement including a signature page or pages executed by each of the parties hereto shall be an original counterpart of this Agreement, but all of such counterparts shall together constitute one instrument.

Section 7.10. Submission to Jurisdiction. Each of the parties hereto, to the extent it may do so under applicable law, for purposes hereof and of all other Operative Documents hereby (a) irrevocably submits itself to the non-exclusive jurisdiction of the courts of the State of New York sitting in the City of New York and to the non-exclusive jurisdiction of the United States District Court for the Southern District of New York, for the purposes of any suit, action or other proceeding arising out of this Agreement, the subject matter hereof or any of the transactions contemplated hereby brought by any party or parties hereto, or their successors or permitted assigns and (b) waives, and agrees not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof or any of the transactions contemplated hereby may not be enforced in or by such courts.

Section 7.11. No Petition. Each of the Company, the Loan Trustee, the Pass Through Trustee and the Subordination Agent covenant that until the Series G Equipment Notes have been paid in full, it shall not file an involuntary bankruptcy petition or initiate any other form of insolvency proceeding against the Pass Through Trust holding such Equipment Notes.

Section 7.12. Section 1110. It is the intention of each of the Company, the Noteholders (such intention being evidenced by each of their acceptance of an Equipment Note) and the Loan Trustee that the Loan Trustee shall be entitled to the benefits of Section 1110 with respect to the right to take possession of the Aircraft, Airframe, Engines and Parts and to enforce any of its other rights and remedies as provided in the Indenture in the event of a case under Chapter 11 of the Bankruptcy Code in which the Company is a debtor.

Section 7.13. No Waiver. No failure on the part of any party hereto to exercise, and no delay by any party hereto in exercising, any of its respective rights, powers, remedies or privileges under this Agreement or provided at law, in equity or otherwise shall impair, prejudice or constitute a waiver of any such right, power, remedy or privilege or be construed as a waiver of any breach hereof or default hereunder or as an

acquiescence therein nor shall any single or partial exercise of any such right, power, remedy or privilege preclude any other or further exercise thereof by it or the exercise of any other right, power, remedy or privilege by it. No notice to or demand on any party hereto in any case shall, unless otherwise required under this Agreement, entitle such party to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of any party hereto to any other or further notice, in any circumstances without notice or demand.

Section 7.14. Further Assurances. Each party hereto shall execute, acknowledge and deliver or shall cause to be executed, acknowledged and delivered, all such further agreements, instruments, certificates or documents, and shall do and cause to be done such further acts and things, in any case, as any other party hereto shall reasonably request in connection with the administration of, or to carry out more effectually the purposes of, or to better assure and confirm to such other party the rights and benefits to be provided under this Agreement and the other Operative Documents.

IN WITNESS WHEREOF, the parties hereto have caused this Participation Agreement to be duly executed by their respective officers thereunto duly authorized as of the date first above written.

AMERICAN AIRLINES, INC.

By: /s/ Michael P. Thomas

Name: Michael P. Thomas
Title: Managing Director
Corporate Finance & Banking

U.S. BANK TRUST NATIONAL ASSOCIATION,
as Pass Through Trustee under each of the
Pass Through Trust Agreements

By: /s/ Alison D.B. Nadeau

Name: Alison D.B. Nadeau
Title: Vice President

U.S. BANK TRUST NATIONAL ASSOCIATION,
as Subordination Agent

By: /s/ Alison D.B. Nadeau

Name: Alison D.B. Nadeau
Title: Vice President

U.S. BANK TRUST NATIONAL ASSOCIATION,
as Loan Trustee

By: /s/ Alison D.B. Nadeau

Name: Alison D.B. Nadeau
Title: Vice President

U.S. BANK TRUST NATIONAL ASSOCIATION,
in its individual capacity as set forth herein

By: /s/ Alison D.B. Nadeau

Name: Alison D.B. Nadeau
Title: Vice President

SCHEDULE I to
PARTICIPATION AGREEMENT

CERTAIN TERMS

Aircraft Model: 737-823

U.S. Registration Number: N961AN

Manufacturer's Serial Number: 30092

Purchase Agreement: "Purchase Agreement" means the Purchase Agreement No. 1977, dated October 31, 1997, between the Manufacturer and the Company, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

Warranty Rights: "Warranty Rights" means all right and interest of the Company in, to and under Parts 1, 2, 3, 4 and 6 of the Product Assurance Document (as defined in the Purchase Agreement), but only to the extent the same relate to continuing rights of the Company in respect of any warranty or indemnity, express or implied, pursuant to the Product Assurance Document with respect to the Airframe, it being understood that the Warranty Rights exclude any and all other right, title and interest of the Company in, to and under the Purchase Agreement and that the Warranty Rights are subject to the terms of the Manufacturer's Consent.

ADDRESSES FOR NOTICES AND ACCOUNT DETAILS

THE COMPANY:
American Airlines, Inc.

4333 Amon Carter Boulevard
Fort Worth, TX 76155
Attn: Treasurer Telex: 4630158
Facsimile: 817-967-4318

U.S. BANK:
U.S. Bank Trust National
Association

U.S. Bank Trust National Association
225 Asylum Street, 23rd Fl. EX-CT-SS Hartford,
Connecticut 06103
Attention: Corporate Trust
Department
Facsimile: (860) 241-6899

with a copy to:

U.S. Bank National Association
One Federal Street, EX-MA-FED
Boston, Massachusetts 02110
Attention: Corporate Trust
Department
Ref.: American Airlines 2003-1 EETC
Facsimile: (617) 603-6683

LOAN TRUSTEE:
U.S. Bank Trust National
Association

U.S. Bank Trust National Association
225 Asylum Street, 23rd Fl. EX-CT-SS
Hartford, Connecticut 06103
Attention: Corporate Trust
Department
Facsimile: (860) 241-6899

with a copy to:

U.S. Bank National Association
One Federal Street, EX-MA-FED
Boston, Massachusetts 02110
Attention: Corporate Trust
Department
Ref.: American Airlines 2003-1 EETC
Facsimile: (617) 603-6683

PASS THROUGH TRUSTEE:
U.S. Bank Trust National
Association

U.S. Bank Trust National Association
225 Asylum Street, 23rd Fl. EX-CT-SS
Hartford, Connecticut 06103
Attention: Corporate Trust
Department
Facsimile: (860) 241-6899

with a copy to:

U.S. Bank National Association
One Federal Street, EX-MA-FED
Boston, Massachusetts 02110
Attention: Corporate Trust
Department
Ref.: American Airlines 2003-1 EETC
Facsimile: (617) 603-6683

SUBORDINATION AGENT:
U.S. Bank Trust National
Association

U.S. Bank National Association
225 Asylum Street, 23rd Fl. EX-CT-SS
Hartford, Connecticut 06103
Attention: Corporate Trust
Department
Facsimile: (860) 241-6899

with a copy to:

U.S. Bank National Association
One Federal Street, EX-MA-FED
Boston, Massachusetts 02110
Attention: Corporate Trust
Department
Ref.: American Airlines 2003-1 EETC
Facsimile: (617) 603-6683

POLICY PROVIDER:
Ambac Assurance Corporation

Ambac Assurance Corporation
One State Street Plaza
New York, New York 10004
Attention: Surveillance
Department
Facsimile: (212) 363-1459

SCHEDULE II to
PARTICIPATION AGREEMENT

EQUIPMENT NOTES,
PURCHASERS AND ORIGINAL PRINCIPAL AMOUNTS

Purchaser	Description of Equipment Notes	Maturity	Interest Rate	Original Principal Amount
American Airlines Pass Through Trust 2003-1G	Series 2003-1G Equipment Note EN-2003-1G-001	July 9, 2010	3.857%	\$ 20,264,620.17
American Airlines Pass Through Trust 2003-1C	Series 2003-1C Equipment Note EN-2003-1C-001	July 9, 2010	8%	\$ 7,599,182.86
American Airlines Pass Through Trust 2003-1D	Series 2003-1D Equipment Note EN-2003-1D-001	July 9, 2010	12%	\$ 2,533,087.47

SCHEDULE III to
PARTICIPATION AGREEMENT

TRUST SUPPLEMENTS

Trust Supplement No. 2003-1G, dated as of July 8, 2003, between the Company and the Pass Through Trustee in respect of American Airlines Pass Through Trust 2003-1G.

Trust Supplement No. 2003-1C, dated as of July 8, 2003, between the Company and the Pass Through Trustee in respect of American Airlines Pass Through Trust 2003-1C.

Trust Supplement No. 2003-1D, dated as of July 8, 2003, between the Company and the Pass Through Trustee in respect of American Airlines Pass Through Trust 2003-1D.

EXHIBIT A to
PARTICIPATION AGREEMENT

FORM OF OPINION OF
COUNSEL FOR THE COMPANY

EXHIBIT B to
PARTICIPATION AGREEMENT

FORM OF OPINION OF
SPECIAL COUNSEL FOR THE LOAN TRUSTEE, THE SUBORDINATION AGENT
AND U.S. BANK

EXHIBIT C to
PARTICIPATION AGREEMENT

FORM OF OPINION OF SPECIAL FAA COUNSEL

EXHIBIT D to
PARTICIPATION AGREEMENT

FORM OF MANUFACTURER'S CONSENT

EXHIBIT E-1 to
PARTICIPATION AGREEMENT

FORM OF OPINION OF
SPECIAL COUNSEL FOR THE PASS THROUGH TRUSTEES

EXHIBIT E-2 to
PARTICIPATION AGREEMENT

FORM OF OPINION OF
SPECIAL DELAWARE COUNSEL FOR
THE PASS THROUGH TRUSTEES

N961AN
Annex A to
Participation Agreement and
Indenture and Security Agreement

DEFINITIONS

"Agreement" and "Participation Agreement" mean that certain Participation Agreement (N961AN), dated on or before the Closing Date, among the Company, U.S. Bank, the Pass Through Trustee under each Pass Through Trust Agreement, the Subordination Agent and the Loan Trustee, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Aircraft" means the Airframe (or any Replacement Airframe substituted therefore pursuant to Section 7.05 of the Indenture) together with the two Engines described in the Indenture Supplement originally executed and delivered under the Indenture (or any Replacement Engine that may from time to time be substituted for any of such Engines pursuant to Section 7.04 or Section 7.05 of the Indenture), whether or not any of such initial or substituted Engines may from time to time be installed on such Airframe or installed on any other airframe or on any other aircraft. The term "Aircraft" shall include any Replacement Aircraft.

"Airframe" means (a) the Boeing aircraft further described in Annex A to the Indenture Supplement (except (i) the Engines or engines from time to time installed thereon and any and all Parts related to such Engine or engines and (ii) items installed or incorporated in or attached to such aircraft from time to time that are excluded from the definition of Parts (except Engines or engines)) originally executed and delivered under the Indenture and (b) any and all related Parts. The term "Airframe" shall include any Replacement Airframe that may from time to time be substituted for the Airframe pursuant to Section 7.05 of the Indenture. At such time as the Replacement Airframe shall be so substituted and the Airframe for which such substitution is made shall be released from the Lien of the Indenture, such replaced Airframe shall cease to be an Airframe under the Indenture.

"American Entity" has the meaning specified in Section 1.01 of the Policy Provider Agreement.

"American New Series D Equipment Notes" means any New Series D Equipment Notes that are purchased by a New Trust with proceeds of New Class D Certificates (as defined in Exhibit A to the Intercreditor Agreement) that are sold to a Person affiliated with the Company.

"Bankruptcy Code" means the United States Bankruptcy Code, 11 United States Code Sections 101 et seq., as amended, or any successor statutes thereto.

"Basic Pass Through Trust Agreement" means that certain Pass Through Trust Agreement, dated as of March 21, 2002, between the Company and U.S. Bank (as successor to State Street Bank and Trust Company of Connecticut, National Association), as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms (but does not include any Trust Supplement).

"Bills of Sale" means the FAA Bill of Sale and the Warranty Bill of Sale.

"Business Day" means any day other than a Saturday, a Sunday or a day on which commercial banks are required or authorized to close in New York, New York, Dallas, Texas or the city and state in which the Loan Trustee maintains its Corporate Trust Office or receives and disburses funds.

"Certificated Air Carrier" means any Citizen of the United States holding an air carrier operating certificate issued by the Secretary of Transportation pursuant to Chapter 447 of Title 49 of the United States Code for aircraft capable of carrying ten or more individuals or 6,000 pounds or more of cargo or that otherwise is certified or registered to the extent required to fall within the purview of Section 1110.

"Citizen of the United States" has the meaning specified for such term in Section 40102(a)(15) of Title 49 of the United States Code or any similar legislation of the United States enacted in substitution or replacement therefor.

"Claim" has the meaning specified in Section 4.02(a) of the Participation Agreement.

"Class C Liquidity Facility" has the meaning specified in the Intercreditor Agreement.

"Class C Liquidity Provider" has the meaning specified in the Intercreditor Agreement.

"Class E Trust" has the meaning specified in the Intercreditor Agreement.

"Class G Liquidity Facility" has the meaning specified in the Intercreditor Agreement.

"Class G Liquidity Provider" has the meaning specified in the Intercreditor Agreement.

"Closing" has the meaning specified in Section 2.03 of the Participation Agreement.

"Closing Date" means the date set forth on the cover page of the Indenture.

"Code" means the Internal Revenue Code of 1986, as amended.

"Collateral" has the meaning specified in the granting clause of the Indenture.

"Company" means American Airlines, Inc., and its successors and permitted assigns.

"Compulsory Acquisition" means requisition of title or other compulsory acquisition, capture, seizure, deprivation, confiscation or detention for any reason of the Aircraft by any government that results in the loss of title or use of the Aircraft by the Company (or any Permitted Lessee) for a period in excess of 180 days, but shall exclude requisition for use or hire not involving requisition of title.

"Confidential Information" has the meaning specified in Section 10.16 of the Indenture.

"Controlling Party" has the meaning specified in Section 2.06 of the Intercreditor Agreement.

"Corporate Trust Office" means the Corporate Trust Division of the Loan Trustee located at U.S. Bank National Association, 225 Asylum Street, Goodwin Square, Hartford, Connecticut, 06103, Attention: Corporate Trust Division, or such other office at which the Loan Trustee's corporate trust business shall be administered that the Loan Trustee shall have specified by notice in writing to the Company.

"CRAF Program" means the Civil Reserve Air Fleet Program authorized under 10 U.S.C. Section 9511 et seq. or any similar or substitute program under the laws of the United States.

"Debt Rate" means (i) with respect to the Series G Equipment Notes, the Original Series C Equipment Notes and the Original Series D Equipment Notes, the rate per annum specified as the "Debt Rate" in Schedule I to the Indenture, (ii) with respect to any New Series C Equipment Notes, New Series D Equipment Notes and Second New Series D Equipment Notes, the rate per annum specified as such in an Indenture Refunding Amendment applicable to such Series and (iii) with respect to any Series E Equipment Notes, the rate per annum specified in an amendment to the Indenture at the time of issuance of such Series E Equipment Notes.

"Department of Transportation" means the United States Department of Transportation and any agency or instrumentality of the United States government succeeding to its functions.

"Direction" has the meaning specified in Section 2.16 of the Indenture.

"Dollars" and "\$" mean the lawful currency of the United States.

"Engine" means (a) each of the two engines listed by manufacturer's serial number and further described in Annex A to the Indenture Supplement originally executed and delivered under the Indenture, whether or not from time to time installed on the Airframe or installed on any other airframe or on any other aircraft and (b) any Replacement Engine that may from time to time be substituted for an Engine pursuant to Section 7.04 or 7.05 of the Indenture; together in each case with any and all related Parts. At such time as a Replacement Engine shall be so substituted and the Engine for which substitution is made shall be released from the Lien of the Indenture, such replaced Engine shall cease to be an Engine under the Indenture.

"Equipment Note" means and includes any Series G Equipment Note, Original Series C Equipment Note, Original Series D Equipment Note, Series E Equipment Note, New Series C Equipment Note, New Series D Equipment Note or Second New Series D Equipment Note, and any Equipment Note issued in exchange therefor or replacement thereof pursuant to Section 2.07 or 2.08 of the Indenture.

"Equipment Note Register" has the meaning specified in Section 2.07 of the Indenture.

"Equipment Note Registrar" has the meaning specified in Section 2.07 of the Indenture.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder. Section references to ERISA are to ERISA as in effect at the date of the Participation Agreement and any subsequent provisions of ERISA amendatory thereof, supplemental thereto or substituted therefor.

"Event of Default" has the meaning specified in Section 4.01 of the Indenture.

"Event of Loss" means, with respect to the Aircraft, Airframe or any Engine, any of the following events with respect to such property:

(a) the loss of such property or of the use thereof due to destruction, damage beyond repair or rendition of such property permanently unfit for normal use for any reason whatsoever;

(b) any damage to such property which results in an insurance settlement with respect to such property on the basis of a total loss, a compromised total loss or a constructive total loss;

(c) the theft, hijacking or disappearance of such property for a period in excess of 180 days;

(d) the requisition for use of such property by any government (other than a requisition for use by a Government or the government of the country of registry of the Aircraft) that shall have resulted in the loss of possession of such property by the Company (or any Permitted Lessee) for a period in excess of 12 consecutive months;

(e) the operation or location of the Aircraft, while under requisition for use by any government, in any area excluded from coverage by any insurance policy in effect with respect to the Aircraft required by the terms of Section 7.06 of the Indenture, unless the Company shall have obtained indemnity or insurance in lieu thereof from such government;

(f) any Compulsory Acquisition;

(g) as a result of any law, rule, regulation, order or other action by the FAA or other government of the country of registry, the use of the Aircraft or Airframe in the normal business of air transportation shall have been prohibited by virtue of a condition affecting all aircraft of the same type for a period of 18 consecutive months, unless the Company shall be diligently carrying forward all steps that are necessary or desirable to permit the normal use of the Aircraft or Airframe or, in any event, if such use shall have been prohibited for a period of three consecutive years; and

(h) with respect to an Engine only, any divestiture of title to or interest in an Engine or any event with respect to an Engine that is deemed to be an Event of Loss with respect to such Engine pursuant to Section 7.02(a)(vii) of the Indenture.

An Event of Loss with respect to the Aircraft shall be deemed to have occurred if an Event of Loss occurs with respect to the Airframe unless the Company elects to substitute a Replacement Airframe pursuant to Section 7.05(a)(i) of the Indenture.

"Excess Amount" means the amount that the Company elects to apply (or that the Loan Trustee is required to apply), pursuant to Section 2.10(g) of the Indenture, to the redemption of Series G Equipment Notes under Section 2.10(b), 2.10(c) or 2.10(e) of the Indenture.

"Excess Proceeds" means (i) with respect to any Related Aircraft with respect to which an Event of Loss has occurred, the difference between (A) the total insurance proceeds received by the Company pursuant to the insurance policies maintained

pursuant to Section 7.06(b) of the Indenture or pursuant to requisition or indemnity payments described in Section 7.05(c) of the Indenture, and (B) the total amount required to be applied by the Company under Section 2.10(a) of the Related Indenture to the redemption of the Related Equipment Notes in respect of which the Event of Loss occurred, and (ii) with respect to the sale of any Related Aircraft, the positive difference (if any) between (x) the total proceeds realized in the sale of such Related Aircraft and (y) the total amount required to be applied by the Company to the redemption of the Related Equipment Notes under Section 2.10(d) of the Related Indenture related to such Related Aircraft.

"FAA" means the United States Federal Aviation Administration and any agency or instrumentality of the United States government succeeding to its functions.

"FAA Bill of Sale" means the bill of sale for the Aircraft on AC Form 8050-2, executed by the Manufacturer in favor of the Company and recorded with the FAA.

"Federal Funds Rate" means a fluctuating interest rate per annum in effect from time to time, which rate per annum shall at all times be equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or if such rate is not so published for any day that is a Business Day, the average of the quotations for such day for such transactions received by U.S. Bank from three Federal funds brokers of recognized standing selected by it.

"Final Payment Date" means July 9, 2010, or if such date is not a Business Day, the Final Payment Date shall be the next succeeding Business Day.

"Government" means the government of any of Canada, France, Germany, Japan, The Netherlands, Sweden, Switzerland, the United Kingdom or the United States and any instrumentality or agency thereof.

"Indemnitee" has the meaning specified in Section 4.02(b) of the Participation Agreement.

"Indenture" means that certain Indenture and Security Agreement (N961AN), dated as of the Closing Date, between the Company and the Loan Trustee, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms, including by an Indenture Refunding Amendment or an Indenture Supplement.

"Indenture Indemnitee" means (i) the Loan Trustee, (ii) U.S. Bank, (iii) each separate or additional trustee appointed pursuant to Section 8.02 of the Indenture, (iv) so long as it holds any Equipment Note as agent and trustee of any Pass Through Trustee,

the Subordination Agent, (v) each Liquidity Provider, (vi) the Policy Provider and its affiliates, (vii) so long as it is the holder of any Equipment Notes, each Pass Through Trustee, (viii) each Related Noteholder and (ix) each of the respective directors, officers, employees, agents and servants of each of the Persons identified in clauses (i), (v), (vi) and (viii). No holder of a Pass Through Certificate in its capacity as such shall be an Indenture Indemnitee.

"Indenture Refunding Amendment" means an amendment to the Indenture entered into for purposes of effecting a Refunding.

"Indenture Supplement" means a supplement to the Indenture, substantially in the form of Exhibit A to the Indenture, which shall particularly describe the Aircraft, and any Replacement Airframe and/or Replacement Engine included in the property subject to the Lien of the Indenture.

"Intercreditor Agreement" means that certain Intercreditor Agreement, dated as of the Closing Date, among the Pass Through Trustees, the Class G Liquidity Provider, the Policy Provider and the Subordination Agent, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Interests" has the meaning specified in Section 7.06(a) of the Indenture.

"Lease" means any lease permitted by the terms of Section 7.02(a) of the Indenture.

"Lien" means any mortgage, pledge, lien, charge, claim, encumbrance, lease, sublease, sub-sublease or security interest.

"Liquidity Facility" has the meaning specified in the Intercreditor Agreement.

"Liquidity Provider" has the meaning specified in the Intercreditor Agreement.

"Loan Amount" has the meaning specified in Section 7.06(b) of the Indenture.

"Loan Trustee" has the meaning specified in the introductory paragraph of the Indenture.

"Loan Trustee Liens" means any Lien attributable to U.S. Bank or the Loan Trustee with respect to the Aircraft, any interest therein or any other portion of the Collateral arising as a result of (i) claims against U.S. Bank or the Loan Trustee not related to its interest in the Aircraft or the administration of the Collateral pursuant to the Indenture, (ii) acts of U.S. Bank or the Loan Trustee not permitted by, or the failure of U.S. Bank or the Loan Trustee to take any action required by, the Operative Documents or the Pass Through Documents, (iii) claims against U.S. Bank or the Loan Trustee

relating to Taxes or Claims that are excluded from the indemnification provided by Section 4.02 of the Participation Agreement pursuant to said Section 4.02 or (iv) claims against U.S. Bank or the Loan Trustee arising out of the transfer by any such party of all or any portion of its interest in the Aircraft, the Collateral, the Operative Documents or the Pass Through Documents, except while an Event of Default is continuing and prior to the time that the Loan Trustee has received all amounts due to it pursuant to the Indenture.

"Loss Payment Date" has the meaning specified in Section 7.05(a) of the Indenture.

"Majority in Interest of Noteholders" means, as of a particular date of determination and subject to Section 2.16 of the Indenture, the holders of at least a majority in aggregate unpaid principal amount of all Equipment Notes outstanding as of such date (excluding any Equipment Notes held by the Company, any affiliate thereof or a Pass Through Trust the pass through certificates issued by which are owned, directly or indirectly, by the Company, unless all Equipment Notes are held by the Company, any affiliate thereof or a Pass Through Trust the pass through certificates issued by which are owned, directly or indirectly, by the Company).

"Make-Whole Amount" means: (a) with respect to any Original Series C Equipment Note, Original Series D Equipment Note or Series G Equipment Note, the amount (as determined by an investment bank of national standing selected by the Company), if any, by which (i) the present value of the remaining scheduled payments of principal and interest from the redemption date to maturity of such Equipment Note computed by discounting each such payment on a semiannual basis from its respective Payment Date (assuming a 360-day year of twelve 30-day months) using a discount rate equal to the Treasury Yield exceeds (ii) the outstanding principal amount of such Equipment Note plus accrued but unpaid interest thereon to the date of redemption; (b) with respect to any New Series C Equipment Note, New Series D Equipment Note or Second New Series D Equipment Note, the amount computed in the manner set forth in an Indenture Refunding Amendment applicable to such Series; and (c) with respect to any Series E Equipment Note, the amount computed in the manner set forth in an amendment to the Indenture at the time of issuance of the Series E Equipment Notes. For purposes of determining the Make-Whole Amount, "Treasury Yield" means, at the time of determination, the interest rate (expressed as a semi-annual equivalent and as a decimal and, in the case of United States Treasury bills, converted to a bond equivalent yield) determined to be the per annum rate equal to the semi-annual yield to maturity for United States Treasury securities maturing on the Average Life Date and trading in the public securities market either as determined by interpolation between the most recent weekly average yield to maturity for two series of United States Treasury securities trading in the public securities markets, (A) one maturing as close as possible to, but earlier than, the Average Life Date and (B) the other maturing as close as possible to, but

later than, the Average Life Date, in each case as published in the most recent H.15(519) or, if a weekly average yield to maturity for United States Treasury securities maturing on the Average Life Date is reported on the most recent H.15(519), such weekly average yield to maturity as published in such H.15(519). "H.15(519)" means the weekly statistical release designated as such, or any successor publication, published by the Board of Governors of the Federal Reserve System. The date of determination of a Make-Whole Amount shall be the third Business Day prior to the applicable redemption date or, in the case of any redemption of Equipment Notes as a result of an Event of Loss with respect to the Aircraft or any Related Aircraft, the 20th day prior to the applicable redemption date (or if such day is not a Business Day, the next succeeding Business Day), and the "most recent H.15(519)" means the H.15(519) published prior to the close of business on the third Business Day prior to the applicable redemption date or, in the case of any redemption of Equipment Notes as a result of an Event of Loss with respect to the Aircraft or any Related Aircraft, the 20th day prior to the applicable redemption date (or if such day is not a Business Day, the next succeeding Business Day). "Average Life Date" means, for each Equipment Note to be redeemed, the date which follows the redemption date by a period equal to the Remaining Weighted Average Life at the redemption date of such Equipment Note. "Remaining Weighted Average Life" of an Equipment Note, at the redemption date of such Equipment Note, means the number of days equal to the quotient obtained by dividing: (i) the sum of the products obtained by multiplying (A) the amount of each then remaining installment of principal, including the payment due on the maturity date of such Equipment Note, by (B) the number of days from and including the redemption date to but excluding the scheduled payment date of such principal installment by (ii) the then unpaid principal amount of such Equipment Note.

"Manufacturer" means The Boeing Company, a Delaware corporation, and its successors and assigns.

"Manufacturer's Consent" means the Manufacturer's Consent and Agreement to Assignment of Warranties, dated as of the Closing Date, substantially in the form of Exhibit E to the Participation Agreement.

"New Series" has the meaning specified in Exhibit A to the Intercreditor Agreement.

"New Series C Equipment Notes" means Equipment Notes that are issued as a New Series in connection with a Refunding of the Original Series C Equipment Notes, in the original principal amount and maturities and bearing interest as specified in Schedule I to the applicable Indenture Refunding Amendment under the heading "Series C Equipment Notes".

"New Series D Equipment Notes" means Equipment Notes that are issued as a New Series in connection with a Refunding of the Original Series D Equipment Notes, in the original principal amount and maturities and bearing interest as specified in Schedule I to the applicable Indenture Refunding Amendment under the heading "Series D Equipment Notes".

"New Trust" has the meaning specified in Exhibit A to the Intercreditor Agreement.

"Noteholder" means any Person in whose name an Equipment Note is registered on the Equipment Note Register (including, for so long as it is the registered holder of any Equipment Notes, the Subordination Agent on behalf of the Pass Through Trustees pursuant to the provisions of the Intercreditor Agreement).

"Noteholder Liens" means any Lien attributable to any Noteholder on or against the Aircraft, any interest therein or any portion of the Collateral, arising out of any claim against such Noteholder that is not related to the Operative Documents or Pass Through Documents, or out of any act or omission of such Noteholder that is not related to the transactions contemplated by, or that constitutes a breach by such Noteholder of its obligations under, the Operative Documents or the Pass Through Documents.

"Operative Documents" means, collectively, the Participation Agreement, the Indenture, each Indenture Supplement, the Manufacturer's Consent and the Equipment Notes.

"Original Series C Equipment Notes" means Equipment Notes issued on the Closing Date and designated as "Series C Equipment Notes" under the Indenture, in the original principal amount and maturities and bearing interest as specified in Schedule I to the Indenture under the heading "Series C Equipment Notes."

"Original Series D Equipment Notes" means Equipment Notes issued on the Closing Date and designated as "Series D Equipment Notes" under the Indenture, in the original principal amount and maturities and bearing interest as specified in Schedule I to the Indenture under the heading "Series D Equipment Notes."

"Other Party Liens" means any Lien attributable to the Pass Through Trustee (other than in its capacity as Noteholder), the Subordination Agent (other than in its capacity as Noteholder), any Liquidity Provider or the Policy Provider on or against the Aircraft, any interest therein, or any portion of the Collateral arising out of any claim against such party that is not related to the Operative Documents or Pass Through Documents, or out of any act or omission of such party that is not related to the transactions contemplated by, or that constitutes a breach by such party of its obligations under, the Operative Documents or the Pass Through Documents.

"Participation Agreement" has the meaning set forth under the definition of "Agreement".

"Parts" means any and all appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment of whatever nature (other than (a) complete Engines or engines, (b) any items leased by the Company or any Permitted Lessee, (c) cargo containers and (d) components or systems installed on or affixed to the Airframe that are used to provide individual telecommunications or electronic entertainment to passengers aboard the Aircraft) so long as the same shall be incorporated or installed in or attached to the Airframe or any Engine or so long as the same shall be subject to the Lien of the Indenture in accordance with the terms of Section 7.04 thereof after removal from the Airframe or any such Engine.

"Pass Through Certificates" means the pass through certificates issued by the Pass Through Trustees.

"Pass Through Documents" means the Pass Through Trust Agreements, the Intercreditor Agreement, the Liquidity Facilities, the Policy Provider Agreement and the Policy.

"Pass Through Trust" means each of the separate grantor trusts then holding Equipment Notes, which grantor trusts have been or will be created pursuant to the Pass Through Trust Agreements to facilitate certain of the transactions contemplated by the Operative Documents.

"Pass Through Trust Agreement" means each of the separate Trust Supplements relating to the Pass Through Trusts, together in each case with the Basic Pass Through Trust Agreement, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Pass Through Trustee" has the meaning specified in the introductory paragraph to the Participation Agreement and also includes any New Trustee (as defined in Exhibit A to the Intercreditor Agreement).

"Pass Through Trustees" means, collectively, the Pass Through Trustees under each Pass Through Trust Agreement.

"Past Due Rate" means, with respect to a particular Series, a rate per annum equal to the then applicable Debt Rate plus 1% and, in any case other than with respect to a particular Series, the Debt Rate for the Series G Equipment Notes plus 1%.

"Payment Date" means, for any Equipment Note, each January 9 and July 9 commencing with January 9, 2004 (or if any such day is not a Business Day, the immediately succeeding Business Day).

"Payment Default" means the occurrence of an event that would give rise to an Event of Default under Section 4.01(a) of the Indenture upon the giving of notice or the passing of time or both.

"Permitted Investments" means each of (a) direct obligations of the United States and agencies thereof; (b) obligations fully guaranteed by the United States; (c) certificates of deposit issued by, or bankers' acceptances of, or time deposits with, any bank, trust company or national banking association incorporated or doing business under the laws of the United States or one of the states thereof having combined capital and surplus and retained earnings of at least \$100,000,000 and having a rating of A, its equivalent or better by Moody's Investors Service, Inc. ("Moody's") or Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P") (or, if neither such organization shall rate such institution at any time, by any nationally recognized rating organization in the United States); (d) commercial paper of any holding company of a bank, trust company or national banking association described in clause (c); (e) commercial paper of companies having a rating assigned to such commercial paper by either Moody's or S&P (or, if neither such organization shall rate such commercial paper at any time, by any nationally recognized rating organization in the United States) equal to either of the two highest ratings assigned by such organization; (f) Dollar-denominated certificates of deposit issued by, or time deposits with, the European subsidiaries of (i) any bank, trust company or national banking association described in clause (c), or (ii) any other bank or financial institution described in clause (h) or (i) below; (g) United States-issued Yankee certificates of deposit issued by, or bankers' acceptances of, or commercial paper issued by, any bank having combined capital and surplus and retained earnings of at least \$100,000,000 and headquartered in Canada, Japan, the United Kingdom, France, Germany, Switzerland or The Netherlands and having a rating of A, its equivalent or better by Moody's or S&P (or, if neither such organization shall rate such institution at any time, by any nationally recognized rating organization in the United States); (h) Dollar-denominated time deposits with any Canadian bank having a combined capital and surplus and retained earnings of at least \$100,000,000 and having a rating of A, its equivalent or better by Moody's or S&P (or, if neither such organization shall rate such institution at any time, by any nationally recognized rating organization in the United States); (i) Canadian Treasury Bills fully hedged to Dollars; (j) repurchase agreements with any financial institution having combined capital and surplus and retained earnings of at least \$100,000,000 collateralized by transfer of possession of any of the obligations described in clauses (a) through (i) above; (k) bonds, notes or other obligations of any state of the United States, or any political subdivision of any state, or any agencies or other instrumentalities of any such state, including, but not limited to, industrial development bonds, pollution control revenue bonds, public power bonds, housing bonds, other revenue bonds or any general obligation bonds, provided that, at the time of their purchase, such obligations are rated A, its equivalent or better by Moody's or S&P (or, if neither such organization shall rate such obligations at any time, by any nationally recognized rating organization in the United States); (l) bonds or other debt

instruments of any company, if such bonds or other debt instruments, at the time of their purchase, are rated A, its equivalent or better by Moody's or S&P (or, if neither such organization shall rate such obligations at such time, by any nationally recognized rating organization in the United States); (m) mortgage backed securities (i) guaranteed by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation or the Government National Mortgage Association or rated AAA, its equivalent or better by Moody's or S&P (or, if neither such organization shall rate such obligations at any time, by any nationally recognized rating organization in the United States) or, if unrated, deemed to be of a comparable quality by the Loan Trustee and (ii) having an average life not to exceed one year as determined by standard industry pricing practices then in effect; (n) asset-backed securities rated A, its equivalent or better by Moody's or S&P (or, if neither such organization shall rate such obligations at any time, by any nationally recognized rating organization in the United States) or, if unrated, deemed to be of a comparable quality by the Loan Trustee; and (o) such other investments approved in writing by the Loan Trustee; provided that, the instruments described in the foregoing clauses shall have a maturity no later than the earliest date when such investments may be required for distribution. Any of the investments described herein may be made through or with, as applicable, the bank acting as Pass Through Trustee or Loan Trustee or any of their affiliates.

"Permitted Lessee" means any Person to whom the Company is permitted to lease the Airframe or any Engine pursuant to Section 7.02(a) of the Indenture.

"Permitted Lien" has the meaning specified in Section 7.01 of the Indenture.

"Person" means any person, including any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, trustee, unincorporated organization or government or any agency or political subdivision thereof.

"Policy" means the Certificate Guaranty Insurance Policy No. AB0686BE, issued as of the Closing Date by the Policy Provider in favor of the Subordination Agent, for the benefit of the Class G Certificateholders (as defined in the Intercreditor Agreement), as amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Policy Expenses" shall have the meaning specified in the Intercreditor Agreement.

"Policy Provider" means Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance corporation.

"Policy Provider Agreement" means the Insurance and Indemnity Agreement, dated as of the Closing Date, among the Company, the Subordination Agent, the Class G Trustee and the Policy Provider, including the related Policy Provider Fee Letter referred to therein, as amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Policy Provider Amounts" means all Policy Provider Obligations, Policy Provider Interest Drawing Amounts, Policy Expenses, Policy Provider Interest Amounts and Excess Reimbursement Obligations.

"Policy Provider Indemnity and Inspection Agreement" means the Policy Provider Indemnity and Inspection Agreement (N961AN), dated as of the Closing Date, between the Company and the Policy Provider.

"Policy Provider Interest Amounts" shall have the meaning specified in the Intercreditor Agreement.

"Policy Provider Interest Drawing Amount" has the meaning specified in the Intercreditor Agreement.

"Policy Provider Obligations" shall have the meaning specified in the Intercreditor Agreement.

"Purchase Agreement" means the Purchase Agreement as described in Schedule I to the Participation Agreement.

"Rating Agencies" has the meaning specified in the Intercreditor Agreement.

"Ratings Confirmation" has the meaning specified in the Intercreditor Agreement.

"Refunding" has the meaning specified in Exhibit A to the Intercreditor Agreement.

"Related Aircraft" means each of the aircraft subject to a Related Indenture, including any Replacement Aircraft substituted therefor pursuant to Section 7.05 of any Related Indenture.

"Related Equipment Note" means a Related Series G Equipment Note, Related Series C Equipment Note or Related Series D Equipment Note.

"Related Indemnitee Group" has the meaning specified in Section 4.02(b) of the Participation Agreement.

"Related Indenture Indemnities" means the "Indenture Indemnities" (as defined in each Related Indenture).

"Related Indentures" means each of the indentures (other than the Indenture) under which equipment notes have been issued and purchased by the Pass Through Trustees (whether before or after the date of the Indenture).

"Related Loan Trustee" means the "Loan Trustee" (as defined in each Related Indenture).

"Related Noteholder" means a registered holder of a Related Equipment Note.

"Related Operative Documents" means the "Operative Documents" (as defined in each Related Indenture).

"Related Participation Agreement" means the "Participation Agreement" (as defined in each Related Indenture).

"Related Policy Provider Indemnity and Inspection Agreement" means the "Policy Provider Indemnity and Inspection Agreement" (as defined in each Related Indenture).

"Related Secured Obligations" means, the "Secured Obligations" (as defined in each Related Indenture).

"Related Series C Equipment Note" means a "Series C Equipment Note" (as defined in each Related Indenture).

"Related Series D Equipment Note" means a "Series D Equipment Note" (as defined in each Related Indenture).

"Related Series G Equipment Note" means a "Series G Equipment Note" (as defined in each Related Indenture).

"Related Supplemental Agreement" means the "Supplemental Agreement" as defined in each Related Indenture).

"Replacement Aircraft" means the Aircraft of which a Replacement Airframe is part.

"Replacement Airframe" means a Boeing aircraft of the model further described in Annex A to the Indenture Supplement dated the Closing Date or an improved model of the Manufacturer (except (a) Engines or engines from time to time installed thereon and any and all Parts related to such Engine or engines and (b) items excluded from the

definition of Parts (except Engines or engines)), that shall have been made subject to the Lien of the Indenture pursuant to Section 7.05 thereof, together with all Parts relating to such aircraft.

"Replacement Engine" means an engine of the make and model specified in Annex A to the Indenture Supplement dated the Closing Date (or an engine of the same or another manufacturer of a comparable or an improved model and suitable for installation and use on the Airframe with the other Engine (or any other Replacement Engine being substituted simultaneously therewith)) that shall have been made subject to the Lien of the Indenture pursuant to Section 7.04 or Section 7.05 thereof, together with all Parts relating to such engine.

"Responsible Officer" means, with respect to the Company, its Chairman of the Board, its President, any Senior Vice President, the Chief Financial Officer, any Vice President, the Treasurer, the Secretary or any other management employee (a) whose power to take the action in question has been authorized, directly or indirectly, by the Board of Directors of the Company, (b) working directly under the supervision of its Chairman of the Board, its President, any Senior Vice President, the Chief Financial Officer, any Vice President, the Treasurer or the Secretary and (c) whose responsibilities include the administration of the transactions and agreements contemplated by the Participation Agreement and the Indenture.

"Second New Series D Equipment Notes" means Equipment Notes that are issued as a New Series in connection with a Refunding of any American New Series D Equipment Notes, in the original principal amount and maturities and bearing interest as specified in Schedule I to the applicable Indenture Refunding Amendment.

"Section 1110" means Section 1110 of the Bankruptcy Code, as in effect on the Closing Date or any successor or analogous section of the federal bankruptcy law in effect from time to time.

"Secured Obligations" has the meaning specified in the Granting Clause of the Indenture.

"Series" means any series of Equipment Notes, including the Series G Equipment Notes, the Series C Equipment Notes, the Series D Equipment Notes or the Series E Equipment Notes.

"Series C Equipment Notes" means the Original Series C Equipment Notes or, following a Refunding of the Original Series C Equipment Notes, New Series C Equipment Notes.

"Series D Equipment Notes" means (a) the Original Series D Equipment Notes, or (b) following a Refunding of the Original Series D Equipment Notes, the New Series D

Equipment Notes, or (c) following a Refunding of the American New Series D Equipment Notes, the Second New Series D Equipment Notes.

"Series E Equipment Notes" means Equipment Notes, if any, issued and designated as "Series E Equipment Notes" under the Indenture, in the original principal amount and maturities and bearing interest as specified in an amendment to the Indenture at the time of issuance of the Series E Equipment Notes.

"Series G Equipment Notes" means Equipment Notes issued and designated as "Series G Equipment Notes" under the Indenture, in the original principal amount and maturities and bearing interest as specified in Schedule I to the Indenture under the heading "Series G Equipment Notes."

"Specified Person" has the meaning specified in Section 7.06(a) of the Indenture.

"Subordination Agent" has the meaning specified in the introductory paragraph to the Participation Agreement.

"Supplemental Agreement" means the Supplemental Agreement (N961AN), dated as of the Closing Date, between the Company and the Policy Provider.

"Tax" and "Taxes" means all governmental fees (including, without limitation, license, filing and registration fees) and all taxes (including, without limitation, franchise, excise, stamp, value added, income, gross receipts, sales, use and property taxes), withholdings, assessments, levies, imposts, duties or charges, of any nature whatsoever, together with any related penalties, fines, additions to tax or interest thereon imposed, withheld, levied or assessed by any country, taxing authority or governmental subdivision thereof or therein or by any international authority, including any taxes imposed on any Person as a result of such Person being required to collect and pay over withholding taxes.

"Transportation Code" means that portion of Title 49 of the United States Code comprising those provisions formerly referred to as the Federal Aviation Act of 1958, as amended, or any subsequent legislation that amends, supplements or supersedes such provisions.

"Trust Supplements" means those agreements supplemental to the Basic Pass Through Trust Agreement referred to in Schedule II to the Participation Agreement.

"Underwriting Agreement" means that certain Underwriting Agreement, dated June 30, 2003, among the Company and the underwriters named therein, relating to the purchase of the Class G Certificates (as defined in the Intercreditor Agreement) by such underwriters, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

"United States" means the United States of America.

"U.S. Bank" has the meaning specified in the introductory paragraph to the Participation Agreement.

"U.S. Government Obligations" means securities that are direct obligations of the United States for the payment of which its full faith and credit is pledged which are not callable or redeemable, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligations or a specific payment of interest on or principal of any such U.S. Government Obligations held by such custodian for the account of the holder of a depository receipt so long as such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligations or the specific payment of interest on or principal of the U.S. Government Obligations evidenced by such depository receipt.

"Warranty Bill of Sale" means the warranty (as to title) bill of sale covering the Aircraft, executed by the Manufacturer in favor of the Company and specifically referring to each Engine, as well as the Airframe, constituting a part of the Aircraft.

"Warranty Rights" means the Warranty Rights as described in Schedule I to the Participation Agreement.

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INDENTURE AND SECURITY AGREEMENT

(N961AN)

Dated as of July 8, 2003

between

AMERICAN AIRLINES, INC.,

and

U.S. BANK TRUST NATIONAL ASSOCIATION,

as Loan Trustee

*

One Boeing 737-823 Aircraft
U.S. Registration No. N961AN

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INDENTURE AND SECURITY AGREEMENT
(N961AN)

This INDENTURE AND SECURITY AGREEMENT (N961AN), dated as of July 8, 2003, is made by and between AMERICAN AIRLINES, INC., a Delaware corporation (together with its successors and permitted assigns, the "Company"), and U.S. BANK TRUST NATIONAL ASSOCIATION, a national banking association, as Loan Trustee hereunder (together with its permitted successors hereunder, the "Loan Trustee").

W I T N E S S E T H:

WHEREAS, the parties desire by this Indenture (such term and other capitalized terms used herein without definition being defined as provided in Article I), among other things, to provide for (i) the issuance by the Company of the Equipment Notes and (ii) the assignment, mortgage and pledge by the Company to the Loan Trustee, as part of the Collateral hereunder, among other things, of all of the Company's estate, right, title and interest in and to the Aircraft, as security for, among other things, the Company's obligations to the Loan Trustee, for the ratable benefit and security of the Noteholders, subject to Section 2.13 and Article III;

WHEREAS, all things have been done to make the Equipment Notes, when executed by the Company and authenticated and delivered by the Loan Trustee hereunder, the valid, binding and enforceable obligations of the Company; and

WHEREAS, all things necessary to make this Indenture a legal, valid and binding obligation of the Company for the uses and purposes herein set forth, in accordance with its terms, have been done and performed and have occurred;

GRANTING CLAUSE

NOW, THEREFORE, to secure (i) the prompt and complete payment (whether at stated maturity, by acceleration or otherwise) of principal of, interest on (including interest on any overdue amounts), and Make-Whole Amount, if any, with respect to, and all other amounts due under the Equipment Notes, (ii) all other amounts payable by the Company under the Operative Documents, the Supplemental Agreement and the Policy Provider Indemnity and Inspection Agreement (including, without limitation, all amounts payable under Section 2.14 hereof and any indemnities payable by the Company pursuant to Section 4.02 of the Participation Agreement or pursuant to the Policy Provider Indemnity and Inspection Agreement), and (iii) the performance and observance by the Company of all the agreements and covenants to be performed or observed by the Company for the benefit of the Noteholders and the Indenture Indemnitees contained in the Operative Documents, the Supplemental Agreement and the Policy Provider

Indemnity and Inspection Agreement (items (i) through (iii), collectively, the "Secured Obligations"), and to secure the Related Secured Obligations under any Related Indentures, and in consideration of the premises and of the covenants contained in the Operative Documents, and for other good and valuable consideration given by the Loan Trustee, the Noteholders and the Indenture Indemnitees to the Company at or before the Closing Date, the receipt of which is hereby acknowledged, the Company does hereby grant, bargain, sell, convey, transfer, mortgage, assign, pledge and confirm unto the Loan Trustee and its successors in trust and permitted assigns, for the security and benefit of the Loan Trustee, the Noteholders, the Related Noteholders and the Indenture Indemnitees, a first priority security interest in, and mortgage lien on, all estate, right, title and interest of the Company in, to and under, all and singular, the following described properties, rights, interests and privileges whether now owned or hereafter acquired (hereinafter sometimes referred to as the "Collateral"):

(1) the Aircraft, including the Airframe and the Engines, whether or not any such Engine may from time to time be installed on the Airframe or any other airframe or any other aircraft, and any and all Parts relating thereto, and, to the extent provided herein, all substitutions and replacements of, and additions, improvements, accessions and accumulations to, the Aircraft, including the Airframe, the Engines and any and all Parts (in each case other than any substitutions, replacements, additions, improvements, accessions and accumulations that constitute items excluded from the definition of Parts by clauses (b), (c) and (d) thereof) relating thereto (such Airframe and Engines as more particularly described in the Indenture Supplement executed and delivered with respect to the Aircraft on the Closing Date or with respect to any substitutions or replacements therefor), and together with all flight records, logs, manuals, maintenance data and inspection, modification and overhaul records and other documents at any time required to be maintained with respect to the foregoing, in accordance with the rules and regulations of the FAA if the Aircraft is registered under the laws of the United States or the rules and regulations of the government of the country of registry if the Aircraft is registered under the laws of a jurisdiction other than the United States;

(2) the Warranty Rights, together with all rights, powers, privileges, options and other benefits of the Company under the same;

(3) all requisition proceeds with respect to the Aircraft, the Airframe, any Engine or any Part thereof, and all insurance proceeds with respect to the Aircraft, the Airframe, any Engine or any Part thereof, but excluding all proceeds of, and rights under, any insurance maintained by the Company and not required under Section 7.06(b);

(4) all moneys and securities now or hereafter paid or deposited or required to be paid or deposited to or with the Loan Trustee by or for the account of the Company pursuant to any term of any Operative Document and held or required to be held by the Loan Trustee hereunder or thereunder; and

(5) all proceeds of the foregoing;

PROVIDED, HOWEVER, that notwithstanding any of the foregoing provisions, so long as no Event of Default shall have occurred and be continuing, the Company shall have the right, to the exclusion of the Loan Trustee, (i) to quiet enjoyment of the Aircraft, the Airframe, the Parts and the Engines, and to possess, use, retain and control the Aircraft, the Airframe, the Parts and the Engines and all revenues, income and profits derived therefrom and (ii) with respect to the Warranty Rights, to exercise in the Company's name all rights and powers of the Buyer (as defined in the Purchase Agreement) under the Warranty Rights and to retain any recovery or benefit resulting from the enforcement of any warranty or indemnity or other obligation under the Warranty Rights; provided, further, that notwithstanding the occurrence and continuation of an Event of Default, the Loan Trustee shall not enter into any amendment or modification of the Purchase Agreement that would alter the rights, benefits or obligations of the Company thereunder;

TO HAVE AND TO HOLD all and singular the aforesaid property unto the Loan Trustee, and its successors and permitted assigns, in trust for the ratable benefit and security of the Noteholders, the Related Noteholders and the Indenture Indemnitees, except as otherwise provided in this Indenture, including Section 2.13 and Article III, without any preference, distinction or priority of any one Equipment Note over any other by reason of priority of time of issue, sale, negotiation, date of maturity thereof or otherwise for any reason whatsoever, and for the uses and purposes and in all cases and as to all property specified in paragraphs (1) through (5) inclusive above, subject to the terms and provisions set forth in this Indenture.

It is expressly agreed that notwithstanding anything herein to the contrary, the Company shall remain liable under the Purchase Agreement to perform all of its obligations thereunder, and, except to the extent expressly provided in any Operative Document, none of the Loan Trustee, any Noteholders or any Indenture Indemnatee shall be required or obligated in any manner to perform or fulfill any obligations of the Company under or pursuant to any Operative Documents, or to make any inquiry as to the nature or sufficiency of any payment received by it, or present or file any claim or take any action to collect or enforce the payment of any amount that may have been assigned to it or to which it may be entitled at any time or times.

Notwithstanding anything herein to the contrary (but without in any way releasing the Company from any of its duties or obligations under the Purchase Agreement), the Loan Trustee, the Noteholders and the Indenture Indemnitees confirm for the benefit of the Manufacturer that in exercising any rights under the Warranty Rights, or in making any claim with respect to the Aircraft or other goods and services delivered or to be delivered pursuant to the Purchase Agreement, the terms and conditions of the Purchase Agreement relating to the Warranty Rights, including, without limitation, the warranty disclaimer provisions for the benefit of the Manufacturer, shall apply to and be binding upon the Loan Trustee, the Noteholders and the Indenture Indemnitees to the same extent as the Company. The Company hereby directs the Manufacturer, so long as an Event of Default shall have occurred and be continuing, to pay all amounts, if any, payable to the Company pursuant to the Warranty Rights directly to the Loan Trustee to be held and applied as provided herein. Nothing contained herein shall subject the Manufacturer to any liability to which it would not otherwise be subject under the Purchase Agreement or modify in any respect the contract rights of the Manufacturer thereunder except as provided in the Manufacturer's Consent.

The Company does hereby irrevocably constitute the Loan Trustee the true and lawful attorney of the Company (which appointment is coupled with an interest) with full power (in the name of the Company or otherwise) to ask for, require, demand and receive any and all monies and claims for monies (in each case including insurance and requisition proceeds) due and to become due to the Company under or arising out of the Purchase Agreement (to the extent assigned hereby), and all other property which now or hereafter constitutes part of the Collateral, to endorse any checks or other instruments or orders in connection therewith and to file any claims or to take any action or to institute any proceedings which the Loan Trustee may deem to be necessary or advisable in the premises; provided that the Loan Trustee shall not exercise any such rights except during the continuance of an Event of Default. The Company agrees that promptly upon receipt thereof, to the extent required by the Operative Documents, it will transfer to the Loan Trustee any and all monies from time to time received by the Company constituting part of the Collateral, for distribution by the Loan Trustee pursuant to this Indenture.

The Company does hereby warrant and represent that it has not sold, assigned or pledged, and hereby covenants and agrees that it will not sell, assign or pledge, so long as this Indenture shall remain in effect and the Lien hereof shall not have been released pursuant to the provisions hereof, any of its estate, right, title or interest hereby assigned, to any Person other than the Loan Trustee, except as otherwise provided in or permitted by any Operative Document.

The Company agrees that at any time and from time to time, upon the written request of the Loan Trustee, the Company shall promptly and duly execute and deliver or cause to be duly executed and delivered any and all such further instruments and documents as the Loan Trustee may reasonably deem necessary to perfect, preserve or

protect the mortgage, security interests and assignments created or intended to be created hereby or to obtain for the Loan Trustee the full benefit of the assignment hereunder and of the rights and powers herein granted, provided that any instrument or other document so executed by the Company will not expand any obligations or limit any rights of the Company in respect of the transactions contemplated by the Operative Documents.

IT IS HEREBY COVENANTED AND AGREED by and between the parties hereto as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. For all purposes of this Indenture, unless the context otherwise requires, capitalized terms used but not defined herein shall have the respective meanings set forth or incorporated by reference in Annex A.

Section 1.02. Other Definitional Provisions. (a) The definitions stated herein and in Annex A apply equally to both the singular and the plural forms of the terms defined.

(b) All references in this Indenture to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits", "Annexes" and other subdivisions are to the designated Article, Section, Subsection, Schedule, Exhibit, Annex or other subdivision of this Indenture, unless otherwise specifically stated.

(c) The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit, Annex or other subdivision.

(d) Unless the context otherwise, requires, whenever the words "including", "include" or "includes" are used herein, it shall be deemed to be followed by the phrase "without" limitation".

(e) All references in this Indenture to a "government" are to such government and any instrumentality or agency thereof.

ARTICLE II

THE EQUIPMENT NOTES

Section 2.01. Form of Equipment Notes. The Equipment Notes shall be substantially in the form set forth below:

THIS EQUIPMENT NOTE HAS NOT BEEN REGISTERED PURSUANT TO THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR PURSUANT TO THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. ACCORDINGLY, THIS EQUIPMENT NOTE MAY NOT BE OFFERED FOR SALE OR SOLD UNLESS EITHER REGISTERED UNDER THE ACT AND SUCH APPLICABLE STATE OR OTHER LAWS OR EXEMPTIONS FROM SUCH REGISTRATION REQUIREMENTS ARE AVAILABLE.

AMERICAN AIRLINES, INC.
SERIES 2003-1 [_____] EQUIPMENT NOTE DUE JULY 9, 2010
ISSUED IN CONNECTION WITH THE BOEING 737-823 AIRCRAFT
BEARING UNITED STATES REGISTRATION NUMBER N961AN

No. _____ Date: [_____, ____] \$ _____
[DEBT RATE MATURITY DATE
[_____] July 9, 2010

AMERICAN AIRLINES, INC. (together with its successors and permitted assigns, the "Company") hereby promises to pay to _____, or the registered assignee thereof, the principal amount of _____ Dollars (\$_____) [on _____](1) [in installments on the Payment Dates set forth in Schedule I hereto, each such installment to be in an amount computed by multiplying the original principal amount of this Equipment Note by the percentage set forth in Schedule I hereto opposite the Payment Date on which such installment is due,](2) and to pay, on each Payment Date, interest in arrears on the principal amount remaining unpaid from time to time from [_____] (3) or from the most recent date to which interest hereon has been paid or duly provided for until paid in full at a rate per annum (calculated on the basis of a year of 360 days comprised of twelve 30-day months) equal to the Debt Rate shown above. [Notwithstanding the foregoing, the final payment made on this Equipment Note shall be in an amount sufficient to discharge in full the unpaid principal amount and all accrued and unpaid interest on, and any other amounts due under, this Equipment Note.](4) Notwithstanding anything to the contrary contained herein, if any date on which a

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- (1) To be inserted in non-installment Equipment Notes.
 - (2) To be inserted in installment Equipment Notes.
 - (3) Insert the Closing Date for the Series G, Original Series C and Original Series D Equipment Notes. Insert the closing date of the applicable Refunding for New Series C, New Series D, American New Series D and Second New Series D Equipment Notes.
 - (4) To be inserted in installment Equipment Notes.

payment under this Equipment Note becomes due and payable is not a Business Day, then such payment shall not be made on such scheduled date but shall be made on the next succeeding Business Day and if such payment is made on such next succeeding Business Day, no interest shall accrue on the amount of such payment from and after such scheduled date.

For purposes hereof, the term "Indenture" means the Indenture and Security Agreement, dated as of July 8, 2003, between the Company and U.S. Bank Trust National Association, as Loan Trustee (the "Loan Trustee"), as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms. All capitalized terms used in this Equipment Note and not defined herein, unless the context otherwise requires, shall have the respective meanings set forth or incorporated by reference, and shall be construed and interpreted in the manner described, in the Indenture.

This Equipment Note shall bear interest, payable on demand, at the Past Due Rate (and not the Debt Rate) (calculated on the basis of a year of 360 days comprised of twelve 30-day months) on any principal amount and (to the extent permitted by applicable law) Make-Whole Amount, if any, interest and any other amounts payable hereunder not paid when due for any period during which the same shall be overdue, in each case for the period the same is overdue. Amounts shall be overdue if not paid in the manner provided herein or in the Indenture when due (whether at stated maturity, by acceleration or otherwise).

There shall be maintained an Equipment Note Register for the purpose of registering transfers and exchanges of Equipment Notes at the Corporate Trust Office of the Loan Trustee, or at the office of any successor trustee, in the manner provided in Section 2.07 of the Indenture.

The principal amount and interest and other amounts due hereunder shall be payable in Dollars in immediately available funds at the Corporate Trust Office of the Loan Trustee, or as otherwise provided in the Indenture. The Company shall not have any responsibility for the distribution of any such payment to the Noteholder of this Equipment Note. Each such payment shall be made on the date such payment is due and without any presentment or surrender of this Equipment Note, except that in the case of any final payment with respect to this Equipment Note, the Equipment Note shall be surrendered to the Loan Trustee for cancellation.

The holder hereof, by its acceptance of this Equipment Note, agrees that, except as provided in the Indenture, including the subordination provisions referred to below, each payment of an installment of principal amount, interest and Make-Whole Amount, if any, received by it hereunder shall be applied: first, to the payment of accrued interest on this Equipment Note (as well as any interest on any overdue principal amount, and, to the

extent permitted by law, any overdue Make-Whole Amount, if any, any overdue interest and other overdue amounts hereunder) to the date of such payment; second, to the payment of Make-Whole Amount, if any; and third, to the payment of the principal amount of this Equipment Note (or portion hereof) then due, and any other amount then due hereunder or under the Indenture with respect to this Equipment Note.

This Equipment Note is one of the Equipment Notes referred to in the Indenture which have been or are to be issued by the Company pursuant to the terms of the Indenture. The Collateral is held by the Loan Trustee as security, in part, for the Equipment Notes. The provisions of this Equipment Note are subject to the Indenture, the Related Indentures and the Participation Agreement. Reference is hereby made to the Indenture, the Related Indentures and the Participation Agreement for a complete statement of the rights and obligations of the holder of, and the nature and extent of the security for, this Equipment Note (including as a "Related Equipment Note" under each Related Indenture) and the rights and obligations of the holders of, and the nature and extent of the security for, any other Equipment Notes executed and delivered under the Indenture, to all of which terms and conditions in the Indenture and the Participation Agreement each holder hereof agrees by its acceptance of this Equipment Note.

As provided in the Indenture and subject to certain limitations therein set forth, this Equipment Note is exchangeable for a like aggregate principal amount of Equipment Notes of the same Series of different authorized denominations, as requested by the holder surrendering the same. Prior to the due presentment for registration of transfer of this Equipment Note, the Company and the Loan Trustee shall deem and treat the Person in whose name this Equipment Note is registered on the Equipment Note Register as the absolute owner and holder hereof for the purpose of receiving all amounts payable with respect to this Equipment Note and for all purposes, and neither of the Company nor the Loan Trustee shall be affected by notice to the contrary.

This Equipment Note is subject to redemption as provided in Section 2.10, Section 2.11 and Section 2.12 of the Indenture but not otherwise. [Upon any redemption in part of the Series of which this Equipment Note is a part, Schedule I to this Equipment Note will be deemed to have been amended as provided in Section 2.12(e) of the Indenture.](5)

[The indebtedness evidenced by this Equipment Note is, to the extent and in the manner provided in the Indenture, subordinate and subject in right of payment to the prior payment in full of the Secured Obligations (as defined in the Indenture) in respect of [Series G Equipment Notes](6) [Series G Equipment Notes and Series C Equipment

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(5) To be inserted in installment Equipment Notes.

(6) To be inserted in the case of a Series C Equipment Note.

Notes](7) [Series G Equipment Notes, Series C Equipment Notes and Series D Equipment Notes](8) and this Equipment Note is issued subject to such provisions. The Noteholder of this Equipment Note, by accepting the same, (a) agrees to and shall be bound by such provisions, (b) authorizes and directs the Loan Trustee on such Noteholder's behalf to take such action as may be necessary or appropriate to effectuate the subordination as provided in the Indenture and (c) appoints the Loan Trustee such Noteholder's attorney-in-fact for such purpose.](9)

[Without limiting the foregoing, the](10) [The](11) Noteholder of this Equipment Note, by accepting the same, agrees that if such Noteholder, in its capacity as a Noteholder, shall receive any payment or distribution on any Secured Obligation in respect of this Equipment Note that it is not entitled to receive under Section 2.13 or Article III of the Indenture, it shall hold any amount so received in trust for the Loan Trustee and forthwith turn over such amount to the Loan Trustee in the form received to be applied as provided in Article III of the Indenture.

Unless the certificate of authentication hereon has been executed by or on behalf of the Loan Trustee by manual signature, this Equipment Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

THIS EQUIPMENT NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE.

IN WITNESS WHEREOF, the Company has caused this Equipment Note to be executed in its corporate name by its officer thereunto duly authorized on the date hereof.

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- (7) To be inserted in the case of a Series D Equipment Note.
 - (8) To be inserted in the case of a Series E Equipment Note.
 - (9) To be inserted in the case of a Series C, Series D, or Series E Equipment Note.
 - (10) To be inserted in the case of a Series C, Series D, or Series E Equipment Note.
 - (11) To be inserted in the case of a Series G Equipment Note.

AMERICAN AIRLINES, INC.

By: -----
Name:
Title:

LOAN TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Equipment Notes referred to in the within-mentioned Indenture.

U.S. BANK TRUST NATIONAL ASSOCIATION,
not in its individual capacity but solely as
Loan Trustee

By: -----
Name:
Title:

SCHEDULE I(12)

EQUIPMENT NOTE AMORTIZATION

Payment Date	Percentage of Original Principal Amount to be Paid
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[SEE "EQUIPMENT NOTES AMORTIZATION" ON SCHEDULE I TO
INDENTURE WHICH IS TO BE INSERTED UPON ISSUANCE]

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Section 2.02. Issuance and Terms of Equipment Notes. The Equipment Notes shall be dated the date of issuance thereof, shall be issued in (a) separate series consisting of Series G Equipment Notes, Series C Equipment Notes, Series D Equipment Notes and, if issued, Series E Equipment Notes and (b) the maturities and principal amounts and shall bear interest at the applicable Debt Rates specified in Schedule I (or, in the case of a New Series C Equipment Note, a New Series D Equipment Note or a Second New Series D Equipment Note, as specified in the applicable Indenture Refunding Amendment or, in the case of a Series E Equipment Note issued after the Closing Date, as specified in an amendment to this Indenture). On the Closing Date, each Series G Equipment Note, Series C Equipment Note and Series D Equipment Note shall be issued to the Subordination Agent on behalf of each of the Pass Through Trustees for the Pass Through Trusts created under the Pass Through Trust Agreements referred to in Schedule II. Any New Series C Equipment Notes, New Series D Equipment Notes and Second New Series D Equipment Notes issued as contemplated by Section 2.11(b) shall be issued to the Subordination Agent on the closing date of the applicable Refunding. Subject to complying with the conditions set forth in Section 6.02(g) of the Participation Agreement, the Company shall have the option to issue Series E Equipment Notes at or after the Closing Date. The Equipment Notes shall be issued in registered form only. The Equipment Notes shall be issued in denominations of \$1,000 and integral multiples thereof, except that one Equipment Note of each Series may be in an amount that is not an integral multiple of \$1,000.

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(12) To be inserted in installment Equipment Notes.

Each Equipment Note shall bear interest at the Debt Rate specified for such Series calculated on the basis of a year of 360 days comprised of twelve 30-day months), payable in arrears on each Payment Date on the unpaid principal amount thereof from time to time outstanding until such principal amount is paid in full, as further provided in the form of Equipment Note set forth in Section 2.01. The principal amount of each Series G Equipment Note, Series C Equipment Note and Series D Equipment Note shall be payable in installments on the Payment Dates set forth in Schedule I to such Equipment Note, each such installment to be in an amount computed by multiplying the original principal amount of such Equipment Note by the corresponding percentage set forth in Schedule I hereto applicable to such Series, the applicable portion of which shall be attached as Schedule I to such Equipment Note, opposite the Payment Date on which such installment is due. The principal amount of each New Series C Equipment Note, New Series D Equipment Note and Second New Series D Equipment Note shall be payable as specified in the applicable Indenture Refunding Amendment. Each Series E Equipment Note, if issued, shall be payable in installments or in a single payment as set forth in an amendment to this Indenture, and if payable in installments, such installments shall be calculated as set forth in the third preceding sentence. Notwithstanding the foregoing, the final payment made under each Series G Equipment Note, Series C Equipment Note, Series D Equipment Note and Series E Equipment Note, if issued, shall be in an amount sufficient to discharge in full the unpaid principal amount and all accrued and unpaid interest on, and any other amounts due under, such Equipment Note. Each Equipment Note shall bear interest, payable on demand, at the Past Due Rate (and not at the Debt Rate) calculated on the basis of a year of 360 days comprised of twelve 30-day months) on any principal amount and (to the extent permitted by applicable law), Make Whole Amount, if any, interest and any other amounts payable thereunder not paid when due for any period during which the same shall be overdue, in each case for the period the same is overdue. Amounts shall be overdue under an Equipment Note if not paid in the manner provided therein or in this Indenture when due (whether at stated maturity, by acceleration or otherwise). Notwithstanding anything to the contrary contained herein, if any date on which a payment hereunder or under any Equipment Note becomes due and payable is not a Business Day, then such payment shall not be made on such scheduled date but shall be made on the next succeeding Business Day, and if such payment is made on such next succeeding Business Day, no interest shall accrue on the amount of such payment from and after such scheduled date.

The Equipment Notes shall be executed on behalf of the Company by the manual or facsimile signature of one of its authorized officers. Equipment Notes bearing the signatures of individuals who were at the time of execution the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Equipment Notes or did not hold such offices at the respective dates of such Equipment Notes. No Equipment Note shall be secured by or entitled to any benefit under this Indenture or be valid or obligatory for any purposes unless there appears on such

Equipment Note a certificate of authentication in the form provided herein executed by the Loan Trustee by the manual signature of one of its authorized officers, and such certificate upon any Equipment Notes shall be conclusive evidence, and the only evidence, that such Equipment Note has been duly authenticated and delivered hereunder.

Section 2.03. Method of Payment. The principal amount of, interest on, Make-Whole Amount, if any, and, except to the extent expressly provided herein, all other amounts due to any Noteholder under each Equipment Note or otherwise payable hereunder shall be payable by the Company in Dollars by wire transfer of immediately available funds not later than 10:00 a.m. (New York City time) on the due date of payment to the Loan Trustee at the Corporate Trust Office for distribution among the Noteholders in the manner provided herein. The Company shall not have any responsibility for the distribution of such payment to any Noteholder. Notwithstanding the foregoing or any provision in any Equipment Note to the contrary, the Loan Trustee will use reasonable efforts to pay or cause to be paid, if so directed in writing by any Noteholder (with a copy to the Company), all amounts paid by the Company hereunder and under such Noteholder's Equipment Note or Equipment Notes to such Noteholder or a nominee therefor (including all amounts distributed pursuant to Article III) by transferring, or causing to be transferred, by wire transfer of immediately available funds in Dollars, prior to 12:00 p.m. (New York City time) on the due date of payment, to an account maintained by such Noteholder with a bank located in the continental United States the amount to be distributed to such Noteholder, for credit to the account of such Noteholder maintained at such bank; provided that, in the event the Equipment Notes are not held by the Subordination Agent on behalf of the Pass Through Trustees, the Loan Trustee may at its option pay such amounts by check mailed to the Noteholder's address as it appears on the Equipment Note Register. If, after its receipt of funds at the place and prior to the time specified above in the immediately preceding sentence, the Loan Trustee shall fail (other than as a result of a failure of the Noteholder to provide it with wire transfer instructions) to make any such payment required to be paid by wire transfer as provided in the immediately preceding sentence on the Business Day it receives such funds, the Loan Trustee, in its individual capacity and not as trustee, agrees to compensate such Noteholders for loss of use of funds at the Federal Funds Rate until such payment is made and the Loan Trustee shall be entitled to any interest earned on such funds until such payment is made. Any payment made hereunder shall be made without any presentment or surrender of any Equipment Note, except that, in the case of the final payment in respect of any Equipment Note, such Equipment Note shall be surrendered to the Loan Trustee for cancellation. Notwithstanding any other provision of this Indenture to the contrary, the Loan Trustee shall not be required to make, or cause to be made, wire transfers as aforesaid prior to the first Business Day on which it is practicable for the Loan Trustee to do so in view of the time of day when the funds to be so transferred were received by it if such funds were received after 1:00 p.m. (New York City time) at the place of payment.

Section 2.04. Withholding Taxes. The Loan Trustee shall exclude and withhold at the appropriate rate from each payment of principal amount of, interest on, Make-Whole Amount, if any, and other amounts due hereunder or under each Equipment Note (which exclusion and withholding shall constitute payment of such amounts payable hereunder or in respect of such Equipment Notes, as applicable) any and all withholding taxes applicable thereto as required by law. The Loan Trustee agrees to act as such withholding agent and, in connection therewith, whenever any present or future taxes or similar charges are required to be withheld with respect to any amounts payable hereunder or in respect of the Equipment Notes, to withhold such amounts (which withholding shall constitute payment of such amounts payable hereunder or in respect of such Equipment Notes, as applicable) and timely pay the same to the appropriate authority in the name of and on behalf of the Noteholders, that it will file any necessary withholding tax returns or statements when due, and that as promptly as possible after the payment thereof it will deliver to each Noteholder (with a copy to the Company) appropriate documentation showing the payment thereof, together with such additional documentary evidence as any such Noteholder may reasonably request from time to time. The Loan Trustee agrees to file any other information reports as it may be required to file under United States law.

Section 2.05. Application of Payments. Subject always to Section 2.13 and except as otherwise provided in Article III, in the case of each Equipment Note, each payment of an installment of principal amount, Make-Whole Amount, if any, and interest paid thereon shall be applied:

first, to the payment of accrued interest on such Equipment Note (as well as any interest on any overdue principal amount and (to the extent permitted by law) any overdue Make-Whole Amount, any overdue interest and any other overdue amounts thereunder) to the date of such payment;

second, to the payment of any Make-Whole Amount with respect to such Equipment Note; and

third, to the payment of principal amount of such Equipment Note (or portion thereof) then due thereunder.

Section 2.06. Termination of Interest in Collateral. No Noteholder, Related Noteholder, or Indenture Indemnitee shall, as such, have any further interest in, or other right with respect to, the Collateral when and if:

(a) the principal amount of, Make-Whole Amount, if any, and interest (including interest on any overdue amounts) on and all other amounts due under all Equipment Notes held by such Noteholder, and all other Secured Obligations due and payable to such Noteholder, Related Noteholder or Indenture Indemnitee,

as the case may be (including, for the avoidance of doubt, all indemnities payable by the Company pursuant to Section 4.02 of the Participation Agreement or pursuant to the Policy Provider Indemnity and Inspection Agreement, all amounts payable by the Company under Section 2.14 hereof and all deposits and redemptions, if any, to the extent required under Section 2.10(a), Section 2.10(d) or the last sentence of Section 2.10(f)), shall have been paid and discharged in full and no "Event of Default" shall have occurred and be continuing under any Related Indenture, and

(b) except as provided in the next paragraph, the principal amount of, Make-Whole Amount, if any, and interest (including interest on any overdue amounts) on and all other amounts due under all Related Equipment Notes, and all other Related Secured Obligations (including, for the avoidance of doubt, all indemnities payable by the Company pursuant to Section 4.02 of the Related Participation Agreements or pursuant to the Related Policy Provider Indemnity and Inspection Agreements with respect to the Related Aircraft and all amounts payable by the Company under Section 2.14 of the Related Indentures) due and payable shall have been paid and discharged in full.

The requirements of clause (b) of the preceding paragraph shall not apply (and the termination of such interest will occur upon the payment in full of only the amounts specified in clause (a) of the preceding paragraph):

(i) if the Policy Provider consents in writing to such termination (other than with respect to any payments due and payable on the Final Payment Date), or

(ii) in connection with a redemption of the Equipment Notes pursuant to Section 2.10(a) or Section 2.10(d) of this Indenture, so long as there is no default (without regard to grace periods) in the payment of any amount due and payable under any Related Indenture (including, without limitation, any Policy Provider Amounts).

Section 2.07. Registration, Transfer and Exchange of Equipment Notes. The Loan Trustee shall keep a register or registers (the "Equipment Note Register") in which the Loan Trustee shall provide for the registration of Equipment Notes and the registration of transfers of Equipment Notes. No such transfer shall be given effect unless and until registration hereunder shall have occurred. The Equipment Note Register shall be kept at the Corporate Trust Office of the Loan Trustee. The Loan Trustee is hereby appointed "Equipment Note Registrar" for the purpose of registering Equipment Notes and transfers of Equipment Notes as herein provided. A holder of any Equipment Note intending to exchange or transfer such Equipment Note shall surrender such Equipment Note to the Loan Trustee at the Corporate Trust Office, together with a

written request from the registered holder thereof for the issuance of a new Equipment Note of the same Series, specifying, in the case of a surrender for transfer, the name and address of the new holder or holders. Upon surrender for registration of transfer of any Equipment Note and subject to satisfaction of Section 2.09, the Company shall execute, and the Loan Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Equipment Notes of a like aggregate principal amount and of the same Series. At the option of the Noteholder, Equipment Notes may be exchanged for other Equipment Notes of the same Series of any authorized denominations of a like aggregate principal amount, upon surrender of the Equipment Notes to be exchanged to the Loan Trustee at the Corporate Trust Office. Whenever any Equipment Notes are so surrendered for exchange, the Company shall execute, and the Loan Trustee shall authenticate and deliver, the Equipment Notes which the Noteholder making the exchange is entitled to receive. All Equipment Notes issued upon any registration of transfer or exchange of Equipment Notes (whether under this Section 2.07 or under Section 2.08 or otherwise under this Indenture) shall be the valid obligations of the Company evidencing the same respective obligations, and entitled to the same security and benefits under this Indenture, as the Equipment Notes surrendered upon such registration of transfer or exchange. Every Equipment Note presented or surrendered for registration of transfer, shall be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Loan Trustee, duly executed by the Noteholder or such Noteholder's attorney duly authorized in writing, and the Loan Trustee shall require evidence satisfactory to it as to the compliance of any such transfer with the Securities Act of 1933, as amended, and the securities laws of any applicable state or jurisdiction. The Loan Trustee shall make a notation on each new Equipment Note of the amount of all payments of principal amount previously made on the old Equipment Note or Equipment Notes with respect to which such new Equipment Note is issued and the date to which interest on such old Equipment Note or Equipment Notes has been paid. Principal, interest and all other amounts shall be deemed to have been paid on such new Equipment Note to the date on which such amounts shall have been paid on such old Equipment Note. The Company shall not be required to exchange any surrendered Equipment Notes as provided above (a) during the ten-day period preceding the due date of any payment on such Equipment Note or (b) that has been called for redemption. The Company and the Loan Trustee shall in all cases deem and treat the Person in whose name any Equipment Note shall have been issued and registered on the Equipment Note Register as the absolute owner and Noteholder of such Equipment Note for the purpose of receiving payment of all amounts payable with respect to such Equipment Note and for all other purposes, and neither the Company nor the Loan Trustee shall be affected by any notice to the contrary. The Loan Trustee will promptly notify the Company of each registration of a transfer of an Equipment Note. Any such transferee of an Equipment Note, by its acceptance of an Equipment Note, agrees to the provisions of the Operative Documents applicable to Noteholders, and shall be deemed to have represented, warranted and covenanted to the parties to the Participation Agreement as to the matters represented, warranted and covenanted by the Noteholders, including the

Pass Through Trustees, in the Participation Agreement. Subject to compliance by the Noteholder and its transferee (if any) of the requirements set forth in this Section 2.07 and in Section 2.09, the Loan Trustee and the Company shall use all reasonable efforts to issue new Equipment Notes upon transfer or exchange within ten Business Days of the date an Equipment Note is surrendered for transfer or exchange.

Section 2.08. Mutilated, Destroyed, Lost or Stolen Equipment Notes. If any Equipment Note becomes mutilated, destroyed, lost or stolen, the Company shall, upon the written request of the holder of such Equipment Note and subject to satisfaction of this Section 2.08 and of Section 2.09, execute and the Loan Trustee shall authenticate and deliver in replacement thereof a new Equipment Note of the same Series, payable in the same principal amount, dated the same date and captioned as issued in connection with the Aircraft. If the Equipment Note being replaced has become mutilated, such Equipment Note shall be surrendered to the Loan Trustee, and a photocopy thereof shall be furnished to the Company. If the Equipment Note being replaced has been destroyed, lost or stolen, the holder of such Equipment Note shall furnish to the Company and the Loan Trustee such security or indemnity as may be required by them to save the Company and the Loan Trustee harmless and evidence satisfactory to the Company and the Loan Trustee of the destruction, loss or theft of such Equipment Note and of the ownership thereof.

Section 2.09. Payment of Expenses on Transfer; Cancellation. (a) No service charge shall be made to a Noteholder for any registration of transfer or exchange of Equipment Notes, but the Loan Trustee, as Equipment Note Registrar, may require payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Equipment Notes.

(b) The Loan Trustee shall cancel all Equipment Notes surrendered for replacement, redemption, transfer, exchange, payment or cancellation and shall destroy the canceled Equipment Notes.

Section 2.10. Mandatory Redemption of Equipment Notes. (a) The Company shall redeem the Equipment Notes in whole in connection with an Event of Loss in respect of the Airframe or the Airframe and the Engines installed thereon (unless the Company shall have performed the option set forth in Section 7.05(a)(i) with respect thereto) on or before the Loss Payment Date at a redemption price equal to 100% of the unpaid principal amount thereof, together with all accrued and unpaid interest thereon to (but excluding) the date of redemption, but without any Make-Whole Amount, and all other Secured Obligations (other than any Related Secured Obligations) owed or then due and payable to Noteholders and, unless the Policy Provider shall agree otherwise, in addition, shall redeem the Related Series G Equipment Notes, to the extent required by Section 2.10(b) of each Related Indenture.

(b) Unless the Policy Provider shall agree otherwise, the Company shall redeem the Series G Equipment Notes in whole or in part in connection with an Event of Loss in respect of a Related Aircraft (unless the Company has performed the option set forth in Section 7.05(a)(i) of the Related Indenture with respect to such Related Aircraft) on or before the "Loss Payment Date" (as defined in such Related Indenture) in an amount which, together with all accrued and unpaid interest on the amount of Series G Equipment Notes being redeemed to (but excluding) the date of redemption and Make-Whole Amount, if any, is equal to the lesser of (x) the Excess Amount (if any) and (y) the then outstanding principal amount of the Series G Equipment Notes, at a redemption price equal to 100% of the amount of the unpaid principal amount of the Series G Equipment Notes being redeemed, together, in the case of (x) and (y), with all accrued interest on such amount of Series G Equipment Notes being redeemed to (but excluding) the date of redemption, and Make-Whole Amount, if any.

(c) The Company shall redeem the Equipment Notes in whole or in part in connection with the receipt by the Loan Trustee of payments made by a Related Loan Trustee pursuant to clause "fourth" of Section 3.04 of a Related Indenture in an amount equal to the lesser of (x) the amount so received by the Loan Trustee and (y) the then outstanding principal amount of the Equipment Notes, at a redemption price equal to 100% of the unpaid principal amount of the Equipment Notes being redeemed, together, in the case of (x) and (y), with all accrued and unpaid interest thereon to (but excluding) the date of redemption and, if no Event of Default shall have occurred and be continuing, Make-Whole Amount, if any. For the avoidance of doubt, payments required to be made by the Company with respect to interest and Make-Whole Amount pursuant to this Section 2.10(c) shall not be made out of funds received by the Loan Trustee pursuant to clause "fourth" of Section 3.04 of the applicable Related Indenture unless the Policy Provider shall agree otherwise.

(d) In connection with a sale of the Aircraft, all, but not less than all, of the Equipment Notes shall be redeemed in whole by the Company upon at least 20 days' revocable prior written notice to the Loan Trustee at a redemption price equal to 100% of the unpaid principal amount of the Equipment Notes being redeemed, together with accrued and unpaid interest thereon to (but excluding) the date of redemption, Make-Whole Amount, if any, and all other Secured Obligations then due and payable and other amounts then due and payable hereunder, under the Policy Provider Indemnity and Inspection Agreement or under the Participation Agreement to the Noteholders and, unless the Policy Provider shall agree otherwise, in addition, shall redeem the Related Series G Equipment Notes, to the extent required by Section 2.10(e) of each Related Indenture. Any notice shall become irrevocable three days before the redemption date if not previously revoked.

(e) Unless the Policy Provider shall agree otherwise, the Company shall redeem the Series G Equipment Notes in whole or in part in connection with the sale of a

Related Aircraft pursuant to Section 2.10(d) of any Related Indenture on or before the closing date of the sale of the Related Aircraft in an amount equal to the lesser of (x) the Excess Amount (if any) and (y) the then outstanding principal amount of the Series G Equipment Notes, at a redemption price equal to 100% of the amount of the unpaid principal amount of the Series G Equipment Notes being redeemed, together, in the case of (x) and (y), with all accrued and unpaid interest on such amount of Series G Equipment Notes being redeemed to (but excluding) the date of redemption and Make-Whole Amount, if any. For the avoidance of doubt, payments required to be made by the Company with respect to interest and Make-Whole Amount pursuant to this Section 2.10(e) shall not be made out of funds received by the Loan Trustee pursuant to Section 2.10(f) unless the Policy Provider shall agree otherwise.

(f) Unless the Policy Provider shall agree otherwise, concurrently with any receipt by any American Entity of funds in connection with any redemption pursuant to Section 2.10(a) or 2.10(d) of a Related Indenture of any Related Series C Equipment Notes, Related Series D Equipment Notes or Related Series E Equipment Notes, the Company will deposit, or cause to be deposited, with the Loan Trustee an amount equal to (i) the sum of (x) any Excess Proceeds and (y) any aggregate redemption price actually received by such American Entity in respect of its interest in such redeemed Related Series C Equipment Notes, Related Series D Equipment Notes and Related Series E Equipment Notes multiplied by (ii) a fraction, the numerator of which is the then outstanding aggregate principal amount of the Series G Equipment Notes and the denominator of which is the sum of the then outstanding aggregate principal amount of the Series G Equipment Notes and the Related Series G Equipment Notes (after giving effect to such redemption). The Company will, in connection with any redemption under Section 2.10(a) or 2.10(d), make or cause to be made the deposit under Section 2.10(f) of each Related Indenture.

(g) Concurrently with the notice delivered to the applicable Related Loan Trustee pursuant to Section 2.10(d) or Section 7.05(a)(ii) of the applicable Related Indenture, so long as no Event of Default shall have occurred and be continuing, the Company may direct the Loan Trustee either (I) to apply all or a portion of any amounts received by the Loan Trustee pursuant to Section 2.10(f) to the redemption of the Series G Equipment Notes pursuant to Section 2.10(b) or Section 2.10(e), as the case may be, or (II) to hold such amounts as security for the Secured Obligations and the Related Secured Obligations pursuant to Section 5.06. If an Event of Default shall have occurred and be continuing at the time of delivery of such direction, or if no such direction shall be delivered within the time period specified in the first sentence of this Section 2.10(g), the Loan Trustee will apply such amounts to the redemption of the Series G Equipment Notes pursuant to Section 2.10(b) or Section 2.10(e), as the case may be (but, if an Event of Default has occurred and is continuing, without Make-Whole Amount).

Section 2.11. Voluntary Redemption of Equipment Notes. (a) All, but not less than all, of the Equipment Notes of any Series may be redeemed in whole by the Company upon at least 20 days' revocable prior written notice to the Loan Trustee at a redemption price equal to 100% of the unpaid principal amount of the Equipment Notes being redeemed, together with accrued and unpaid interest thereon to (but excluding) the date of redemption, Make-Whole Amount, if any, and all other Secured Obligations and other amounts then due and payable hereunder, under the Policy Provider Indemnity and Inspection Agreement or under the Participation Agreement to the Noteholders; provided, however, that (i) except in connection with a Refunding as referred to in paragraph (b) below, the Series C Equipment Notes may not be redeemed unless the Series G Equipment Notes have been redeemed, and the Series D Equipment Notes may not be redeemed unless the Series G Equipment Notes and Series C Equipment Notes have been redeemed, and (ii) the interests of the Noteholders, the Related Noteholders and the Indenture Indemnitees in the Collateral shall only terminate in accordance with Section 2.06 and the Lien of this Indenture shall only be released and discharged in accordance with Section 10.01. Any notice shall become irrevocable three days before the redemption date if not previously revoked. So long as no Event of Default shall have occurred and be continuing, the Company may, concurrently with the delivery of the notice described in the preceding sentence, direct the Loan Trustee to apply all or a portion of the amounts received by the Loan Trustee pursuant to Section 2.10(f) to such redemption.

(b) In connection with a Refunding as provided in Exhibit A to the Intercreditor Agreement, (i) all, but not less than all, of the Original Series C Equipment Notes and the Original Series D Equipment Notes, (ii) all, but not less than all, of the Original Series C Equipment Notes, (iii) if all the Original Series C Equipment Notes were redeemed in a prior Refunding, all of the Original Series D Equipment Notes, or (iv) all, but not less than all, of the American New Series D Equipment Notes, may be redeemed in whole by the Company without premium upon at least 2 days revocable prior written notice to the Loan Trustee at a redemption price equal to 100% of the unpaid principal amount of the Equipment Notes being redeemed, together with accrued interest thereon to (but excluding) the date of redemption and all other amounts payable hereunder, under the Policy Provider Indemnity and Inspection Agreement or under the Participation Agreement to the applicable Noteholders. All redemptions pursuant to this Section 2.11(b) shall be subject to the Company complying with the conditions set forth on Exhibit A to the Intercreditor Agreement, and the Company shall deliver to the Trustee a certificate of a Responsible Officer of the Company to the effect that (x) all such conditions have been complied with prior to or on the redemption date and (y) the Company has received any consent of the Policy Provider required pursuant to the Supplemental Agreement, or no such consent is required. The Loan Trustee agrees to cooperate with the Company at the Company's reasonable request to carry out any Refunding on the terms and conditions specified in Exhibit A to the Intercreditor Agreement.

Section 2.12. Redemptions; Notice of Redemptions; Repurchases. (a) No redemption of any Equipment Note may be made except to the extent and in the manner expressly permitted by this Indenture.

(b) Notice of redemption with respect to the Equipment Notes, other than redemptions made pursuant to Section 2.10(c) or Section 2.11(b), shall be given by the Loan Trustee by first-class mail, postage prepaid, mailed not less than 15 nor more than 60 days prior to the applicable redemption date, to each Noteholder at such Noteholder's address appearing in the Equipment Note Register. All such notices of redemption shall state: (1) the redemption date, (2) the applicable basis for determining the redemption price, (3) that on the redemption date, the redemption price will become due and payable upon each such Equipment Note, and that, if any such Equipment Notes are then outstanding, interest on such Equipment Notes shall cease to accrue on and after such redemption date and (4) the place or places where such Equipment Notes are to be surrendered for payment of the redemption price.

(c) On or before the redemption date, the Company (or any person on behalf of the Company) shall, to the extent an amount equal to the redemption price for the Equipment Notes to be redeemed on the redemption date shall not then be held in the Collateral, deposit or cause to be deposited with the Loan Trustee by 11:00 a.m. (New York City time) on the redemption date in immediately available funds the redemption price of the Equipment Notes to be redeemed.

(d) Notice of redemption having been given as aforesaid (and, if applicable, not revoked as permitted by Section 2.10(d) or Section 2.11(a)) (and, in case of a redemption pursuant to Section 2.11(b), the conditions set forth in Exhibit A to the Intercreditor Agreement having been satisfied), the Equipment Notes to be redeemed shall, on the redemption date, become due and payable at the Corporate Trust Office of the Loan Trustee, and from and after such redemption date (unless there shall be a default in the deposit of the redemption price pursuant to Section 2.12(c)) any such Equipment Notes then outstanding shall cease to bear interest. Upon surrender of any such Equipment Note for redemption in accordance with said notice, such Equipment Note shall be redeemed at the redemption price.

(e) Any redemption in part of any Series of Equipment Notes made pursuant to Section 2.10(b), Section 2.10(c) or Section 2.10(e) shall be made pro rata on the basis of unpaid principal amount of such Series of Equipment Notes being redeemed. Upon any redemption in part of any Series of Equipment Notes made pursuant to Section 2.10(b), Section 2.10(c) or Section 2.10(e), the principal amount of each remaining installment of principal becoming due on such Series of Equipment Notes on and after the date of such redemption shall be reduced in the same proportion as the aggregate unpaid principal amount of such Series of Equipment Notes is reduced as a result of such redemption and Schedule I to each Equipment Note of such Series will be deemed to

have been amended to give effect to such reduction. On the date of any redemption in part of any Series of Equipment Notes made pursuant to Section 2.10(b), Section 2.10(c) or Section 2.10(e), the Loan Trustee will furnish to each Noteholder a statement setting forth the remaining installments of principal payable on such Series of Equipment Notes, determined as provided in the preceding sentence (expressed as a percentage of the original principal amount of such Series of Equipment Notes), after giving effect to the reductions specified in the preceding sentence.

(f) At such time as no Pass Through Certificates and Policy Provider Amounts are outstanding, the Company may at any time repurchase any of the Equipment Notes at any price in the open market and may hold, resell or surrender such Equipment Notes to the Loan Trustee for cancellation.

Section 2.13. Subordination. (a) The indebtedness evidenced by the Series C Equipment Notes is, to the extent and in the manner provided in this Indenture, subordinate and subject in right of payment to the prior payment in full of the Secured Obligations in respect of the Series G Equipment Notes, and the Series C Equipment Notes are issued subject to such provisions. The indebtedness evidenced by the Series D Equipment Notes is, to the extent and in the manner provided in this Indenture, subordinate and subject in right of payment to the prior payment in full of the Secured Obligations in respect of the Series G Equipment Notes and the Series C Equipment Notes, and the Series D Equipment Notes are issued subject to such provisions. The indebtedness evidenced by the Series E Equipment Notes, if issued, shall be, to the extent and in the manner provided in this Indenture, subordinate and subject in right of payment to the prior payment in full of the Secured Obligations in respect of the Series G Equipment Notes, the Series C Equipment Notes and the Series D Equipment Notes, and the Series E Equipment Notes, if issued, shall be issued subject to such provisions. By acceptance of its Equipment Notes of any Series, each Noteholder of such Series (i) agrees to and shall be bound by such provisions, (ii) authorizes and directs the Loan Trustee on such Noteholder's behalf to take such action as may be necessary or appropriate to effectuate the subordination as provided in this Indenture and (iii) appoints the Loan Trustee as such Noteholder's attorney-in-fact for such purpose.

(b) The Company, the Loan Trustee and, by acceptance of its Equipment Notes of any Series, each Noteholder of such Series, hereby agree that no payment or distribution shall be made on or in respect of the Secured Obligations owed to such Noteholder of such Series, including any payment or distribution of cash, property or securities, after the occurrence of any of the events referred to in Section 4.01(f) or after the commencement of any proceedings of the type referred to in Section 4.01(g), Section 4.01(h) or Section 4.01(i), except as expressly provided in Article III.

(c) By the acceptance of its Equipment Notes of any Series, each Noteholder of such Series agrees that if such Noteholder, in its capacity as a Noteholder, shall receive

any payment or distribution on any Secured Obligations in respect of such Series that it is not entitled to receive under this Section 2.13 or Article III hereof, it will hold any amount so received in trust for the Loan Trustee and forthwith turn over such amount to the Loan Trustee in the form received to be applied as provided in Article III.

(d) By the acceptance of its Equipment Notes, each Noteholder agrees that in the event that such Noteholder, in its capacity as a Noteholder, shall receive any payment or distribution pursuant to this Indenture on any Related Secured Obligations, it will hold any amount so received in trust for the applicable Related Loan Trustee and will forthwith turn over such payment to the Loan Trustee or the applicable Related Loan Trustee in the form received to be applied as provided in Article III of the applicable Related Indenture.

Section 2.14. Certain Payments. The Company agrees to pay to the Loan Trustee for distribution in accordance with Section 3.05:

(a) an amount or amounts equal to the fees payable to the Class G Liquidity Provider under Section 2.03 of the Class G Liquidity Facility and the related Fee Letter (as defined in the Intercreditor Agreement), multiplied by a fraction, the numerator of which shall be the sum of the then outstanding aggregate principal amount of the Series G Equipment Notes and the denominator of which shall be the sum of the then outstanding aggregate principal amount of all "Series G Equipment Notes" (as defined in the Intercreditor Agreement);

(b) the amount equal to interest on any Downgrade Advance (other than any Applied Downgrade Advance) payable under Section 3.07 of the Class G Liquidity Facility minus Investment Earnings from such Downgrade Advance, multiplied by the fraction specified in the foregoing clause (a);

(c) the amount equal to interest on any Non-Extension Advance (other than any Applied Non-Extension Advance) payable under Section 3.07 of the Class G Liquidity Facility minus Investment Earnings from such Non-Extension Advance, multiplied by the fraction specified in the foregoing clause (a);

(d) if any payment default shall have occurred and be continuing with respect to interest on any Series G Equipment Note, (x) the excess, if any, of (1) the amount equal to the sum of interest on any Unpaid Advance or Applied Provider Advance payable under Section 3.07 of the Class G Liquidity Facility plus any other amounts payable in respect of such Unpaid Advance or Applied Provider Advance under Section 3.01, Section 3.02, Section 3.03, Section 3.09 or Section 3.11 of the Class G Liquidity Facility (or, if the Policy Provider has made a payment equivalent to such an Advance as would have been payable under Section 3.07 of the Class G Liquidity Facility had such Advance been made) over

(2) the sum of Investment Earnings from any Final Advance plus any amount of interest at the Past Due Rate actually payable (whether or not in fact paid) by the Company in respect of the overdue scheduled interest on the "Series G Equipment Notes" (as defined in the Intercreditor Agreement) in respect of which such Unpaid Advance or Applied Provider Advance was made, multiplied by (y) a fraction, the numerator of which shall be the then aggregate overdue amounts of interest on the Series G Equipment Notes (other than interest becoming due and payable solely as a result of acceleration of any such Equipment Notes) and the denominator of which shall be the then aggregate overdue amounts of interest on all "Series G Equipment Notes" (as defined in the Intercreditor Agreement) (other than interest becoming due and payable solely as a result of acceleration of any such "Series G Equipment Notes");

(e) any amounts owed to the Class G Liquidity Provider by the Subordination Agent as borrower under Section 3.01, Section 3.02, Section 3.03 and Section 3.11 of the Class G Liquidity Facility (in each case, other than such amounts in respect of an Unpaid Advance or Applied Provider Advance as are payable under clause (d) above), and Section 7.05 and Section 7.07 of the Class G Liquidity Facility (or similar provisions of any Replacement Liquidity Facility therefor) multiplied by the fraction specified in the foregoing clause (a);

(f) an amount or amounts equal to the fees payable to the Class C Liquidity Provider under the Class C Liquidity Facility and any related Fee Letter (as defined in the Intercreditor Agreement), multiplied by a fraction, the numerator of which shall be the sum of the then outstanding aggregate principal amount of the Series C Equipment Notes and the denominator of which shall be the sum of the then outstanding aggregate principal amount of all "Series C Equipment Notes" (as defined in the Intercreditor Agreement);

(g) the amount equal to interest on any equivalent of a Downgrade Advance with respect to the Class C Liquidity Facility (other than any equivalent of an Applied Downgrade Advance with respect to the Class C Liquidity Facility) payable under the equivalent of Section 3.07 of the Class G Liquidity Facility with respect to the Class C Liquidity Facility minus Investment Earnings from such equivalent of a Downgrade Advance, multiplied by the fraction specified in the foregoing clause (f);

(h) the amount equal to interest on any equivalent with respect to the Class C Liquidity Facility of a Non-Extension Advance (other than any equivalent of an Applied Non-Extension Advance with respect to the Class C Liquidity Facility) payable under any equivalent of Section 3.07 of the Class G Liquidity Facility with respect to the Class C Liquidity Facility minus Investment Earnings

from such equivalent of a Non-Extension Advance, multiplied by the fraction specified in the foregoing clause (f);

(i) if any payment default shall have occurred and be continuing with respect to interest on any Series C Equipment Note, (x) - the excess, if any, of (1) the amount equal to the sum of interest on any equivalent of an Unpaid Advance or Applied - Provider Advance (as defined in the initial Class G Liquidity Facility) with respect to such Series C Equipment Note payable under the equivalent of Section 3.07 of the Class G Liquidity Facility with respect to the Class C Liquidity Facility plus any other amounts payable in respect of such equivalent of an Unpaid Advance or Applied Provider Advance under the equivalent of Section 3.01, Section 3.02, Section 3.03, Section 3.09 or Section 3.11 of the Class G Liquidity Facility with respect to the Class C Liquidity Facility over (2) the sum of Investment Earnings (as defined in the Intercreditor - Agreement) from any equivalent of a Final Advance (as defined in the Class G Liquidity Facility) with respect to the Class C Liquidity Facility plus any amount of interest at the Past Due Rate actually payable (whether or not in fact paid) by the Company in respect of the overdue scheduled interest on the "Series C Equipment Notes" (as defined in the Intercreditor Agreement) in respect of which the equivalent of an Unpaid Advance or an Applied Provider Advance was made, multiplied by (y) a fraction, the numerator of which shall be the then aggregate overdue amounts of interest on the Series C Equipment Notes (other than interest becoming due and payable solely as a result of acceleration of any such Equipment Notes) and the denominator of which shall be the then aggregate overdue amounts of interest on all "Series C Equipment Notes" (as defined in the Intercreditor Agreement) (other than interest becoming due and payable solely as a result of acceleration of any such "Series C Equipment Notes");

(j) any amounts owed to the Class C Liquidity Provider by the Subordination Agent as borrower under the equivalents of Section 3.01, Section 3.02, Section 3.03 and Section 3.11 of the Class G Liquidity Facility with respect to the Class C Liquidity Facility (in each case, other than such amounts in respect of an Unpaid Advance or Applied Provider Advance as are payable under clause (i) above), and the equivalents of Section 7.05 and Section 7.07 of the Class G Liquidity Facility (or similar provisions of any Replacement Liquidity Facility therefor) with respect to the Class C Liquidity Facility multiplied by the fraction specified in the foregoing clause (i);

(k) an amount or amounts equal to the compensation, including reasonable expenses and disbursements, payable to the Subordination Agent under Section 6.07 of the Intercreditor Agreement, multiplied by the fraction specified in the foregoing clause (a) (but in any event without duplication of any

amount or amounts payable by the Company in respect of such compensation under any other Operative Document or Pass Through Document); and

(1) an amount or amounts equal to all compensation and reimbursement of fees, expenses and disbursements (including payment of indemnities) owed to the Policy Provider under the Policy Provider Agreement and the Policy Fee Letter and any Policy Provider Amount, multiplied by the fraction specified in the foregoing clause (a).

For purposes of this paragraph, the terms "Advance", "Applied Downgrade Advance", "Applied Provider Advance", "Fee Letter", "Final Advance", "Investment Earnings", "Non-Extension Advance", "Policy Fee Letter", "Replacement Liquidity Facility" and "Unpaid Advance" shall have the meanings specified in the Class G Liquidity Facility or the Intercreditor Agreement.

Section 2.15. Repayment of Monies for Equipment Note Payments Held by the Loan Trustee. Any money held by the Loan Trustee in trust for any payment of the principal of, Make-Whole Amount, if any, or interest or any other amounts due on, any Equipment Note, including, without limitation, any money deposited pursuant to Section 2.12(c) or Section 10.01, and remaining unclaimed for two years after the due date for such payment (or such lesser time as the Loan Trustee shall be satisfied, after 60 days' notice from the Company, is one month prior to the escheat period provided under applicable state law) shall be paid to the Company. The Noteholders of any outstanding Equipment Notes shall thereafter, as unsecured general creditors, look only to the Company for payment thereof, and all liability of the Loan Trustee with respect to such trust money shall thereupon cease; provided that the Loan Trustee, before being required to make any such repayment, may at the expense of the Company cause to be mailed to each such Noteholder notice that such money remains unclaimed and that, after a date specified therein which shall not be less than 30 days from the date of mailing, any unclaimed balance of such money then remaining will be repaid to the Company as provided herein.

Section 2.16. Directions by Subordination Agent. So long as the Subordination Agent is a Noteholder, notwithstanding anything contained herein or in any other Operative Document to the contrary, in exercising its right to vote the Equipment Notes held by it, or in giving or taking any direction, consent, request, demand, instruction, authorization, notice, waiver or other action provided by this Indenture or in respect of the Equipment Notes to be given or taken by a Noteholder (each such vote or other action, a "Direction") in respect of such Equipment Notes, the Subordination Agent may act in accordance with any votes, directions, consents, requests, demands, instructions, authorizations, notices, waivers or other actions given or taken by any applicable Pass Through Trustee or the Controlling Party pursuant to the Intercreditor Agreement, including without limitation pursuant to Section 2.06, Article IV or Section 8.01(b)

thereof. The Subordination Agent shall be permitted (x) to give a Direction with respect to less than the entire principal amount of any single Equipment Note held by it, and (y) to give different Directions with respect to different portions of the principal amount of any single Equipment Note held by it. Any Direction given by the Subordination Agent at any time with respect to more than a majority in aggregate unpaid principal amount of all of the Equipment Notes issued and then outstanding hereunder shall be deemed to have been given by a Majority in Interest of Noteholders.

ARTICLE III

RECEIPT, DISTRIBUTION AND APPLICATION OF INCOME FROM THE COLLATERAL

Section 3.01. Basic Distributions. Except as otherwise provided in Section 3.02, Section 3.03, Section 3.04 and Section 3.05, each periodic payment by the Company of regularly scheduled installments of principal or interest on the Equipment Notes received by the Loan Trustee shall be promptly distributed in the following order of priority:

first, so much of such payment as shall be required to pay in full the aggregate amount of the payment or payments of principal amount and interest (as well as any interest on any overdue principal amount and, to the extent permitted by applicable law, on any overdue interest and any other overdue amounts) then due under all Series G Equipment Notes shall be distributed to the Noteholders of Series G Equipment Notes ratably, without priority of one over the other, in the proportion that the amount of such payment or payments then due under each Series G Equipment Note bears to the aggregate amount of the payments then due under all Series G Equipment Notes;

second, after giving effect to clause "first" above, so much of such payment remaining as shall be required to pay in full the aggregate amount of the payment or payments of principal amount and interest (as well as any interest on any overdue principal amount and, to the extent permitted by applicable law, on any overdue interest and any other overdue amounts) then due under all Series C Equipment Notes shall be distributed to the Noteholders of Series C Equipment Notes ratably, without priority of one over the other, in the proportion that the amount of such payment or payments then due under each Series C Equipment Note bears to the aggregate amount of the payments then due under all Series C Equipment Notes;

third, after giving effect to clause "second" above, so much of such payment remaining as shall be required to pay in full the aggregate amount of the payment or payments of principal amount and interest (as well as any interest on any overdue principal amount and, to the extent permitted by applicable law, on

any overdue interest and any other overdue amounts) then due under all Series D Equipment Notes shall be distributed to the Noteholders of Series D Equipment Notes ratably, without priority of one over the other, in the proportion that the amount of such payment or payments then due under each Series D Equipment Note bears to the aggregate amount of the payments then due under all Series D Equipment Notes;

fourth, after giving effect to clause "third" above, if any Series E Equipment Notes shall have been issued hereunder, so much of such payment remaining as shall be required to pay in full the aggregate amount of the payment or payments of principal amount and interest (as well as any interest on any overdue principal amount and, to the extent permitted by applicable law, on any overdue interest and any other overdue amounts) then due under all Series E Equipment Notes shall be distributed to the Noteholders of Series E Equipment Notes ratably, without priority of one over the other, in the proportion that the amount of such payment or payments then due under each Series E Equipment Note bears to the aggregate amount of the payments then due under all Series E Equipment Notes; and

fifth, the balance, if any, of such installment remaining thereafter shall be distributed to the Company.

Section 3.02. Event of Loss; Mandatory Redemption; Voluntary Redemption. Except as otherwise provided in Section 3.03, Section 3.04 and Section 3.05 and subject to the following proviso, any payments (including insurance and requisition proceeds) received by the Loan Trustee as the result of (a) an Event of Loss (including amounts paid by the Company pursuant to Section 2.10(a)), (b) an Event of Loss with respect to a Related Aircraft (including amounts paid by the Company pursuant to Section 2.10(b)), (c) a mandatory redemption of Equipment Notes pursuant to Section 2.10(c) or 2.10(e), (d) a mandatory redemption of all of the Equipment Notes pursuant to Section 2.10(d) or (e) a voluntary redemption of all of the Equipment Notes pursuant to Section 2.11(a) shall be applied to redemption of the Equipment Notes pursuant to Section 2.10 or Section 2.11(a), as applicable, and to payment of all other Secured Obligations by applying such funds in the following order of priority:

first, (i) to reimburse the Loan Trustee and the Noteholders for any reasonable costs or expenses incurred in connection with such redemption for which they are entitled to reimbursement, or indemnity by the Company, under the Operative Documents; and then (ii) to pay any other amounts then due (except as provided in clause "second" below) to the Loan Trustee, the Noteholders, the Policy Provider Indemnity and Inspection Agreement and the Indenture Indemnitees under this Indenture, the Participation Agreement or the Equipment Notes;

second, (i) so much of such payments or amounts remaining as shall be required to pay in full the aggregate unpaid principal amount of all Series G Equipment Notes (or, in the case of payments made pursuant to Section 2.10(b) or 2.10(e), the amount of unpaid principal amount of Series G Equipment Notes being redeemed) and the accrued but unpaid interest (or, in the case of payments made pursuant to Section 2.10(b) or 2.10(e), the accrued but unpaid interest in respect of such Series G Equipment Notes being redeemed) and all other Secured Obligations in respect of the Series G Equipment Notes (or, in the case of payments made pursuant to Section 2.10(b) or 2.10(e), other Secured Obligations in respect of the Series G Equipment Notes being redeemed) to the date of distribution shall be distributed to the Noteholders of Series G Equipment Notes ratably, without priority of one over the other, in the proportion that the aggregate unpaid principal amount of all Series G Equipment Notes held by each Noteholder plus the accrued but unpaid interest and other amounts due hereunder or thereunder to the date of distribution bears to the aggregate unpaid principal amount of all Series G Equipment Notes held by all such Noteholders plus the accrued but unpaid interest and other amounts due thereon to the date of distribution plus Make-Whole Amount, if any, then due and payable in respect of the Series G Equipment Notes; (ii) after giving effect to subclause (i) above, to pay the amounts specified in subclause (ii) of clause "third" of Section 3.04 plus Make-Whole Amount, if any, then due and payable in respect of the Series C Equipment Notes; (iii) after giving effect to subclause (ii) above, to pay the amounts specified in subclause (iii) of clause "third" of Section 3.04 plus Make-Whole Amount, if any, then due and payable in respect of the Series D Equipment Notes; and (iv) after giving effect to subclause (iii) above, if any Series E Equipment Notes shall have been issued hereunder, to pay the amounts specified in subclause (iv) of clause "third" of Section 3.04 plus Make-Whole Amount, if any, then due and payable in respect of the Series E Equipment Notes; and

third, the balance, if any, of such payments shall be distributed to the Company;

provided, however, that (x) any insurance, condemnation or similar proceeds resulting from an Event of Loss that are received by the Loan Trustee shall be held or disbursed by the Loan Trustee as provided by Section 7.05(c) and Section 7.06(d) (provided that such money held by the Loan Trustee shall be invested as provided in Section 5.06), and (y) no Make-Whole Amount shall be payable on the Equipment Notes in connection with their redemption as a result of (i) an Event of Loss in respect of the Airframe or the Airframe and the Engines installed thereon or (ii) a mandatory redemption of Equipment Notes pursuant to Section 2.10(b) or Section 2.10(c).

Section 3.03. Optional Redemption in Connection with a Refunding. Any payments received by the Loan Trustee as the result of an optional redemption of the

Original Series C Equipment Notes, the Original Series D Equipment Notes or the American New Series D Equipment Notes pursuant to Section 2.11(b) in connection with a Refunding shall be applied to redemption of such Series of Equipment Notes pursuant to Section 2.11(b) and to payment of all other Secured Obligations in respect of such Series of Equipment Notes by applying such funds in the following order of priority:

first, (i) to reimburse the Loan Trustee and the Noteholders for any reasonable costs or expenses incurred in connection with such redemption for which they are entitled to reimbursement, or indemnity by the Company, under the Operative Documents; and then (ii) to pay any other amounts then due (except as provided in clause "second" below) to the Loan Trustee, the Noteholders and the Indenture Indemnitees under this Indenture, the Participation Agreement or the Equipment Notes and to the Policy Provider under the Policy Provider Indemnity and Inspection Agreement;

second, (i) if the Original Series C Equipment Notes are being redeemed, to pay the amounts specified in subclause (ii) of clause "third" of Section 3.04 then due and payable in respect of the Original Series C Equipment Notes and (ii) after giving effect to subclause (i) above, if the Original Series D Equipment Notes or the American New Series D Equipment Notes are being redeemed, to pay the amounts specified in subclause (iii) of clause "third" of Section 3.04 then due and payable in respect of such Original Series D Equipment Notes or American New Series D Equipment Notes, as applicable; and

third, the balance, if any, of such payments shall be distributed to the Company.

No Make-Whole Amount shall be payable on the Original Series C Equipment Notes, the Original Series D Equipment Notes or the American New Series D Equipment Notes in connection with their redemption pursuant to Section 2.11(b).

Section 3.04. Payments After Event of Default. Except as otherwise provided in Section 3.05, all payments received and amounts held or realized by the Loan Trustee (including any amounts realized by the Loan Trustee from the exercise of any remedies pursuant to Article IV) after both an Event of Default shall have occurred and be continuing and the Equipment Notes shall have become due and payable pursuant to Section 4.02(a), as well as all payments or amounts then held by the Loan Trustee as part of the Collateral, shall be promptly distributed by the Loan Trustee in the following order of priority:

first, so much of such payments or amounts as shall be required (i) to reimburse the Loan Trustee, to the extent the Loan Trustee is entitled to be reimbursed or indemnified under the Operative Documents, for any Tax, expense

or other loss (including, without limitation, all amounts to be expended at the expense of, or charged upon the tolls, rents, revenues, issues, products and profits of, the Collateral and every part thereof pursuant to Section 4.02(a)) incurred by the Loan Trustee (to the extent not previously reimbursed), the expenses of any sale, taking or other proceeding, reasonable attorneys' fees and expenses, court costs and any other expenditures incurred or expenditures or advances made by the Loan Trustee or the Noteholders in the protection, exercise or enforcement of any right, power or remedy or any damages sustained by the Loan Trustee or any Noteholder, liquidated or otherwise, upon such Event of Default shall be applied by the Loan Trustee as between itself and the Noteholders in reimbursement of such expenses and any other expenses for which the Loan Trustee or the Noteholders are entitled to reimbursement under any Operative Document, and (ii) to pay all amounts payable (except as provided in clauses "second", "third", and "fourth" below) to the other Indenture Indemnitees hereunder and under the Participation Agreement; and in case the aggregate amount so to be distributed is insufficient to pay as aforesaid, then ratably, without priority of one over the other, in proportion to the amounts owed each hereunder;

second, so much of such payments or amounts remaining as shall be required to reimburse the then existing or prior Noteholders for payments made pursuant to Section 5.03 (to the extent not previously reimbursed) shall be distributed to such then existing or prior Noteholders ratably, without priority of one over the other, in accordance with the amount of the payment or payments made by each such then existing or prior Noteholder pursuant to Section 5.03;

third, (i) so much of such payments or amounts remaining as shall be required to pay in full the aggregate unpaid principal amount of all Series G Equipment Notes and the accrued but unpaid interest thereon and all other Secured Obligations in respect of the Series G Equipment Notes to the date of distribution shall be distributed to the Noteholders of Series G Equipment Notes ratably, without priority of one over the other, in the proportion that the aggregate unpaid principal amount of all Series G Equipment Notes held by each Noteholder plus the accrued but unpaid interest thereon and other amounts due hereunder or thereunder to the date of distribution bears to the aggregate unpaid principal amount of all Series G Equipment Notes held by all such Noteholders plus the accrued but unpaid interest and other amounts due thereon to the date of distribution; (ii) after giving effect to subclause (i) above, so much of such payments or amounts remaining as shall be required to pay in full the aggregate unpaid principal amount of all Series C Equipment Notes and the accrued but unpaid interest thereon and all other Secured Obligations in respect of the Series C Equipment Notes to the date of distribution shall be distributed to the Noteholders of Series C Equipment Notes ratably, without priority of one over the other, in the proportion that the aggregate unpaid principal amount of all Series C

Equipment Notes held by each Noteholder plus the accrued but unpaid interest thereon and other amounts due hereunder or thereunder to the date of distribution bears to the aggregate unpaid principal amount of all Series C Equipment Notes held by all such Noteholders plus the accrued but unpaid interest thereon and other amounts due thereon to the date of distribution; (iii) after giving effect to subclause (ii) above, so much of such payments or amounts remaining as shall be required to pay in full the aggregate unpaid principal amount of all Series D Equipment Notes and the accrued but unpaid interest thereon and all other Secured Obligations in respect of the Series D Equipment Notes to the date of distribution shall be distributed to the Noteholders of Series D Equipment Notes ratably, without priority of one over the other, in the proportion that the aggregate unpaid principal amount of all Series D Equipment Notes held by each Noteholder plus the accrued but unpaid interest and other amounts due hereunder or thereunder to the date of distribution bears to the aggregate unpaid principal amount of all Series D Equipment Notes held by all such Noteholders plus the accrued but unpaid interest thereon and other amounts due thereon to the date of distribution; and (iv) after giving effect to subclause (iii) above, if any Series E Equipment Notes shall have been issued hereunder, so much of such payments or amounts remaining as shall be required to pay in full the aggregate unpaid principal amount of all Series E Equipment Notes and the accrued but unpaid interest thereon and all other Secured Obligations in respect of the Series E Equipment Notes to the date of distribution shall be distributed to the Noteholders of Series E Equipment Notes ratably, without priority of one over the other, in the proportion that the aggregate unpaid principal amount of all Series E Equipment Notes held by each Noteholder plus the accrued but unpaid interest thereon and other amounts due hereunder or thereunder to the date of distribution bears to the aggregate unpaid principal amount of all Series E Equipment Notes held by all such Noteholders plus the accrued but unpaid interest and other amounts due thereon to the date of distribution;

fourth, (i) so much of such payments or amounts remaining as shall be required to pay in full the aggregate unpaid principal amount of all Related Series G Equipment Notes and the accrued but unpaid interest thereon and all other Related Secured Obligations in respect of the Related Series G Equipment Notes to the date of distribution shall be distributed to the Related Loan Trustees for further distribution to the Related Noteholders of Related Series G Equipment Notes ratably, without priority of one over the other, in the proportion that the aggregate unpaid principal amount of all Related Series G Equipment Notes held by each holder plus the accrued but unpaid interest thereon and other amounts due hereunder or thereunder to the date of distribution bears to the aggregate unpaid principal amount of all Related Series G Equipment Notes held by all such holders plus the accrued but unpaid interest and other amounts due thereon to the date of distribution; (ii) after giving effect to subclause (i) above, so much of such

payments or amounts remaining as shall be required to pay in full all Related Secured Obligations in respect of Related Series C Equipment Notes issued under any Related Indenture then due shall be distributed to the Related Loan Trustees for further distribution to the Related Noteholders of the Related Series C Equipment Notes ratably, without priority of one over the other, in the proportion that the aggregate unpaid amount of all Related Secured Obligations in respect of such Related Series C Equipment Notes then due held by such holder bears to the aggregate unpaid amount of all other Related Secured Obligations in respect of such Related Series C Equipment Notes then due; (iii) after giving effect to subclause (ii) above, so much of such payments or amounts remaining as shall be required to pay in full all Related Secured Obligations in respect of Related Series D Equipment Notes issued under any Related Indenture then due shall be distributed to the Related Loan Trustees for further distribution to the Related Noteholders of the Related Series D Equipment Notes ratably, without priority of one over the other, in the proportion that the aggregate unpaid amount of all Related Secured Obligations in respect of such Related Series D Equipment Notes then due held by such holder bears to the aggregate unpaid amount of all other Related Secured Obligations in respect of such Related Series D Equipment Notes then due; and (iv) after giving effect to subclause (iii) above, if any Series E Equipment Notes shall have been issued under the Related Indentures, so much of such payments or amounts remaining as shall be required to pay in full all Related Secured Obligations in respect of Related Series E Equipment Notes issued under any Related Indenture then due shall be distributed to the Related Loan Trustees for further distribution to the Related Noteholders of the Related Series E Equipment Notes ratably, without priority of one over the other, in the proportion that the aggregate unpaid amount of all Related Secured Obligations in respect of such Related Series E Equipment Notes then due held by such holder bears to the aggregate unpaid amount of all other Related Secured Obligations in respect of such Related Series E Equipment Notes then due; and

fifth, provided that all Secured Obligations and Related Secured Obligations (including, for the avoidance of doubt, all Policy Provider Amounts) then due and payable have been paid in full, the balance, if any, of such payments or amounts shall be distributed to the Company.

No Make-Whole Amount shall be payable on the Equipment Notes as a consequence of or in connection with an Event of Default or the acceleration of the Equipment Notes.

Section 3.05. Certain Payments. (a) Any payments received by the Loan Trustee for which provision as to the application thereof is made in this Indenture other than in this Article III shall be applied as provided in those provisions. Without limiting the foregoing, any payments received by the Loan Trustee which are payable to the Company

pursuant to any of the provisions of this Indenture other than those set forth in this Article III (including Section 5.06, Section 7.05 and Section 7.06 hereof) shall be so paid to the Company. Any payments received by the Loan Trustee for which no provision as to the application thereof is made in this Indenture and for which such provision is made in any other Operative Document shall be applied forthwith to the purpose for which such payment was made in accordance with the terms of such other Operative Document.

(b) The Loan Trustee will distribute promptly upon receipt any indemnity payment received by it from the Company in respect of (i) U.S. Bank and the Loan Trustee, (ii) the Subordination Agent, (iii) the Pass Through Trustees and (iv) each Liquidity Provider pursuant to Section 4.02 of the Participation Agreement and, in respect of the Policy Provider, pursuant to the Policy Provider Indemnity and Inspection Agreement, in each case, directly to the Person entitled thereto. Any payment received by the Loan Trustee from the Company under Section 2.14 shall be distributed to the Subordination Agent to be distributed in accordance with the applicable provisions of Articles II and III of the Intercreditor Agreement.

(c) Any payments received by the Loan Trustee not constituting part of the Collateral or otherwise for which no provision as to the application thereof is made in any Operative Document shall be distributed by the Loan Trustee to the Company. Further, and except as otherwise provided in Section 3.02, Section 3.03, Section 3.04 and Section 3.05, all payments received and amounts realized by the Loan Trustee with respect to the Aircraft, to the extent received or realized at any time after payment in full of all Secured Obligations and Related Secured Obligations shall be distributed by the Loan Trustee to the Company.

Section 3.06. Payments to the Company. Any amounts distributed hereunder by the Loan Trustee to the Company shall be paid to the Company (within the time limits contemplated by Section 2.03) by wire transfer of funds of the type received by the Loan Trustee at such office and to such account or accounts of such entity or entities as shall be designated by notice from the Company to the Loan Trustee from time to time.

Section 3.07. Cooperation. Prior to making any distribution under this Article III, the Loan Trustee shall consult with the Related Loan Trustees to determine amounts payable with respect to the Related Secured Obligations. The Loan Trustee shall cooperate with the Related Loan Trustees and shall provide such information as shall be reasonably requested by each Related Loan Trustee to enable such Related Loan Trustee to determine amounts distributable under Article III of its Related Indenture.

ARTICLE IV

EVENTS OF DEFAULT; REMEDIES OF LOAN TRUSTEE

Section 4.01. Events of Default. Each of the following events shall constitute an "Event of Default" whether such event shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body and each such Event of Default shall be deemed to exist and continue so long as, but only as long as, it shall not have been remedied:

(a) the Company shall fail to make any payment within 15 days after the same shall have become due of principal amount of, interest on, or Make-Whole Amount, if any, with respect to, any Equipment Note;

(b) (i) the Company shall fail to make payment when the same shall become due of any amount (other than amounts referred to in Section 4.01(a)) due hereunder, under any Equipment Note or under any other Operative Document, and such failure shall continue unremedied for 30 days after the receipt by the Company of written notice thereof from the Loan Trustee or any Noteholder, or (ii) the Company shall fail to make payment when the same shall become due of any amount due under the Policy Provider Indemnity and Inspection Agreement or the Supplemental Agreement, and such failure shall continue unremedied for 30 days after the receipt by the Company and the Loan Trustee of written notice thereof from the Policy Provider;

(c) the Company shall fail to carry and maintain insurance or indemnity on or with respect to the Aircraft in accordance with the provisions of Section 7.06; provided that no such failure to carry and maintain insurance shall constitute an Event of Default until the earlier of (i) the date such failure shall have continued unremedied for a period of 30 days after receipt by the Loan Trustee of the notice of cancellation or lapse referred to in Section 7.06 or (ii) the date such insurance is not in effect as to the Loan Trustee;

(d) (i) the Company shall fail to perform or observe any other covenant, condition or agreement to be performed or observed by it under any Operative Document, and such failure shall continue unremedied for a period of 60 days after receipt by the Company of written notice thereof from the Loan Trustee or any Noteholder, or (ii) the Company shall fail to perform or observe any other covenant, condition or agreement to be performed or observed by it under the Policy Provider Indemnity and Inspection Agreement or the Supplemental Agreement, and such failure shall continue unremedied for a period of 60 days after receipt by the Company and the Loan Trustee of written notice

thereof from the Policy Provider; provided that, in any case described in clause (i) or (ii), if such failure is capable of being remedied, no such failure shall constitute an Event of Default for a period of one year after such notice is received by the Company so long as the Company is diligently proceeding to remedy such failure;

(e) any representation or warranty made by the Company in any Operative Document shall prove to have been incorrect in any material respect at the time made, and such incorrectness shall continue to be material to the transactions contemplated hereby and continue unremedied for a period of 60 days after receipt by the Company of written notice thereof from the Loan Trustee or any Noteholder; provided that, if such incorrectness is capable of being remedied, no such incorrectness shall constitute an Event of Default for a period of one year after such notice is received by the Company so long as the Company is diligently proceeding to remedy such incorrectness;

(f) the Company shall consent to the appointment of or the taking of possession by a receiver, trustee or liquidator of itself or of a substantial part of its property, shall admit in writing its inability to pay its debts generally as they come due or shall make a general assignment for the benefit of creditors;

(g) the Company shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization, liquidation or other relief in a case under any bankruptcy laws or insolvency laws (as in effect at such time) or an answer admitting the material allegations of a petition filed against the Company in any such case, or the Company shall seek relief as a debtor by voluntary petition, answer or consent, under the provisions of any other bankruptcy or other similar law providing for the reorganization or winding-up of corporations (as in effect at such time), or the Company shall seek an agreement, composition, extension or adjustment with its creditors under such laws;

(h) an order, judgment or decree shall be entered by any court of competent jurisdiction appointing, without the consent of the Company, a receiver, trustee or liquidator of the Company or of any substantial part of its property, or any substantial part of its property shall be sequestered, or granting any other relief in respect of the Company as a debtor under any bankruptcy laws or insolvency laws (as in effect at such time), and any such order, judgment or decree of appointment or sequestration shall remain in force undismitted, unstayed or unvacated for a period of 90 days after the date of entry thereof;

(i) a petition against the Company in a case under the federal bankruptcy laws or other insolvency laws (as in effect at such time) is filed and not withdrawn or dismissed within 90 days thereafter, or if, under the provisions of any law providing for reorganization or winding-up of corporations that may

apply to the Company, any court of competent jurisdiction assumes jurisdiction, custody or control of the Company or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of 90 days; or

(j) any amount in respect of (i) the Equipment Notes or the Related Equipment Notes, including any payment of principal amount of, interest on, or Make-Whole Amount, if any, with respect to any Equipment Note or any Related Equipment Note has not been paid in full on the Final Payment Date; (ii) any Policy Provider Amount then due and payable is not paid in full on the Final Payment Date; or (iii) any other amounts payable under the Operative Documents or Related Operative Documents (including any indemnities by the Company pursuant to Section 4.02 of the Participation Agreement or of any Related Participation Agreement or pursuant to the Policy Provider Indemnity and Inspection Agreement or any Related Policy Provider Indemnity and Inspection Agreement or pursuant to the Policy Provider Fee Letter), in each case, that are due and payable on or before the Final Payment Date are not paid in full on the Final Payment Date;

provided, however, that notwithstanding anything to the contrary contained in this Section 4.01, any failure of the Company to perform or observe any covenant, condition or agreement shall not constitute an Event of Default if such failure arises by reason of an event referred to in the definition of "Event of Loss" so long as the Company is continuing to comply with all of the terms of Section 7.05.

Section 4.02. Remedies. (a) If an Event of Default shall have occurred and be continuing and so long as the same shall continue unremedied, then and in every such case the Loan Trustee may, and upon the written instructions of a Majority in Interest of Noteholders, the Loan Trustee shall, do one or more of the following to the extent permitted by, and subject to compliance with the requirements of, applicable law then in effect (provided, however, that during any period the Aircraft is subject to the CRAF Program and is in possession of or being operated under the direction of the United States government or an agency or instrumentality of the United States, the Loan Trustee shall not, on account of any Event of Default, be entitled to exercise or pursue any of the powers, rights or remedies described in this Section 4.02 in such manner as to limit the Company's control under this Indenture (or any Permitted Lessee's control under any Lease) of the Airframe or any Engines installed thereon, unless at least 60 days' (or such lesser period as may then be applicable under the Military Airlift Command Program of the United States government) prior written notice of default hereunder shall have been given by the Loan Trustee by registered or certified mail to the Company (and any such Permitted Lessee) with a copy addressed to the Contracting Office Representative or other appropriate person for the Military Airlift Command of the United States Air Force under any contract with the Company or such Permitted Lessee relating to the Aircraft):

(i) declare by written notice to the Company all the Equipment Notes to be due and payable, whereupon the aggregate unpaid principal amount of all Equipment Notes then outstanding, together with accrued but unpaid interest thereon and all other amounts due thereunder (but for the avoidance of doubt, without Make-Whole Amount) shall immediately become due and payable without presentment, demand, protest or notice, all of which are hereby waived; provided that if an Event of Default referred to in Section 4.01(f), Section 4.01(g), Section 4.01(h) or Section 4.01(i) shall have occurred and be continuing, then and in every such case the unpaid principal amount then outstanding, together with accrued but unpaid interest thereon and all other amounts due thereunder (but for the avoidance of doubt, without Make-Whole Amount) shall immediately and without further act become due and payable without presentment, demand, protest or notice, all of which are hereby waived; and, following such declaration or deemed declaration:

(ii) (A) cause the Company, upon the written demand of the Loan Trustee, at the Company's expense, to deliver promptly, and the Company shall deliver promptly, all or such part of the Airframe or any Engine as the Loan Trustee may so demand to the Loan Trustee or its order, or, if the Company shall have failed to so deliver the Airframe or any Engine after such demand, the Loan Trustee, at its option, may enter upon the premises where all or any part of the Airframe or any Engine are located and take immediate possession of and remove the same together with any engine which is not an Engine but which is installed on the Airframe, subject to all of the rights of the owner, lessor, lienor or secured party of such engine; provided that the Airframe with an engine (which is not an Engine) installed thereon may be flown or returned only to a location within the continental United States, and such engine shall be held at the expense of the Company for the account of any such owner, lessor, lienor, secured party or, if such engine is owned by the Company, may at the option of the Company with the consent of the Loan Trustee (which will not be unreasonably withheld) or at the option of the Loan Trustee with the consent of the Company (which will not be unreasonably withheld), be exchanged with the Company for an Engine in accordance with the provisions of Section 7.05(b); (B) sell all or any part of the Airframe and any Engine at public or private sale, whether or not the Loan Trustee shall at the time have possession thereof, as the Loan Trustee may determine, or otherwise dispose of, hold, use, operate, inspect, lease to others or keep idle all or any part of the Airframe or such Engine as the Loan Trustee, in its sole discretion, may determine, all free and clear of any rights or claims of the Company, and the proceeds of such sale or disposition shall be applied as set forth in Section 3.04; or (C) exercise any other remedy of a secured party under the Uniform Commercial Code of the State of New York (whether or not in effect in the jurisdiction in which enforcement is sought).

Upon every such taking of possession of Collateral under this Section 4.02, the Loan Trustee may, from time to time, at the expense of the Collateral, make all such expenditures for maintenance, insurance, repairs, alterations, additions and improvements to and of the Collateral as it may deem proper. In each such case, the Loan Trustee shall have the right to maintain, use, operate, store, insure, lease, control, manage, dispose of, modify or alter the Collateral and to exercise all rights and powers of the Company relating to the Collateral as the Loan Trustee shall deem best, including the right to enter into any and all such agreements with respect to the maintenance, use, operation, storage, leasing, insurance, control, management, disposition, modification or alteration of the Collateral or any part thereof as the Loan Trustee may determine; and the Loan Trustee shall be entitled to collect and receive directly all tolls, rents, revenues, issues, income, products and profits of the Collateral and every part thereof. Such tolls, rents, revenues, issues, income, products and profits shall be applied to pay the expenses of the use, operation, storage, leasing, insurance control, management, disposition, modification or alteration of the Collateral, and of all maintenance, repairs, replacements, alterations, additions and improvements, and to make all payments that the Loan Trustee may be required or may elect to make, if any, for Taxes, insurance or other proper charges assessed against or otherwise imposed upon the Collateral or any part thereof (including the employment of engineers, appraisers and accountants to examine, inspect and make reports upon the Collateral), and all other payments which the Loan Trustee may be required or expressly authorized to make under any provision of this Indenture, as well as just and reasonable compensation for the services of the Loan Trustee, and shall otherwise be applied in accordance with Article III.

If an Event of Default shall have occurred and be continuing and the Equipment Notes shall either have been accelerated pursuant to this Section 4.02 or have become due at maturity and the Loan Trustee shall be entitled to exercise rights hereunder, at the request of the Loan Trustee, the Company shall promptly execute and deliver to the Loan Trustee such instruments of title and other documents as the Loan Trustee may deem necessary or advisable to enable the Loan Trustee or an agent or representative designated by the Loan Trustee, at such time or times and place or places as the Loan Trustee may specify, to obtain possession of all or any part of the Collateral to which the Loan Trustee shall at the time be entitled hereunder. If the Company shall for any reason fail to execute and deliver such instruments and documents after such request by the Loan Trustee, the Loan Trustee may obtain a judgment conferring on the Loan Trustee the right to immediate possession and requiring the Company to execute and deliver such instruments and documents to the Loan Trustee, to the entry of which judgment the Company hereby specifically consents to the fullest extent it may lawfully do so. All actual and reasonable expenses of obtaining such judgment or of pursuing, searching for and taking such property shall, until paid, be secured by the Lien of this Indenture.

(b) The Loan Trustee shall give the Company at least 30 days' prior written notice of any public sale or of the date on or after which any private sale will be held,

which notice the Company hereby agrees to the extent permitted by applicable law is reasonable notice. Any Noteholder or Noteholders shall be entitled to bid for and become the purchaser of any Collateral offered for sale pursuant to this Section 4.02 and to credit against the purchase price bid at such sale by such Noteholders all or any part of the unpaid amounts owing to such Noteholders under the Operative Documents and secured by the Lien of this Indenture (but only to the extent that such purchase price would have been paid to such Noteholders pursuant to Article III if such purchase price were paid in cash and the foregoing provision of this Section 4.02(b) were not given effect). The Loan Trustee may exercise such right without possession or production of the Equipment Notes or proof of ownership thereof, and as a representative of the Noteholders may exercise such right without notice to the Noteholders as parties to any suit or proceeding relating to the foreclosure of any Collateral. The Company shall also be entitled to bid for and become the purchaser of any Collateral offered for sale pursuant to this Section 4.02.

(c) To the extent permitted by applicable law, the Company irrevocably appoints, while an Event of Default has occurred and is continuing, the Loan Trustee the true and lawful attorney-in-fact of the Company (which appointment is coupled with an interest) in its name and stead and on its behalf, for the purpose of effectuating any sale, assignment, transfer or delivery for the enforcement of the Lien of this Indenture, whether pursuant to foreclosure or power of sale, or otherwise, to execute and deliver all such bills of sale, assignments and other instruments as may be necessary or appropriate, with full power of substitution, the Company hereby ratifying and confirming all that such attorney or any substitute shall do by virtue hereof in accordance with applicable law; provided that if so requested by the Loan Trustee or any purchaser, the Company shall ratify and confirm any such sale, assignment or transfer of delivery, by executing and delivering to the Loan Trustee or such purchaser all bills of sale, assignments, releases and other proper instruments to effect such ratification and confirmation as may be designated in any such request.

(d) At any time after the Loan Trustee has declared the unpaid principal amount of all Equipment Notes then outstanding to be due and payable and prior to the sale of any part of the Collateral pursuant to this Article IV, a Majority in Interest of Noteholders, by written notice to the Company and the Loan Trustee, may rescind and annul such declaration and its consequences if: (i) there has been paid to or deposited with the Loan Trustee an amount sufficient to pay all overdue installments of principal amount of, and interest on, the Equipment Notes, and all other amounts owing under the Operative Documents, that have become due otherwise than by such declaration of acceleration and (ii) all other Events of Default, other than nonpayment of principal amount or interest on the Equipment Notes that have become due solely because of such acceleration, have been cured or waived; provided that no such rescission or annulment shall extend to or affect any subsequent default or Event of Default or impair any right consequent thereon.

(e) Notwithstanding anything contained herein, so long as the Pass Through Trustee under any Pass Through Trust Agreement or the Subordination Agent on its behalf is a Noteholder, the Loan Trustee will not be authorized or empowered to acquire title to any Collateral or take any action with respect to any Collateral so acquired by it if such acquisition or action would cause any Pass Through Trust to fail to qualify as a "grantor trust" for federal income tax purposes.

Section 4.03. Remedies Cumulative. To the extent permitted under applicable law, each and every right, power and remedy specifically given to the Loan Trustee herein or otherwise in this Indenture shall be cumulative and shall be in addition to every other right, power and remedy specifically given herein or now or hereafter existing at law, in equity or by statute, and each and every right, power and remedy whether specifically given herein or otherwise existing may be exercised from time to time and as often and in such order as may be deemed expedient by the Loan Trustee, and the exercise or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy. No delay or omission by the Loan Trustee in the exercise of any right, remedy or power or in the pursuance of any remedy shall, to the extent permitted by applicable law, impair any such right, power or remedy or be construed to be a waiver of any default on the part of the Company or to be an acquiescence therein.

Section 4.04. Discontinuance of Proceedings. In case the Loan Trustee shall have instituted any proceedings to enforce any right, power or remedy under this Indenture by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Loan Trustee, then and in every such case the Company and the Loan Trustee shall, subject to any determination in such proceedings, be restored to their former positions and rights hereunder with respect to the Collateral, and all rights, remedies and powers of the Loan Trustee shall continue as if no such proceedings had been undertaken (but otherwise without prejudice).

Section 4.05. Waiver of Past Defaults. Upon written instruction from a Majority in Interest of Noteholders, the Loan Trustee shall waive any past default hereunder and its consequences, and upon any such waiver such default shall cease to exist and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of the Operative Documents, but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon; provided, however, that in the absence of written instructions from each of the affected Noteholders, the Loan Trustee shall not waive any default (i) in the payment of the principal amount, Make-Whole Amount, if any, or interest due under any Equipment Note then outstanding (other than with the consent of the holder thereof), or (ii) in respect of a covenant or provision hereof which, under Article IX, cannot be modified or amended without the consent of each such affected Noteholder.

Section 4.06. Noteholders May Not Bring Suit Except Under Certain Conditions. A Noteholder of any Series shall not have the right to institute any suit, action or proceeding at law or in equity or otherwise with respect to this Indenture for the appointment of a receiver or for the enforcement of any other remedy under this Indenture, unless:

- (1) such Noteholder previously shall have given written notice to the Loan Trustee of a continuing Event of Default;
- (2) A Majority in Interest of Noteholders shall have requested the Loan Trustee in writing to institute such action, suit or proceeding and shall have offered to the Loan Trustee indemnity as provided in Section 5.03;
- (3) the Loan Trustee shall have refused or neglected to institute any such action, suit or proceeding for 60 days after receipt of such notice, request and offer of indemnity; and
- (4) no direction inconsistent with such written request shall have been given to the Loan Trustee during such 60-day period by a Majority in Interest of Noteholders.

Except to the extent provided in the Intercreditor Agreement or in any Indenture Supplement, it is understood and intended that no one or more of the Noteholders of any Series shall have any right in any manner whatsoever hereunder or under the Indenture Supplement or under the Equipment Notes of such Series to (i) surrender, impair, waive, affect, disturb or prejudice any Collateral, or the Lien of the Indenture on any Collateral, or the rights of the Noteholders of such Series, (ii) obtain or seek to obtain priority over or preference with respect to any other such Noteholder of such Series or (iii) enforce any right under this Indenture, except in the manner provided in this Indenture and for the equal, ratable and common benefit of all the Noteholders of such Series subject to the provisions of this Indenture.

ARTICLE V

DUTIES OF THE LOAN TRUSTEE

Section 5.01. Notice of Event of Default. If the Loan Trustee shall have knowledge of an Event of Default or of a default arising from a failure by the Company to pay when due any payment of principal amount of, interest on, or Make-Whole Amount, if any, due and payable under any Equipment Note, the Loan Trustee shall promptly give written notice thereof to the Company, the Policy Provider, each Liquidity Provider and each Noteholder by telegram, cable, facsimile or telephone (to be promptly confirmed in writing); provided, however, that except in the case of any notice to the

Policy Provider or any Liquidity Provider or a default in the payment of the principal amount, interest or Make-Whole Amount, if any, due and payable under any Equipment Note, the Loan Trustee shall be protected in withholding the notice required in the foregoing part of this sentence if and so long as the executive committee or trust committee of directors of the Loan Trustee and/or trust officers thereof in good faith determine that withholding such notice is in the interest of the Noteholders. Subject to the terms of Section 4.02, Section 4.05, Section 5.02 and Section 5.03, the Loan Trustee shall take such action, or refrain from taking such action, with respect to such default or Event of Default (including with respect to the exercise of any rights or remedies hereunder) as the Loan Trustee shall be instructed in writing by a Majority in Interest of Noteholders. Subject to the provisions of Section 5.03, if the Loan Trustee shall not have received instructions as above provided within 20 Business Days after giving notice of such default or Event of Default to the Noteholders, the Loan Trustee may, subject to instructions thereafter received pursuant to the preceding provisions of this Section 5.01, take such action, or refrain from taking such action, but shall be under no duty to take or refrain from taking any action, with respect to such default or Event of Default as it shall reasonably determine to be advisable in the best interests of the Noteholders and shall use the same degree of care and skill in connection therewith as a prudent person would use under the circumstances in the conduct of his or her own affairs; provided that the Loan Trustee may not sell the Airframe or any Engine without the consent of a Majority in Interest of Noteholders.

For all purposes of this Indenture, in the absence of actual knowledge, the Loan Trustee shall not be deemed to have knowledge of a default or an Event of Default unless notified in writing by the Company or one or more Noteholders; and "actual knowledge" (as used in the foregoing clause) of the Loan Trustee shall mean actual knowledge of an officer in the Corporate Trust Division of the Loan Trustee; provided, however, that the Loan Trustee shall be deemed to have actual knowledge of (i) the failure of the Company to pay any principal amount of, or interest on, the Equipment Notes directly to the Loan Trustee when the same shall become due or (ii) the failure of the Company to maintain insurance as required under Section 7.06 if the Loan Trustee receives written notice thereof from an insurer or insurance broker.

Section 5.02. Action upon Instructions; Certain Rights and Limitations. Subject to the terms of Article IV and this Article V, upon the written instructions at any time of a Majority in Interest of Noteholders, the Loan Trustee shall promptly (i) give such notice, direction, consent, waiver or approval or exercise such right, remedy or power hereunder in respect of all or any part of the Collateral or (ii) take such other action, as shall be specified in such instructions.

The Loan Trustee will cooperate with the Company in connection with the recording, filing, re-recording and re-filing of the Indenture and any supplements to it and any financing statements or other documents as are necessary to maintain the perfection

hereof or otherwise protect the security interests created hereby. The Loan Trustee shall furnish to the Company upon request such information and copies of such documents as the Loan Trustee may have and as are necessary for the Company to perform its duties under Article II hereof.

Section 5.03. Indemnification. The Loan Trustee shall not be required to take any action or refrain from taking any action under Section 5.01 (other than the first sentence thereof) or Section 5.02 or Article IV unless it shall have received indemnification against any risks incurred in connection therewith in form and substance reasonably satisfactory to it, including, without limitation, adequate advances against costs that may be incurred by it in connection therewith. The Loan Trustee shall not be required to take any action under Section 5.01 (other than the first sentence thereof) or Section 5.02 or Article IV, nor shall any other provision of any Operative Document be deemed to impose a duty on the Loan Trustee to take any action, if the Loan Trustee shall have been advised by outside counsel that such action is contrary to the terms hereof or is otherwise contrary to law.

Section 5.04. No Duties Except as Specified in Indenture or Instructions. The Loan Trustee shall not have any duty or obligation to manage, control, lease, use, sell, operate, store, dispose of or otherwise deal with the Aircraft or any other part of the Collateral, or to otherwise take or refrain from taking any action under, or in connection with, this Indenture, except as expressly provided by the terms of this Indenture or the Participation Agreement or as expressly provided in written instructions received pursuant to the terms of Section 5.01 or Section 5.02; and no implied duties or obligations shall be read into this Indenture against the Loan Trustee.

Section 5.05. No Action Except under Indenture or Instructions. The Loan Trustee agrees that it will not manage, control, use, sell, lease, operate, store, dispose of or otherwise deal with the Aircraft or any other part of the Collateral except in accordance with the powers granted to, or the authority conferred upon, the Loan Trustee pursuant to this Indenture and in accordance with the express terms hereof.

Section 5.06. Investment of Amounts Held by the Loan Trustee. (a) In General. Any monies (including for the purpose of this Section 5.06(a) any cash deposited with the Loan Trustee by the Company, any cash received by the Loan Trustee pursuant to Section 7.05(c) or Section 7.06(d) or otherwise (but excluding any amounts deposited with the Loan Trustee by the Company pursuant to Section 2.10(f) and directed to be held by the Loan Trustee pursuant to Section 2.10(g)) or Permitted Investments purchased by the use of such cash pursuant to this Section 5.06(a) or any cash constituting the proceeds of the maturity, sale or other disposition of any such Permitted Investments) held by the Loan Trustee hereunder as part of the Collateral (but excluding any amounts deposited with the Loan Trustee by the Company pursuant to Section 2.10(f) and directed to be held by the Loan Trustee pursuant to Section 2.10(g)), until paid out by the Loan Trustee as

herein provided, (i) subject to clause (ii) below, may be carried by the Loan Trustee on deposit with itself or on deposit to its account with any bank, trust company or national banking association incorporated or doing business under the laws of the United States or one of the states thereof having combined capital and surplus and retained earnings of at least \$75,000,000, and the Loan Trustee shall not have any liability for interest upon any such monies except as otherwise agreed in writing with the Company, or (ii) at any time and from time to time, so long as no Event of Default shall have occurred and be continuing, at the request of the Company, shall be invested and reinvested in Permitted Investments as specified in such request (if such investments are reasonably available for purchase) and sold, in any case at such prices, including accrued interest or its equivalent, as are set forth in such request, and such Permitted Investments shall be held by the Loan Trustee in trust as part of the Collateral until so sold; provided that the Company shall upon demand pay to the Loan Trustee the amount of any loss realized upon maturity, sale or other disposition of any such Permitted Investment and, so long as no Event of Default or Payment Default shall have occurred and be continuing and no Liquidity Obligations (as defined in the Intercreditor Agreement) or Policy Provider Amounts are outstanding, the Company shall be entitled to receive from the Loan Trustee, and the Loan Trustee shall promptly pay to the Company, any profit, income, interest, dividend or gain realized upon maturity, sale or other disposition of any Permitted Investment. If an Event of Default or Payment Default shall have occurred and be continuing, any net income, profit, interest, dividend or gain realized upon maturity, sale or other disposition of any Permitted Investment shall be held as part of the Collateral and shall be applied by the Loan Trustee at the same time, on the same conditions and in the same manner as the amounts in respect of which such income, profit, interest, dividend or gain was realized are required to be distributed in accordance with the provisions hereof pursuant to which such amounts were required to be held. The Loan Trustee shall not be responsible for any losses on any investments or sales of Permitted Investments made pursuant to the procedure specified in this Section 5.06(a) other than by reason of its willful misconduct or negligence.

(b) Cash Deposited Pursuant to Section 2.10(f). Any cash deposited with the Loan Trustee by the Company pursuant to Section 2.10(f) and directed to be held by the Loan Trustee pursuant to Section 2.10(g) (including for the purpose of this Section 5.06(b) any Permitted Investments purchased by the use of such cash pursuant to this Section 5.06(b) or any cash constituting the proceeds of the maturity, sale or other disposition of any such Permitted Investments) held by the Loan Trustee hereunder as part of the Collateral, until paid out by the Loan Trustee as herein provided (x) shall be maintained by the Loan Trustee in a separate account and not commingled with any other Collateral, and (y) (i) subject to clause (y)(ii) below, may be carried by the Loan Trustee on deposit with itself or on deposit to its account with any bank, trust company or national banking association incorporated or doing business under the laws of the United States or one of the states thereof having combined capital and surplus and retained earnings of at least \$75,000,000, and the Loan Trustee shall not have any liability for

interest upon any such monies except as otherwise agreed in writing with the Company, or (ii) at any time and from time to time, so long as no Event of Default shall have occurred and be continuing, at the request of the Company, shall be invested and reinvested in Permitted Investments as specified in such request (if such investments are reasonably available for purchase) and sold, in any case at such prices, including accrued interest or its equivalent, as are set forth in such request, and such Permitted Investments shall be held by the Loan Trustee in trust as part of the Collateral until so sold; provided that the Company shall upon demand pay to the Loan Trustee the amount of any loss realized upon maturity, sale or other disposition of any such Permitted Investment and, so long as no Event of Default or Payment Default hereunder or under any Related Indenture shall have occurred and be continuing and no Liquidity Obligations (as defined in the Intercreditor Agreement) or Policy Provider Amounts are outstanding, the Company shall be entitled to receive from the Loan Trustee, and the Loan Trustee shall promptly pay to the Company, any profit, income, interest, dividend or gain realized upon maturity, sale or other disposition of any Permitted Investment. If an Event of Default or Payment Default hereunder or under any Related Indenture shall have occurred and be continuing, or if any Liquidity Obligations or Policy Provider Amounts then due and payable shall be outstanding, any net income, profit, interest, dividend or gain realized upon maturity, sale or other disposition of any Permitted Investment shall be held as part of the Collateral, subject to clause (x) of the first sentence of this Section 5.06(b), and shall be applied by the Loan Trustee at the same time, on the same conditions and in the same manner as the amounts in respect of which such income, profit, interest, dividend or gain was realized are required to be distributed in accordance with the provisions hereof pursuant to which such amounts were required to be held. The Loan Trustee shall not be responsible for any losses on any investments or sales of Permitted Investments made pursuant to the procedure specified in this Section 5.06(b) other than by reason of its willful misconduct or negligence.

ARTICLE VI

THE LOAN TRUSTEE

Section 6.01. Acceptance of Trusts and Duties. U.S. Bank accepts the trusts and duties hereby created and applicable to it and agrees to perform such duties, but only upon the terms of this Indenture and agrees to receive, handle and disburse all monies received by it as Loan Trustee constituting part of the Collateral in accordance with the terms hereof. U.S. Bank shall have no liability hereunder except (a) for its own willful misconduct or negligence, (b) as provided in the fourth sentence of Section 2.03(a) and the penultimate sentence of Section 5.06, (c) for liabilities that may result from the inaccuracy of any representation or warranty of U.S. Bank in the Participation Agreement or expressly made hereunder and (d) as otherwise expressly provided in the Operative Documents.

Section 6.02. Absence of Certain Duties. Except in accordance with written instructions furnished pursuant to Section 5.01, Section 5.02 or Section 6.06, and except as provided in, and without limiting the generality of, Section 5.02, Section 5.03 and Section 5.04, the Loan Trustee, shall have no duty (a) to see to any registration of the Aircraft or any recording or filing of this Indenture or any other document, or to see to the maintenance of any such registration, recording or filing, (b) to see to any insurance on the Aircraft or to effect or maintain any such insurance, whether or not the Company shall be in default with respect thereto, (c) to confirm, verify or inquire into the failure to receive any financial statements of the Company or (d) to inspect the Aircraft at any time or ascertain or inquire as to the performance or observance of any of the Company's covenants hereunder with respect to the Aircraft.

Section 6.03. No Representations or Warranties as to the Documents. Except as provided in Article V of the Participation Agreement, the Loan Trustee shall not be deemed to have made any representation or warranty as to the validity, legality or enforceability of any Operative Document or any other document or instrument, or as to the correctness of any statement (other than a statement by the Loan Trustee) contained herein or therein, except that the Loan Trustee hereby represents and warrants that each of said specified documents to which it is a party has been or will be duly executed and delivered by one of its officers who is and will be duly authorized to execute and deliver such document on its behalf.

Section 6.04. No Segregation of Monies; No Interest. Subject to Section 5.06, all moneys received by the Loan Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by mandatory provisions of law, and neither the Loan Trustee nor any agent of the Loan Trustee shall be under any liability for interest on any moneys received by it hereunder; provided, however, that any payments received, or applied hereunder, by the Loan Trustee shall be accounted for by the Loan Trustee so that any portion thereof paid or applied pursuant hereto shall be identifiable as to the source thereof.

Section 6.05. Reliance; Agents; Advice of Counsel. The Loan Trustee shall not incur any liability to anyone in acting upon any signature, instrument, notice, resolution, request, consent, order, certificate, report, opinion, bond or other document or paper reasonably believed by it to be genuine and reasonably believed by it to be signed by the proper party or parties. The Loan Trustee may accept a copy of a resolution of the Board of Directors of any party to the Participation Agreement, certified by the Secretary or an Assistant Secretary of such party as duly adopted and in full force and effect, as conclusive evidence that such resolution has been duly adopted and that the same is in full force and effect. As to any fact or matter the manner of ascertainment of which is not specifically described herein, the Loan Trustee may for all purposes hereof rely on a certificate, signed by a duly authorized officer of the Company, as to such fact or matter,

and such certificate shall constitute full protection to the Loan Trustee for any action taken or omitted to be taken by it in good faith in reliance thereon. In the administration of the trusts hereunder, the Loan Trustee may, with the consent of the Company (such consent not to be unreasonably withheld), provided that no such consent shall be required if an Event of Default shall have occurred and be continuing, (a) execute any of the trusts or powers hereof and perform its powers and duties hereunder directly or through agents (including paying agents or registrars) or attorneys, and (b) at the expense of the Collateral, consult with counsel, accountants and other skilled Persons to be selected and retained by it. The Loan Trustee shall not be liable for anything done, suffered or omitted in good faith by it in accordance with the advice or opinion of any such counsel, accountants or other skilled Persons acting within such counsel's, accountants' or Person's area of competence (so long as the Loan Trustee shall have exercised reasonable care and judgment in selecting such Persons).

Section 6.06. Instructions from Noteholders. In the administration of the trusts created hereunder, the Loan Trustee shall have the right to seek instructions from a Majority in Interest of Noteholders should any provision of this Indenture appear to conflict with any other provision herein or any other Operative Document or Pass Through Document or should the Loan Trustee's duties or obligations hereunder be unclear, and the Loan Trustee shall incur no liability in refraining from acting until it receives such instructions. The Loan Trustee shall be fully protected for acting in accordance with any instructions received under this Section 6.06.

ARTICLE VII

OPERATING COVENANTS OF THE COMPANY

Section 7.01. Liens. The Company will not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to the Aircraft, its title thereto or any of its interest therein, except:

- (a) the respective rights of the Loan Trustee and the Company as provided in the Operative Documents, the Lien of this Indenture, the rights of any Permitted Lessee under a Lease permitted hereunder and the rights of any Person existing pursuant to the Operative Documents or the Pass Through Documents;
- (b) the rights of others under agreements or arrangements to the extent expressly permitted by this Indenture;
- (c) Loan Trustee Liens, Noteholder Liens and Other Party Liens;
- (d) Liens for Taxes either not yet due or payable or being contested in good faith by appropriate proceedings so long as such proceedings do not involve

any material risk of the sale, forfeiture or loss of the Airframe or any Engine or the Loan Trustee's interest therein or impair the Lien of this Indenture;

(e) materialmen's, mechanics', workers', repairmen's, employees' or other like Liens arising in the ordinary course of business (including those arising under maintenance agreements entered into in the ordinary course of business) securing obligations that either are not yet overdue for a period of more than 60 days or are being contested in good faith by appropriate proceedings so long as such proceedings do not involve any material risk of the sale, forfeiture or loss of the Airframe or any Engine or the Loan Trustee's interest therein or impair the Lien of this Indenture;

(f) Liens arising out of any judgment or award, so long as such judgment shall, within 60 days after the entry thereof, have been discharged, vacated or reversed, or execution thereof stayed pending appeal or other judicial review or shall have been discharged, vacated or reversed within 60 days after the expiration of such stay and so long as during any such 60 day period there is not, or any such judgment or award does not involve, (x) any material risk of the sale, forfeiture or loss of the Aircraft, the Airframe or any Engine or the interest of the Loan Trustee therein or (y) any impairment of the Lien of the Indenture;

(g) any other Lien with respect to which the Company shall have provided a bond, cash collateral or other security adequate in the reasonable opinion of the Loan Trustee;

(h) salvage or similar rights of insurers under insurance policies maintained by the Company; and

(i) Liens approved in writing by the Loan Trustee with the consent of a Majority in Interest of the Noteholders.

Liens described in clauses (a) through (i) above are referred to herein as "Permitted Liens". The Company shall promptly, at its own expense, take (or cause to be taken) such action as may be necessary duly to discharge (by bonding or otherwise) any Lien other than a Permitted Lien arising at any time with respect to the Aircraft, its title thereto or any of its interest therein.

Section 7.02. Possession, Operation and Use, Maintenance and Registration. (a) Possession. The Company shall not, without the prior written consent of the Loan Trustee, lease or otherwise in any manner deliver, transfer or relinquish possession of the Airframe or any Engine or install any Engine, or permit any Engine to be installed, on any airframe other than the Airframe; provided that, so long as the Company shall

comply with the provisions of Section 7.06, the Company may without the prior written consent of the Loan Trustee:

(i) subject the Airframe to interchange agreements or subject any Engine to interchange or pooling agreements or arrangements, in each case customary in the airline industry and entered into by the Company in the ordinary course of its business; provided that (A) no such agreement or arrangement contemplates or requires the transfer of title to the Airframe and (B) if the Company's title to any such Engine shall be divested under any such agreement or arrangement, such divestiture shall be deemed to be an Event of Loss with respect to such Engine, and the Company shall comply with Section 7.05(b) in respect thereof;

(ii) deliver possession of the Airframe or any Engine to any Person for testing, service, repair, restoration, storage, maintenance, overhaul work or other similar purposes or for alterations, modifications or additions to the Airframe or such Engine to the extent required or permitted by the terms hereof;

(iii) transfer or permit the transfer of possession of the Airframe or any Engine to any Government pursuant to a lease, contract or other instrument;

(iv) subject the Airframe or any Engine to the CRAF Program or transfer possession of the Airframe or any Engine to the United States government in accordance with applicable laws, rulings, regulations or orders (including, without limitation, any transfer of possession pursuant to the CRAF Program); provided, that the Company (A) shall promptly notify the Loan Trustee upon transferring possession of the Airframe or any Engine pursuant to this clause (iv) and (B) in the case of a transfer of possession pursuant to the CRAF Program, shall notify the Loan Trustee of the name and address of the responsible Contracting Office Representative for the Military Airlift Command of the United States Air Force or other appropriate Person to whom notices must be given and to whom requests or claims must be made to the extent applicable under the CRAF Program;

(v) install an Engine on an airframe owned by the Company (or any Permitted Lessee) free and clear of all Liens, except (A) Permitted Liens and Liens that apply only to the engines (other than Engines), appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment (other than Parts) installed on such airframe (but not to the airframe as an entirety) and (B) the rights of third parties under interchange agreements or pooling or similar arrangements that would be permitted under clause (i) above;

(vi) install an Engine on an airframe leased to the Company (or any Permitted Lessee) or purchased or owned by the Company (or any Permitted Lessee) subject to a conditional sale or other security agreement; provided that (A) such airframe is free and clear of all Liens except (1) the rights of the parties to the lease or conditional sale or other security agreement covering such airframe, or their successors and assigns, and (2) Liens of the type permitted by clause (v) of this Section 7.02(a) and (B) either (1) the Company shall have obtained from the lessor or secured party of such airframe a written agreement (which may be the lease, conditional sale or other security agreement covering such airframe), in form and substance satisfactory to the Loan Trustee (it being understood that an agreement from such lessor or secured party substantially in the form of the penultimate paragraph of this Section 7.02(a) shall be deemed to be satisfactory to the Loan Trustee), whereby such lessor or secured party expressly agrees that neither it nor its successors or assigns will acquire or claim any right, title or interest in any Engine by reason of such Engine being installed on such airframe at any time while such Engine is subject to the Lien of this Indenture or (2) such lease, conditional sale or other security - agreement provides that such Engine shall not become subject to the Lien of such lease, conditional sale or other security agreement at any time while such Engine is subject to the Lien of this Indenture, notwithstanding the installation thereof on such airframe;

(vii) install an Engine on an airframe owned by the Company (or any Permitted Lessee), leased to the Company (or any Permitted Lessee) or purchased by the Company (or any Permitted Lessee) subject to a conditional sale or other security agreement under circumstances where neither clause (v) nor clause (vi) of this Section 7.02(a) is applicable; provided that such installation shall be deemed an Event of Loss with respect to such Engine, and the Company shall comply with Section 7.05(b) in respect thereof, if such installation shall adversely affect the Loan Trustee's security interest in such Engine, the Loan Trustee not intending hereby to waive any right or interest it may have to or in such Engine under applicable law until compliance by the Company with Section 7.05(b);

(viii) subject to delivery to the Loan Trustee of a certificate, signed by a Responsible Officer of the Company, to the effect that the Company has received any consent of the Policy Provider required pursuant to the Supplemental Agreement, or that no such consent is required, lease any Engine or the Airframe and Engines to any United States air carrier as to which there is in force a certificate issued pursuant to the Transportation Code (49 U.S.C. Sections 41101-41112) or successor provision that gives like authority; and

(ix) subject to delivery to the Loan Trustee of a certificate, signed by a Responsible Officer of the Company, to the effect that the Company has received any consent of the Policy Provider required pursuant to the Supplemental

Agreement, or that no such consent is required, lease any Engine or the Airframe and Engines to (A) any foreign air carrier other than those set forth in clause (B), (B) any foreign air carrier that is at the inception of the lease based in and a domiciliary of a country listed in Exhibit B hereto and (C) any foreign air carrier consented to in writing by the Loan Trustee with the consent of a Majority in Interest of Noteholders; provided that (x) in the case of a lease to a foreign air carrier under clause (A) above, the Loan Trustee receives at the time of such lease (1) written confirmation from each of the Rating Agencies that such lease would not result in a reduction of the rating for any class of Pass Through Certificates below the then current rating for such class of Pass Through Certificates or a withdrawal or suspension of the rating of any class of Pass Through Certificates and (2) an opinion of counsel to the Company (such counsel to be reasonably satisfactory to the Loan Trustee) to the effect that there exist no possessory rights in favor of the lessee under the laws of such lessee's country which would, upon bankruptcy or insolvency of or other default by the Company and assuming at such time such lessee is not insolvent or bankrupt, prevent the taking of possession of any such Engine or the Airframe and any such Engine by the Loan Trustee in accordance with and when permitted by the terms of Section 4.02 upon the exercise by the Loan Trustee of its remedies under Section 4.02, (y) in the case of a lease to any foreign air carrier (other than a foreign air carrier principally based in Taiwan), the United States maintains diplomatic relations with the country in which such foreign air carrier is based at the time such lease is entered into and (z) in the case of any lease to a foreign air carrier, such carrier is not then subject to any bankruptcy, insolvency, liquidation, reorganization, dissolution or similar proceeding and shall not have substantially all of its property in the possession of any liquidator, trustee, receiver or similar person;

provided that the rights of any lessee or other transferee who receives possession of the Aircraft, the Airframe or any Engine by reason of a transfer permitted by this Section 7.02(a) (other than the transfer of an Engine which is deemed an Event of Loss) shall be subject and subordinate to, and any permitted lease shall be made expressly subject and subordinate to, all the terms of this Indenture, including the Loan Trustee's rights to repossess pursuant to Section 4.02 and to avoid such lease upon such repossession, and the Company shall remain primarily liable hereunder for the performance and observance of all of the terms and conditions of this Indenture to the same extent as if such lease or transfer had not occurred, any such lease shall include appropriate provisions for the maintenance and insurance of the Aircraft, the Airframe or such Engine, and no lease or transfer or possession otherwise in compliance with this Section shall (x) result in any registration or re-registration of the Aircraft except to the extent permitted in Section 7.02(e) or the maintenance, operation or use thereof that does not comply with Section 7.02(b) and Section 7.02(c) or (y) permit any action not permitted to be taken by the Company with respect to the Aircraft hereunder. The

Company shall promptly notify the Loan Trustee and the Rating Agencies of the existence of any such lease with a term in excess of one year.

The Loan Trustee, and each Noteholder by acceptance of an Equipment Note, and each Related Noteholder by acceptance of a Related Equipment Note, agrees, for the benefit of the lessor or secured party of any airframe or engine leased to the Company (or any Permitted Lessee) or purchased or owned by the Company (or any Permitted Lessee) subject to a conditional sale or other security agreement, that the Loan Trustee and the Noteholders will not acquire or claim, as against such lessor or secured party, any right, title or interest in (A) any engine or engines owned by the lessor under such lease or subject to a security interest in favor of the secured party under such conditional sale or other security agreement as the result of such engine or engines being installed on the Airframe at any time while such engine or engines are subject to such lease or conditional sale or other security agreement or (B) any airframe owned by the lessor under such lease or subject to a security interest in favor of the secured party under such conditional sale or other security agreement as the result of any Engine being installed on such airframe at any time while such airframe is subject to such lease or conditional sale or other security agreement.

The Loan Trustee acknowledges that any "wet lease" or other similar arrangement under which the Company maintains operational control of the Aircraft shall not constitute a delivery, transfer or relinquishment of possession for purposes of this Section 7.02(a).

(b) Operation and Use. The Company agrees that the Aircraft will not be maintained, used, serviced, repaired, overhauled or operated in violation of any law, rule or regulation of any government of any country having jurisdiction over the Aircraft or in violation of any airworthiness certificate, license or registration relating to the Aircraft issued by any such government, except to the extent the Company is contesting in good faith the validity or application of any such law, rule or regulation in any manner that does not involve any material risk of sale, forfeiture or loss of the Aircraft or impair the Lien of this Indenture; and provided, that the Company shall not be in default under, or required to take any action set forth in, this sentence if it is not possible for it to comply with the laws of a jurisdiction other than the United States (or other than any jurisdiction in which the Aircraft is then registered) because of a conflict with the applicable laws of the United States (or such jurisdiction in which the Aircraft is then registered). The Company will not operate the Aircraft, or permit the Aircraft to be operated or located, (i) in any area excluded from coverage by any insurance required by the terms of Section 7.06 or (ii) in any war zone or recognized or, in the Company's judgment, threatened areas of hostilities unless covered by war risk insurance in accordance with Section 7.06, unless in the case of either clause (i) or (ii), (x) governmental indemnification complying with Section 7.06(a) and Section 7.06(b) has been provided or (y) the Aircraft is only temporarily located in such area as a result of an isolated

occurrence or isolated series of occurrences attributable to a hijacking, medical emergency, equipment malfunction, weather conditions, navigational error or other similar unforeseen circumstances and the Company is using its good faith efforts to remove the Aircraft from such area as promptly as practicable.

(c) Maintenance. The Company shall maintain, service, repair and overhaul the Aircraft (or cause the same to be done) (i) so as to keep the Aircraft in as good operating condition as on the Closing Date, ordinary wear and tear excepted, and in such condition as may be necessary to enable the airworthiness certification of the Aircraft to be maintained in good standing at all times (other than during temporary periods of storage, during maintenance or modification permitted hereunder, or during periods of grounding by applicable governmental authorities) under the Transportation Code, during such periods in which the Aircraft is registered under the laws of the United States, or, if the Aircraft is registered under the laws of any other jurisdiction, the applicable laws of such jurisdiction and (ii) using the same standards as the Company or, in the case of a lease permitted pursuant to Section 7.02(a), the applicable Permitted Lessee uses with respect to similar aircraft operated by the Company or such Permitted Lessee, as the case may be, in similar circumstances (in any case, without limitation of the Company's obligations under the preceding clause (i)). In any case the Aircraft will be maintained in accordance with the maintenance standards required by or substantially equivalent to those required by the FAA or the central aviation authority of Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Spain, Sweden, Switzerland or the United Kingdom. The Company shall maintain or cause to be maintained all records, logs and other documents required to be maintained in respect of the Aircraft by appropriate authorities in the jurisdiction in which the Aircraft is registered.

(d) Identification of Loan Trustee's Interest. The Company agrees to affix as promptly as practicable after the Closing Date and thereafter to maintain in the cockpit of the Aircraft, in a clearly visible location, and (if not prevented by applicable law or regulations or by any government) on each Engine, a nameplate bearing the inscription "MORTGAGED TO U.S. BANK TRUST NATIONAL ASSOCIATION, AS LOAN TRUSTEE" (such nameplate to be replaced, if necessary, with a nameplate reflecting the name of any successor Loan Trustee). If any such nameplate is damaged beyond repair or becomes illegible, the Company shall promptly replace it with a nameplate complying with the requirements of this Section.

(e) Registration. The Company shall cause the Aircraft to remain duly registered, under the laws of the United States, in the name of the Company except as otherwise required by the Transportation Code; provided that the Loan Trustee shall, at the Company's expense, execute and deliver all such documents as the Company may reasonably request for the purpose of continuing such registration. Notwithstanding the preceding sentence, the Company, at its own expense, and subject to delivery to the Loan

Trustee of a certificate, signed by a Responsible Officer of the Company, to the effect that the Company has received any consent of the Policy Provider required pursuant to the Supplemental Agreement, or that no such consent is required, may cause or allow the Aircraft to be duly registered under the laws of any foreign jurisdiction in which a Permitted Lessee could be principally based, in the name of the Company or of any nominee of the Company, or, if required by applicable law, in the name of any other Person (and, following any such foreign registration, may cause the Aircraft to be re-registered under the laws of the United States); provided, that in the case of jurisdictions other than those approved by the Loan Trustee with the consent of a Majority in Interest of the Noteholders (i) if such jurisdiction is at the time of registration listed on Exhibit B, the Loan Trustee shall have received at the time of such registration an opinion of counsel to the Company to the effect that (A) this Indenture and the Loan Trustee's right to repossession thereunder is valid and enforceable under the laws of such country, (B) after giving effect to such change in registration, the Lien of this Indenture shall continue as a valid Lien and shall be duly perfected in the new jurisdiction of registration and that all filing, recording or other action necessary to perfect and protect the Lien of this Indenture has been accomplished (or if such opinion cannot be given at such time, (x) the opinion shall detail what filing, recording or other action is necessary and (y) the Loan Trustee shall have received a certificate from a Responsible Officer of the Company that all possible preparations to accomplish such filing, recording and other action shall have been done, and such filing, recording and other action shall be accomplished and a supplemental opinion to that effect shall be promptly delivered to the Loan Trustee subsequent to the effective date of such change in registration), (C) the obligations of the Company under this Indenture shall remain valid, binding and (subject to customary bankruptcy and equitable remedies exceptions and to other exceptions customary in foreign opinions generally) enforceable under the laws of such jurisdiction (or the laws of the jurisdiction to which the laws of such jurisdiction would refer as the applicable governing law) and (D) all approvals or consents of any government in such jurisdiction having jurisdiction required for such change in registration shall have been duly obtained and shall be in full force and effect, and (ii) if such jurisdiction is at the time of registration not listed on Exhibit B, the Loan Trustee shall have received (in addition to the opinions set forth in clause (i) above) at the time of such registration an opinion of counsel to the Company to the effect that (A) the terms of this Indenture are legal, valid, binding and enforceable in such jurisdiction (subject to exceptions customary in such jurisdiction, provided, that, subject to bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally, and to general principles of equity, any applicable laws limiting the remedies provided in Section 4.02 do not in the opinion of such counsel make the remedies provided in Section 4.02 inadequate for the practical realization of the rights and benefits provided thereby), (B) that it is not necessary for the Loan Trustee to register or qualify to do business in such jurisdiction, (C) that there is no tort liability of the lender of an aircraft not in possession thereof under the laws of such jurisdiction other than tort liability that might have been imposed on such lender under the laws of the United States or any state thereof

(it being understood that such opinion shall be waived if insurance reasonably satisfactory to the Loan Trustee is provided, at the Company's expense, to cover such risk) and (D) (unless the Company shall have agreed to provide insurance covering the risk of requisition of use or title of the Aircraft by the government of such jurisdiction so long as the Aircraft is registered under the laws of such jurisdiction) that the laws of such jurisdiction require fair compensation by the government of such jurisdiction payable in currency freely convertible into Dollars for the loss of use or title of the Aircraft in the event of requisition by such government of such use or title. The Loan Trustee will cooperate with the Company in effecting such foreign registration. Notwithstanding the foregoing, prior to any such change in the country of registry of the Aircraft, the following conditions shall be met (or waived as provided in Section 6.01(b) of the Participation Agreement):

(i) no Event of Default shall have occurred and be continuing at the effective date of the change in registration; provided, that it shall not be necessary to comply with this condition if the change in registration results in the registration of the Aircraft under the laws of the United States or if a Majority in Interest of Noteholders consents to such change in registration;

(ii) the Loan Trustee shall have received evidence of compliance with the insurance provisions contained herein after giving effect to such change in registration; and

(iii) the Company shall have paid or made provision reasonably satisfactory to the Loan Trustee for the payment of all reasonable expenses (including reasonable attorneys' fees) of the Loan Trustee and the Noteholders in connection with such change in registration.

Section 7.03. Inspection; Financial Information. (a) Inspection. At all reasonable times, but upon at least 15 Business Days' prior written notice to the Company, the Loan Trustee or its authorized representative may, subject to the other conditions of this Section 7.03(a), inspect the Aircraft and may inspect the books and records of the Company required to be maintained by the FAA or the government of another jurisdiction in which the Aircraft is then registered relating to the maintenance of the Aircraft; provided that (i) the Loan Trustee or its representative shall be fully insured at no cost to the Company in a manner satisfactory to the Company with respect to any risks incurred in connection with any such inspection or shall provide to the Company a written release satisfactory to the Company with respect to such risks, (ii) any such inspection shall be subject to the safety, security and workplace rules applicable at the location where such inspection is conducted and any applicable governmental rules or regulations, (iii) any such inspection of the Aircraft shall be a visual, walk-around inspection of the interior and exterior of the Aircraft and shall not include opening any panels, bays or the like without the Company's express consent, which consent the

Company may in its sole discretion withhold, and (iv) no exercise of such inspection right shall interfere with the use, operation or maintenance of the Aircraft by, or the business of, the Company and the Company shall not be required to undertake or incur any additional liabilities in connection therewith. All information obtained in connection with any such inspection of the Aircraft and of such books and records shall be Confidential Information and shall be treated by the Loan Trustee and its representatives in accordance with the provisions of Section 10.16. Any inspection pursuant to this Section 7.03(a) shall be at the sole risk (including, without limitation, any risk of personal injury or death) and expense of the Loan Trustee (or its representative), as the case may be, making such inspection. Except during the continuance of an Event of Default, all inspections by the Loan Trustee and its representatives provided for under this Section 7.03(a) shall be limited to one inspection of any kind contemplated by this Section 7.03(a) during any calendar year. The Company will permit the Policy Provider to exercise the inspection rights set forth in the Policy Provider Indemnity Letter.

(b) Financial Information. So long as any of the Secured Obligations remain unpaid, the Company agrees to furnish to the Loan Trustee, each Liquidity Provider and the Policy Provider: (i) within 60 days after the end of each of the first three quarterly periods in each fiscal year of the Company, either (x) a consolidated balance sheet of the Company and its consolidated subsidiaries prepared by it as of the close of such period, together with the related consolidated statements of income for such period or (y) a report of the Company on Form 10-Q in respect of such period in the form filed with the Securities and Exchange Commission; (ii) within 120 days after the close of each fiscal year of the Company, either (x) a consolidated balance sheet of the Company and its consolidated subsidiaries as of the close of such fiscal year, together with the related consolidated statements of income for such fiscal year, certified by independent public accountants, or (y) a report of the Company on Form 10-K in respect of such year in the form filed with the Securities and Exchange Commission and (iii) within 60 days of the filing thereof, a copy of any Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission. The items required to be furnished pursuant to clauses (i) and (ii) above shall be deemed to have been furnished on the date on which such item is posted on the SEC's website at www.sec.gov, and such posting shall be deemed to satisfy the requirements of clauses (i) and (ii); provided that the Company shall deliver a paper copy of any item referred to in clause (i) or (ii) above to the Loan Trustee, the Policy Provider or any Liquidity Provider upon request.

(c) Annual Opinion. The Company will furnish to the Loan Trustee and the Policy Provider annually (but not later than March 15th of each year) after the execution hereof until such time as the principal of, and interest on, and all other amounts with respect to, the Equipment Notes shall have been paid in full, commencing with the year 2004, an opinion of Crowe & Dunlevy, P.C., or other counsel reasonably acceptable to the Loan Trustee and the Policy Provider, stating either (i) that in the opinion of such counsel such action has been taken with respect to the recording, filing, re-recording and

refiling of this Indenture and any supplements thereto, including any financing or continuation statements, and such other filings and recordings as are necessary to maintain, for the 15-month period succeeding the date of such opinion, the perfection of the security interests created thereby and reciting the details of such action or (ii) that in the opinion of such counsel no such action is necessary to maintain, for the 15-month period succeeding the date of such opinion, the perfection of such security interests.

Section 7.04. Replacement and Pooling of Parts; Alterations, Modifications and Additions; Substitution of Engines. (a) Replacement of Parts. The Company, at its own expense, shall promptly replace all Parts that may from time to time be incorporated or installed in or attached to the Airframe or any Engine and that may from time to time become worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or rendered permanently unfit for use for any reason whatsoever, except as otherwise provided in Section 7.04(c) or if the Airframe or an Engine to which a Part relates has suffered an Event of Loss. In addition, the Company, at its own expense, may remove in the ordinary course of maintenance, service, repair, overhaul or testing, any Parts, whether or not worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or rendered permanently unfit for use; provided that the Company, except as otherwise provided in Section 7.04(c), at its own expense, will replace such Parts as promptly as practicable. All replacement Parts shall be free and clear of all Liens (except for Permitted Liens and except in the case of replacement property temporarily installed on an emergency basis) and shall have a value and utility at least equal to the Parts replaced, assuming such replaced Parts were in the condition and repair required to be maintained by the terms hereof. Except as otherwise provided in Section 7.04(c), all Parts at any time removed from the Airframe or any Engine shall remain subject to the Lien of this Indenture no matter where located until such time as such Parts shall be replaced by parts that have been incorporated or installed in or attached to the Airframe or such Engine and that meet the requirements for replacement Parts specified above. Immediately upon any replacement Part becoming incorporated or installed in or attached to the Airframe or any Engine as above provided (except in the case of replacement property temporarily installed on an emergency basis), without further act, (i) the replaced Part shall thereupon be free and clear of all rights of the Loan Trustee and of the Lien of this Indenture and shall no longer be deemed a Part hereunder and (ii) such replacement Part shall become subject to the Lien of this Indenture and be deemed a Part of the Airframe or such Engine for all purposes to the same extent as the Parts originally incorporated or installed in or attached to the Airframe or such Engine. Upon request of the Company from time to time, the Loan Trustee shall execute and deliver to the Company an appropriate instrument confirming the release of any such replaced Part from the Lien of this Indenture.

(b) Pooling of Parts. Any Part removed from the Airframe or any Engine as provided in Section 7.04(a) may be subjected by the Company or a Person permitted to be in possession of the Aircraft to a pooling arrangement customary in the airline industry

entered into in the ordinary course of the Company's or such Person's business; provided that the part replacing such removed Part shall be incorporated or installed in or attached to the Airframe or such Engine in accordance with Section 7.04(a) as promptly as practicable after the removal of such removed Part. In addition, any replacement Part when incorporated or installed in or attached to the Airframe or any Engine may be owned by any third party subject to such a pooling arrangement; provided that the Company, at its expense, as promptly thereafter as practicable, either (i) causes title to such replacement Part to vest in the Company free and clear of all Liens (except Permitted Liens), or (ii) replaces such replacement Part by incorporating or installing in or attaching to the Airframe or such Engine a further replacement Part in the manner contemplated by Section 7.04(a).

(c) Alterations, Modifications and Additions. The Company will make such alterations and modifications in and additions to the Airframe and the Engines as may be required from time to time to meet the applicable requirements of the FAA or any applicable government of any other jurisdiction in which the Aircraft may then be registered; provided, however, that the Company may, in good faith, contest the validity or application of any such requirement in any manner that does not involve any material risk of sale, loss or forfeiture of the Aircraft and does not adversely affect the Loan Trustee's interest in the Collateral. In addition, the Company, at its own expense, may from time to time add further parts or accessories and make or cause to be made such alterations and modifications in and additions to the Airframe or any Engine as the Company may deem desirable in the proper conduct of its business, including, without limitation, removal (without replacement) of Parts, provided that no such alteration, modification or addition shall materially diminish the value or utility of the Airframe or such Engine below its value or utility, immediately prior to such alteration, modification or addition, assuming that the Airframe or such Engine was then in the condition required to be maintained by the terms of this Indenture, except that the value (but not the utility) of the Airframe or any Engine may be reduced by the value of any such Parts that shall have been removed that the Company deems obsolete or no longer suitable or appropriate for use on the Airframe or any Engine. All Parts incorporated or installed in or attached or added to the Airframe or any Engine as the result of such alteration, modification or addition shall, without further act, be free and clear of any Liens, other than Permitted Liens, be subject to the Lien of this Indenture. Notwithstanding the foregoing, the Company may, at any time, remove any Part from the Airframe or any Engine if such Part: (i) is in addition to, and not in replacement of or substitution for, any Part originally incorporated or installed in or attached to the Airframe or such Engine at the time of delivery thereof to the Company or any Part in replacement of, or substitution for, any such Part, (ii) is not required to be incorporated or installed in or attached or added to the Airframe or such Engine pursuant to the first sentence of this Section 7.04(c) or Section 7.02(d) and (iii) can be removed from the Airframe or such Engine without materially diminishing the value or utility required to be maintained by the terms of this Indenture that the Airframe or such Engine would have had at such time had such removal not

occurred. Upon the removal by the Company of any Part as permitted by this Section 7.04(c), such removed Part shall, without further act, be free and clear of all rights and interests of the Loan Trustee and the Lien of this Indenture and shall no longer be deemed a Part hereunder. Upon request of the Company from time to time, the Loan Trustee shall execute and deliver to the Company an appropriate instrument confirming the release of any such removed Part from the Lien of this Indenture.

(d) Substitution of Engines. The Company shall have the right at its option at any time, on at least 30 days' prior written notice to the Loan Trustee, to substitute a Replacement Engine for any Engine. In such event, and prior to the date of such substitution, the Company shall replace such Engine hereunder by complying with the terms of Section 7.05(b) to the same extent as if an Event of Loss had occurred with respect to such Engine.

Section 7.05. Loss, Destruction or Requisition. (a) Event of Loss with Respect to the Airframe. Upon the occurrence of an Event of Loss with respect to the Airframe or the Airframe and the Engines then installed thereon, the Company shall as promptly as practicable (and, in any event, within 15 days after such occurrence) give the Loan Trustee written notice of such Event of Loss, and, within 90 days after such Event of Loss, the Company shall give the Loan Trustee written notice of its election to perform one of the following options (it being agreed that if the Company shall not have given such notice of election within such 90-day period, the Company shall be deemed to have elected to perform the option set forth in the following clause (ii)). The Company may elect either to:

(i) on or before the Loss Payment Date (as defined below) substitute, as replacement for the Airframe or Airframe and Engines with respect to which an Event of Loss has occurred, a Replacement Airframe (together with a number of Replacement Engines equal to the number of Engines, if any, with respect to which the Event of Loss occurred), such Replacement Airframe and Replacement Engines to be owned by the Company free and clear of all Liens (other than Permitted Liens); provided that if the Company shall not perform its obligation to effect such substitution under this clause (i) on or prior to the Loss Payment Date, then the Company shall on the Loss Payment Date prepay the Equipment Notes in full in accordance with Section 2.10; or

(ii) on or before the Loss Payment Date, redeem the Equipment Notes in full in accordance with Section 2.10. The Company shall give the Loan Trustee 20 days prior written notice if it elects to redeem the Equipment Notes on any day prior to the Loss Payment Date.

The "Loss Payment Date" with respect to an Event of Loss means the Business Day next succeeding the 120th day following the date of occurrence of such Event of Loss.

If the Company elects to substitute a Replacement Airframe (or a Replacement Airframe and one or more Replacement Engines, as the case may be) the Company shall, at its sole expense, not later than the Loss Payment Date, (A) cause an Indenture Supplement for such Replacement Airframe and Replacement Engines, if any, to be delivered to the Loan Trustee for execution and, upon such execution, to be filed for recordation pursuant to the Transportation Code or the applicable laws of such other jurisdiction in which the Aircraft may then be registered, (B) cause a financing statement or statements with respect to the Replacement Airframe and Replacement Engines, if any, or other requisite documents or instruments to be filed in such place or places as necessary in order to perfect the Loan Trustee's interest therein in the United States, or in any other jurisdiction in which the Aircraft may then be registered, (C) furnish the Loan Trustee with an opinion of the Company's counsel (which may be the Company's General Counsel or such other internal counsel of the Company as shall be reasonably satisfactory to the Loan Trustee) addressed to the Loan Trustee to the effect that upon such replacement, such Replacement Airframe and Replacement Engines, if any, will be subject to the Lien of this Indenture and addressing the matters set forth in clauses (A) and (B), (D) furnish the Loan Trustee with a certificate of an independent aircraft engineer or appraiser, certifying that the Replacement Airframe and Replacement Engines, if any, have a value and utility at least equal to the Airframe and Engines, if any, so replaced, assuming the Airframe and such Engines were in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss, (E) furnish the Loan Trustee with evidence of compliance with the insurance provisions of Section 7.06 with respect to such Replacement Airframe and Replacement Engines, if any, (F) furnish the Loan Trustee with an opinion of the Company's counsel (which may be the Company's General Counsel or such other internal counsel of the Company as shall be reasonably satisfactory to the Loan Trustee) to the effect that the Loan Trustee will be entitled to the benefits of Section 1110 with respect to the Replacement Airframe, provided that (i) such opinion need not be delivered to the extent that the benefits of Section 1110 were not, by reason of a change in law or governmental or judicial interpretation thereof, available to the Loan Trustee with respect to the Aircraft immediately prior to such substitution and (ii) such opinion may contain qualifications and assumptions of the tenor contained in the opinion of the Company's counsel delivered pursuant to Section 3.01 of the Participation Agreement on the Closing Date and such other qualifications and assumptions as shall at the time be customary in opinions rendered in comparable circumstances, and (G) deliver to the Loan Trustee a certificate, signed by a Responsible Officer of the Company, to the effect that the Company has received any consent of the Policy Provider required pursuant to the Supplemental Agreement, or that no such consent is required.

In the case of each Replacement Airframe or Replacement Airframe and one or more Replacement Engines subjected to the Lien of this Indenture under this Section 7.05(a), promptly upon the recordation of the Indenture Supplement covering such Replacement Airframe and Replacement Engines, if any, pursuant to the Transportation Code (or pursuant to the applicable law of such other jurisdiction in which such Replacement Airframe and Replacement Engines, if any, are registered), the Company will cause to be delivered to the Loan Trustee a favorable opinion of the Company's counsel (which may be the Company's General Counsel or such other internal counsel to the Company as shall be reasonably satisfactory to the Loan Trustee) addressed to the Loan Trustee as to the due registration of such Replacement Aircraft and the due recordation of such Indenture Supplement or such other requisite documents or instruments and the validity and perfection of the security interest in the Replacement Aircraft granted to the Loan Trustee under this Indenture.

For all purposes hereof, upon the attachment of the Lien of this Indenture thereto, the Replacement Aircraft and Replacement Engines, if any, shall become part of the Collateral, the Replacement Airframe shall be deemed an "Airframe" as defined herein, and each such Replacement Engine shall be deemed an "Engine" as defined herein. Upon compliance with clauses (A) through (F) of the second preceding paragraph, the Loan Trustee shall execute and deliver to the Company an appropriate instrument releasing such replaced Airframe and Engines (if any) installed thereon at the time such Event of Loss occurred, all proceeds (including, without limitation, insurance proceeds), the Warranty Rights in respect of such replaced Airframe and Engines (if any) and all rights relating to the foregoing, from the Lien of this Indenture and assigning to the Company all claims against third Persons for damage to or loss of the Airframe and Engines arising from the Event of Loss.

In the event that, after an Event of Loss, the Company performs the option set forth in clause (ii) of the first paragraph of this Section 7.05(a), the Loan Trustee shall execute and deliver to the Company an appropriate instrument releasing the Aircraft, all proceeds (including, without limitation, insurance proceeds), the Warranty Rights in respect of the Aircraft and all rights relating to the foregoing from the Lien of this Indenture and assigning to the Company all claims against third Persons for damage to or loss of the Aircraft arising from the Event of Loss.

(b) Event of Loss with Respect to an Engine. Upon the occurrence of an Event of Loss with respect to an Engine under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, the Company shall give the Loan Trustee prompt written notice thereof within 15 days after the Company has determined that an Event of Loss has occurred with respect to such Engine and shall, within 120 days after the occurrence of such Event of Loss, (i) cause to be subjected to the Lien of this Indenture, as replacement for the Engine with respect to which such Event of Loss occurred, a Replacement Engine free and clear of all Liens (other than Permitted Liens)

and (ii) deliver to the Loan Trustee a certificate, signed by a Responsible Officer of the Company, to the effect that the Company has received any consent of the Policy Provider required pursuant to the Supplemental Agreement, or that no such consent is required.

Prior to or at the time of any replacement under this Section 7.05(b), the Company will (i) cause an Indenture Supplement covering such Replacement Engine to be delivered to the Loan Trustee for execution and, upon such execution, to be filed for recordation pursuant to the Transportation Code or the applicable laws of any other jurisdiction in which the Aircraft may be registered, (ii) cause a financing statement or statements with respect to such Replacement Engine or other requisite documents or instruments to be filed in such place or places as necessary in order to perfect the Loan Trustee's interest therein in the United States, or in such other jurisdiction in which the Engine may then be registered, (iii) furnish the Loan Trustee with an opinion of the Company's counsel (which may be the Company's General Counsel or such other internal counsel to the Company as shall be reasonably satisfactory to the Loan Trustee) addressed to the Loan Trustee to the effect that, upon such replacement, the Replacement Engine will be subject to the Lien of this Indenture, (iv) furnish the Loan Trustee with a certificate of an aircraft engineer or appraiser (who may be an employee of the Company) certifying that such Replacement Engine has a value and utility at least equal to the Engine so replaced assuming such Engine was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss and (v) furnish the Loan Trustee with evidence of compliance with the insurance provisions of Section 7.06 with respect to such Replacement Engine. In the case of each Replacement Engine subjected to the Lien of this Indenture under this Section 7.05(b), promptly upon the recordation of the Indenture Supplement covering such Replacement Engine pursuant to the Transportation Code (or pursuant to the applicable law of such other jurisdiction in which the Aircraft is registered), the Company will cause to be delivered to the Loan Trustee an opinion of counsel to the Company (which may be the Company's General Counsel or such other internal counsel of the Company as shall be reasonably satisfactory to the Loan Trustee) addressed to the Loan Trustee as to the due recordation of such Indenture Supplement or such other requisite documents or instruments and the validity and perfection of the security interest in the Replacement Engine granted to the Loan Trustee under this Indenture. For all purposes hereof, upon the attachment of the Lien of this Indenture thereto, the Replacement Engine shall become part of the Collateral and shall be deemed an "Engine" as defined herein. Upon compliance with clauses (i) through (v) of this paragraph, the Loan Trustee shall execute and deliver to the Company an appropriate instrument releasing such replaced Engine, any proceeds (including, without limitation, insurance proceeds), the Warranty Rights in respect of such replaced Engine and all rights relating to any of the foregoing from the Lien of this Indenture and assigning to the Company all claims against third Persons for damage to or loss of such Engine arising from the Event of Loss.

(c) Application of Payments for Event of Loss from Requisition of Title or Use. Any payments (other than insurance proceeds the application of which is provided for in Section 7.06) received at any time by the Company or by the Loan Trustee from any government or other Person with respect to an Event of Loss to the Airframe or any Engine, will be applied as follows:

(i) if such payments are received with respect to the Airframe or the Airframe and the Engines installed on the Airframe that has been or is being replaced by the Company pursuant to Section 7.05(a), such payments shall be paid over to, or retained by, the Loan Trustee and upon completion of such replacement shall be paid over to, or retained by, the Company;

(ii) if such payments are received with respect to the Airframe or the Airframe and the Engines installed on the Airframe that has not been and will not be replaced pursuant to Section 7.05(a), so much of such payments remaining after reimbursement of the Loan Trustee for costs and expenses that shall not exceed the amounts required to be paid by the Company to the Noteholders and the holders of the Related Series G Equipment Notes pursuant to Section 2.10 hereof and of each Related Indenture shall be applied in reduction of the Company's obligation to pay such amounts, if not already paid by the Company, or, if already paid by the Company, shall be applied to reimburse the Company for its payment of such amount and the balance, if any, of such payment remaining thereafter will be paid over to, or retained by, the Company; and

(iii) if such payments are received with respect to an Engine with regard to which an Event of Loss has occurred as contemplated by Section 7.05(b), so much of such payments remaining after reimbursement of the Loan Trustee for costs and expenses shall be paid over to, or retained by, the Company; provided that the Company shall have fully performed the terms of Section 7.05(b) with respect to the Event of Loss for which such payments are made.

(d) Requisition for Use by the Government of the Airframe and the Engines Installed Thereon. In the event of the requisition for use by any government, including, without limitation, pursuant to the CRAF Program, of the Airframe and the Engines or engines installed on the Airframe that does not constitute an Event of Loss, the Company shall promptly notify the Loan Trustee and all of the Company's rights and obligations under this Indenture with respect to the Airframe and such Engines shall continue to the same extent as if such requisition had not occurred; provided that, notwithstanding the foregoing, the Company's obligations other than payment obligations shall only continue to the extent feasible. All payments received by the Company or the Loan Trustee from such government for such use of the Airframe and Engines or engines shall be paid over to, or retained by, the Company.

(e) Requisition for Use by the Government of an Engine Not Installed on the Airframe. In the event of the requisition for use by any government of any Engine not then installed on the Airframe, the Company will replace such Engine by complying with the terms of Section 7.05(b) to the same extent as if an Event of Loss had occurred with respect to such Engine. Upon such replacement, any payments received by the Company or the Loan Trustee from such government with respect to such requisition shall be paid over to, or retained by, the Company.

(f) Application of Payments During Existence of Event of Default. Any amount referred to in Section 7.05 that is payable to or retainable by the Company shall not be paid to or retained by the Company if at the time of such payment or retention an Event of Default or Payment Default shall have occurred and be continuing, but shall be held by or paid over to the Loan Trustee as security for the Secured Obligations and the Related Secured Obligations. At such time as there shall not be continuing any such Event of Default or Payment Default, such amount shall be paid to the Company.

Section 7.06. Insurance.

(a) Aircraft Liability Insurance.

(i) Except as provided in clause (ii) of this subsection (a), and subject to the rights of the Company to establish and maintain self-insurance in the manner and to the extent specified in Section 7.06(c), the Company will carry, or cause to be carried, at no expense to the Loan Trustee, aircraft liability insurance (including, but not limited to, bodily injury, personal injury and property damage liability, exclusive of manufacturer's product liability insurance) and contractual liability insurance with respect to the Aircraft (A) in amounts that are not less than the aircraft liability insurance applicable to similar aircraft and engines in the Company's fleet on which the Company carries insurance; provided that such liability insurance shall not be less than the amount certified in the insurance report delivered to the Loan Trustee, the Class G Liquidity Provider and the Policy Provider on the Closing Date, (B) of the type usually carried by corporations engaged in the same or similar business, similarly situated with the Company and owning or operating similar aircraft and engines and covering risks of the kind customarily insured against by the Company, and (C) that is maintained in effect with insurers of recognized responsibility. Any policies of insurance carried in accordance with this Section 7.06(a) and any policies taken out in substitution or replacement for any of such policies shall (A) name the Loan Trustee, the Subordination Agent, each Pass Through Trustee, each Liquidity Provider and the Policy Provider as their Interests (as defined below in this Section 7.06) may appear, as additional insured (the "Specified Persons"), (B) subject to the condition of clause (C) below, provide that, in respect of the interest of the Specified Persons in such policies, the insurance shall not be

invalidated by any action or inaction of the Company (or any Permitted Lessee) and shall insure the Specified Persons' Interests as they appear, regardless of any breach or violation of any warranty, declaration or condition contained in such policies by the Company (or any Permitted Lessee), (C) provide that, if such insurance is canceled for any reason whatever, or if any change is made in the policy that materially reduces the amount of insurance or the coverage certified in the insurance report delivered on the Closing Date to the Loan Trustee, the Policy Provider and the Class G Liquidity Provider, or if such insurance is allowed to lapse for nonpayment of premium, such cancellation, change or lapse shall not be effective as to any Specified Person for 30 days (seven days, or such other period as is customarily available in the industry, in the case of any war risk or allied perils coverage) after receipt by such Specified Person of written notice from such insurers of such cancellation, change or lapse, (D) provide that the Specified Persons shall have no obligation or liability for premiums, commissions, assessments or calls in connection with such insurance, (E) provide that the insurers shall waive any rights of (1) set-off, counterclaim or any other deduction, whether by attachment or otherwise, in respect of any liability of the Specified Persons to the extent of any moneys due to the Specified Persons and (2) subrogation against the Specified Persons to the extent that the Company has waived its rights by its agreements to indemnify the Specified Persons pursuant to the Operative Documents, (F) be primary without right of contribution from any other insurance that may be carried by each Specified Person with respect to its Interests as such in the Aircraft and (G) expressly provide that all of the provisions thereof, except the limits of liability, shall operate in the same manner as if there were a separate policy covering each insured. "Interests" as used in this Section 7.06(a) and in Section 7.06(b) with respect to any Person means the interests of such Person in the transactions contemplated by the Operative Documents. In the case of a lease or contract with any government in respect of the Aircraft or any Engine, or in the case of any requisition for use of the Aircraft or any Engine by any government, a valid agreement by such government to indemnify the Company, or an insurance policy issued by such government, against any of the risks that the Company is required hereunder to insure against shall be considered adequate insurance for purposes of this Section 7.06(a) to the extent of the risks (and in the amounts) that are the subject of such indemnification or insurance.

(ii) During any period that the Airframe or an Engine, as the case may be, is on the ground and not in operation, the Company may carry or cause to be carried as to such non-operating Airframe or Engine, in lieu of the insurance required by clause (i) above, and subject to self-insurance to the extent permitted by Section 7.06(c), insurance otherwise conforming with the provisions of said clause (i) except that: (A) the amounts of coverage shall not be required to exceed the amounts of airline liability insurance from time to time applicable to

airframes or engines owned or leased by the Company of the same type as such non-operating Airframe or Engine and that are on the ground and not in operation and (B) the scope of the risks covered and the type of insurance shall be the same as from time to time shall be applicable to airframes or engines owned or leased by the Company of the same type as such non-operating Airframe or Engine and that are on the ground and not in operation.

(b) Insurance Against Loss or Damage to Aircraft.

(i) Except as provided in clause (ii) of this subsection (b), and subject to the rights of the Company to establish and maintain self-insurance in the manner and to the extent specified in Section 7.06(c), the Company shall maintain, or cause to be maintained, in effect with insurers of recognized responsibility, at no expense to the Loan Trustee, all-risk ground and flight aircraft hull insurance covering the Aircraft and all-risk coverage with respect to any Engines or Parts while removed from the Aircraft (including, without limitation, war risk insurance if and to the extent the same is maintained by the Company or any Permitted Lessee with respect to other similar aircraft owned or operated by the Company or such Permitted Lessee, as the case may be, on the same routes) that is of the type and in substantially the amount usually carried by corporations engaged in the same or similar business and similarly situated with the Company; provided that (A) such insurance (including the permitted self-insurance) shall at all times while the Aircraft is subject to this Indenture be for an amount not less than 110% of the aggregate outstanding principal amount of the Equipment Notes from time to time and (B) such insurance need not cover an Engine while attached to an airframe not owned, leased or operated by the Company, provided that such Engine is covered by a separate policy of insurance). Any policies carried in accordance with this Section 7.06(b) and any policies taken out in substitution or replacement for any such policies shall (A) name the Loan Trustee as exclusive loss payee for any proceeds paid under such policy, (B) provide that (I) any insurance proceeds payable for any loss or damage constituting an Event of Loss with respect to the Aircraft, (II) any insurance proceeds in excess of the amount set forth on Exhibit C up to the amount of the Loan Amount for any loss or damage to the Aircraft (or Engines) not constituting an Event of Loss with respect to the Aircraft (or Engines) and (III) if an "Event of Default" shall have occurred and be continuing hereunder or under any Related Indenture, all insurance proceeds payable for any loss or damage not constituting an Event of Loss, in the case of clauses (I), (II) and (III), shall be paid to the Loan Trustee as long as the Indenture shall not have been discharged, and that all other amounts shall be payable to the Company, unless the insurer shall have received notice that an Event of Default exists, (C) subject to the conditions of clause (D) below, provide that, in respect of the interests of the Specified Persons in such policies, the insurance shall not be invalidated by

any action or inaction of the Company (or any Permitted Lessee) and shall insure the Specified Persons' Interests as they appear, regardless of any breach or violation of any warranty, declaration or condition contained in such policies by the Company (or any Permitted Lessee), (D) provide that if such insurance is canceled for any reason whatsoever, or if any change is made in the policy that materially reduces the amount of insurance or the coverage certified in the insurance report delivered on the Closing Date to the Loan Trustee, the Class G Liquidity Provider and the Policy Provider, or if such insurance is allowed to lapse for nonpayment of premium, such cancellation, change or lapse shall not be effective as to the Specified Persons for 30 days (seven days, or such other period as is customarily available in the industry, in the case of war risk or allied perils coverage) after receipt by the Specified Persons of written notice from such insurers of such cancellation, change or lapse, (E) provide that the Specified Persons shall have no obligation or liability for premiums, commissions, assessments or calls in connection with such insurance, (F) provide that the insurers shall waive rights of (1) set-off, counterclaim or any other deduction, whether by attachment or otherwise, in respect of any liability of the Specified Persons to the extent of any moneys due to the Specified Persons and (2) subrogation against the Specified Persons to the extent the Company has waived its rights by its agreement to indemnify the Specified Persons pursuant to the Operative Documents, (G) be primary without right of contribution from any other insurance that may be carried by any Specified Person with respect to its Interests as such in the Aircraft and (H) contain a "50/50 Provisional Claims Settlement Clause" (or its equivalent). In the case of a lease or contract with any government in respect of the Aircraft or any Engine, or in the case of any requisition for use of the Aircraft or any Engine by any government, a valid agreement by such government to indemnify the Company, or an insurance policy issued by such government, against any risks which the Company is required hereunder to insure against shall be considered adequate insurance for purposes of this Section 7.06(b) to the extent of the risks (and in the amounts) that are the subject of such indemnification or insurance.

(ii) During any period that the Airframe or an Engine is on the ground and not in operation, the Company may carry or cause to be carried as to such non-operating Airframe or Engine, in lieu of the insurance required by clause (i) above, and subject to self-insurance to the extent permitted by Section 7.06(c), insurance otherwise conforming with the provisions of said clause (i) except that the scope of the risks covered and the type of insurance shall be the same as from time to time applicable to airframes and engines owned or leased by the Company (or, if a lease is then in effect, by the Permitted Lessee) of the same type as such non-operating Airframe or Engine and that are on the ground and not in operation; provided that, subject to self-insurance to the extent permitted by Section 7.06(c), the Company shall maintain insurance against risk of loss or damage to such non-

operating Airframe or Engine in an amount at least equal to 110% of the aggregate outstanding principal amount of the Equipment Notes during such period that such Airframe or Engine is on the ground and not in operation.

(c) Self-Insurance. The Company may from time-to-time self-insure, by way of deductible, self-insured retention, premium adjustment or franchise or otherwise (including, with respect to insurance maintained pursuant to Section 7.06(a) or Section 7.06(b), insuring for a maximum amount that is less than the amounts set forth in Section 7.06(a) and Section 7.06(b)), the risks required to be insured against pursuant to Section 7.06(a) and Section 7.06(b), but in no case shall the self-insurance with respect to all of the aircraft and engines in the Company's fleet (including, without limitation, the Aircraft) exceed for any 12-month policy year 1% of the average aggregate insurable value (for the preceding policy year) of all aircraft (including, without limitation, the Aircraft) on which the Company carries insurance, unless an insurance broker of national standing shall certify that the standard among all other major United States airlines is a higher level of self-insurance, in which case the Company may self-insure the Aircraft to such higher level. In addition to the foregoing right to self-insure, the Company may self-insure to the extent of (1) any deductible per occurrence that, in the case of the Aircraft, is not in excess of the amount customarily allowed as a deductible in the industry or is required to facilitate claims handling or (2) any applicable mandatory minimum per aircraft (or if applicable per annum or other period) hull or liability insurance deductibles imposed by the aircraft or hull liability insurers.

(d) Application of Insurance Payments. All losses will be adjusted by the Company with the insurers. As between the Loan Trustee and the Company it is agreed that all insurance payments received under policies required to be maintained by the Company hereunder, as the result of the occurrence of an Event of Loss with respect to the Airframe or an Engine will be applied as follows:

(i) if such payments are received with respect to the Airframe or the Airframe and any Engines installed on the Airframe that has been or is being replaced by the Company pursuant to Section 7.05(a), such payments shall be paid over to, or retained by, the Loan Trustee and upon completion of such replacement shall be paid over to, or retained by, the Company.

(ii) if such payments are received with respect to the Airframe or the Airframe and any Engines installed on the Airframe that has not been and will not be replaced as contemplated by Section 7.05(a), so much of such payments remaining after reimbursement of the Loan Trustee for its costs and expenses as shall not exceed the amounts required to be paid by the Company pursuant to Section 2.10 hereof and of each Related Indenture shall be applied in reduction of the Company's obligation to pay such amounts, if not already paid by the

Company, or, if already paid by the Company, shall be applied to reimburse the Company for its payment of such amounts; and

(iii) if such payments are received with respect to an Engine with regard to which an Event of Loss contemplated by Section 7.05(b) has occurred, so much of such payments remaining after reimbursement of the Loan Trustee for its costs and expenses shall be paid over to, or retained by, the Company; provided that the Company shall have fully performed its obligations under Section 7.05(b) with respect to the Event of Loss for which such payments are made.

In all events, the insurance payment of any property damage loss with respect to property other than the Airframe or any Engine received under policies maintained by the Company, shall be paid to the Company.

The insurance payments for any loss or damage to the Airframe or an Engine not constituting an Event of Loss with respect to the Airframe or such Engine will be applied in payment (or to reimburse the Company) for repairs or for replacement property in accordance with the terms of Section 7.02 and Section 7.04, and any balance remaining after compliance with such Sections with respect to such loss or damage shall be paid to the Company. Any amount referred to in the preceding sentence or in clause (i) or (iii) of the second preceding paragraph that is payable to the Company shall not be paid to the Company (or, if it has been previously paid directly to the Company, shall not be retained by the Company) if at the time of such payment an Event of Default or Payment Default shall have occurred and be continuing, but shall be paid to and held by the Loan Trustee as security for the obligations of the Company under this Indenture, the Participation Agreement, the Related Indentures and the Related Participation Agreements, and at such time as there shall not be continuing any such Event of Default or Payment Default, such amount shall, to the extent not theretofore applied as provided herein, be paid to the Company.

(e) Reports, Etc. On or before the Closing Date and annually upon renewal of the Company's insurance coverage, the Company will furnish to the Loan Trustee, each Liquidity Provider and the Policy Provider a report signed by a firm of independent aircraft insurance brokers appointed by the Company (which brokers may be in the regular employ of the Company), stating the opinion of such firm that the insurance then carried and maintained on the Aircraft complies with the terms hereof; provided that all information contained in such report shall be Confidential Information and shall be treated by the Loan Trustee, each Liquidity Provider and the Policy Provider and each of their affiliates and officers, directors, agents and employees in accordance with the provisions of Section 10.16. The Company will cause such firm to advise the Loan Trustee, each Liquidity Provider and the Policy Provider in writing of any act or omission on the part of the Company of which such firm has knowledge that might invalidate or

render unenforceable, in whole or in part, any insurance on the Aircraft. The Company will also cause such firm to advise the Loan Trustee, each Liquidity Provider and the Policy Provider in writing as promptly as practicable after such firm acquires knowledge that an interruption of any insurance carried and maintained on the Aircraft pursuant to this Section 7.06 will occur. Such information may only be provided to other Persons in accordance with Section 10.16.

(f) Salvage Rights; Other. All salvage rights to the Airframe and each Engine shall remain with the Company's insurers at all times, and any insurance policies of the Loan Trustee insuring the Airframe or any Engine shall provide for a release to the Company of any and all salvage rights in and to the Airframe or any Engine. Neither the Loan Trustee nor any Noteholder may, directly or indirectly, obtain insurance for its own account with respect to the Airframe or any Engine if such insurance would limit or otherwise adversely affect the coverage or amounts payable under, or increase the premiums for, any insurance required to be maintained pursuant to this Section 7.06 or any other insurance maintained with respect to the Aircraft or any other aircraft in the Company's fleet.

(g) Right to Pay Premium. In the event of cancellation of any insurance due to the nonpayment of premiums, the Loan Trustee shall have the option, in its sole discretion, to pay any such premium in respect to the Aircraft that is due in respect of the coverage pursuant to this Indenture and to maintain such coverage, as the Loan Trustee may require, until the scheduled expiry date of such insurance and, in such event, the Company shall, upon demand, reimburse the Loan Trustee for amounts so paid by it.

(h) Insurance for Own Account. Nothing in this Section 7.06 shall limit or prohibit (i) the Company from maintaining the policies of insurance required pursuant to this Section 7.06 with higher limits than those specified herein or (ii) the Loan Trustee from obtaining insurance for its own account (and any proceeds payable under such insurance obtained by the Loan Trustee shall be payable as provided in the policy relating thereto); provided that no such insurance may be obtained by the Loan Trustee which would limit or otherwise adversely affect the coverage or amounts payable under, or increase the premiums for, any insurance required to be maintained by the Company (or any Permitted Lessee) pursuant to this Section 7.06 or any other insurance maintained by the Company (or any Permitted Lessee) with respect to the Aircraft or any other aircraft in the Company's (or such Permitted Lessee's) fleet.

ARTICLE VIII

SUCCESSOR AND ADDITIONAL TRUSTEES

Section 8.01. Resignation or Removal; Appointment of Successor. (a) The resignation or removal of the Loan Trustee and the appointment of a successor Loan

Trustee shall become effective only upon the successor Loan Trustee's acceptance of appointment as provided in this Section 8.01. The Loan Trustee or any successor thereto must resign if at any time it ceases to be eligible in accordance with the provisions of Section 8.01(c) and may resign at any time without cause by giving at least 60 days' prior written notice to the Company and each Noteholder. In addition, either the Company (so long as no Event of Default or Payment Default shall have occurred and be continuing) or a Majority in Interest of Noteholders (but only with the consent of the Company so long as no Event of Default or Payment Default shall have occurred and be continuing), may at any time remove the Loan Trustee without cause by an instrument in writing delivered to the Loan Trustee and each Noteholder, and, in case of a removal by a Majority in Interest of Noteholders, to the Company.

In the case of the resignation or removal of the Loan Trustee, the Company shall promptly appoint a successor Loan Trustee. If a successor Loan Trustee shall not have been appointed within 60 days after such notice of resignation or removal, the Loan Trustee, the Company or any Noteholder may apply to any court of competent jurisdiction to appoint a successor Loan Trustee to act until such time, if any, as a successor shall have been appointed as above provided. The successor Loan Trustee so appointed by such court shall immediately and without further act be superseded by any successor Loan Trustee appointed as above provided.

(b) Any successor Loan Trustee, however appointed, shall execute and deliver to the predecessor Loan Trustee and the Company an instrument accepting such appointment and assuming the obligations of the Loan Trustee arising from and after the time of such appointment, and thereupon such successor Loan Trustee, without further act, shall become vested with all the estates, properties, rights, powers and duties of the predecessor Loan Trustee hereunder in the trust hereunder applicable to it with like effect as if originally named the Loan Trustee herein; but nevertheless upon the written request of such successor Loan Trustee, such predecessor Loan Trustee shall execute and deliver an instrument transferring to such successor Loan Trustee all the estates, properties, rights and powers of such predecessor Loan Trustee, and such predecessor Loan Trustee shall duly assign, transfer, deliver and pay over to such successor Loan Trustee all monies or other property and all other books and records, or true, correct and complete copies thereof, then held by such predecessor Loan Trustee hereunder.

(c) This Indenture shall at all times have a Loan Trustee, however appointed, that is a Citizen of the United States (without the use of a voting trust) and a bank or trust company having a combined capital and surplus of at least \$75,000,000 (or a combined capital and surplus in excess of \$5,000,000 and the obligations of which, whether now in existence or hereafter incurred, are fully and unconditionally guaranteed by a corporation organized and doing business under the laws of the United States or any state or territory thereof or the District of Columbia and having a combined capital and surplus of at least \$75,000,000) or a corporation with a net worth of at least \$75,000,000, if there be such an

institution willing, able and legally qualified to perform the duties of the Loan Trustee hereunder upon reasonable or customary terms. If such bank, trust company or corporation publishes reports of conditions at least annually, pursuant to law or to the requirements of federal, state, territorial or District of Columbia supervising or examining authority, then for the purposes of this Section 8.01(c) the combined capital and surplus of such bank, trust company or corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of conditions so published. In case at any time the Loan Trustee shall cease to be eligible in accordance with the provisions of this Section 8.01(c), the Loan Trustee shall resign immediately in the manner and with the effect specified in Section 8.01(a).

(d) Any corporation, bank, trust company or other financial institution into which the Loan Trustee may be merged or converted or with which it may be consolidated, or any corporation, bank, trust company or other financial institution resulting from any merger, conversion or consolidation to which the Loan Trustee shall be a party, or any corporation, bank, trust company or other financial institution to which substantially all the corporate trust business of the Loan Trustee may be transferred, shall, subject to the terms of Section 8.01(c), be a successor Loan Trustee under this Indenture without further act.

Section 8.02. Appointment of Additional and Separate Trustees. (a) Whenever (i) the Loan Trustee shall deem it necessary or desirable in order to conform to any law of any jurisdiction in which all or any part of the Collateral shall be situated or to make any claim or bring any suit with respect to or in connection with the Collateral, any Operative Document or any of the transactions contemplated by the Operative Documents, (ii) the Loan Trustee shall be advised by counsel satisfactory to it that it is necessary or prudent in the interests of the Noteholders (and the Loan Trustee shall so advise the Company) or (iii) the Loan Trustee shall have been requested to do so by a Majority in Interest of Noteholders, then in any such case, the Loan Trustee and, upon the written request of the Loan Trustee, the Company, shall execute and deliver an indenture supplemental hereto and such other instruments as may from time to time be necessary or advisable either (1) to constitute one or more banks or trust companies or corporations meeting the requirements of Section 8.01(c) and approved by the Loan Trustee, either to act jointly with the Loan Trustee as additional trustee or trustees of all or any part of the Collateral or to act as separate trustee or trustees of all or any part of the Collateral, in each case with such rights, powers, duties and obligations consistent with this Indenture as may be provided in such supplemental indenture or other instruments as the Loan Trustee or a Majority in Interest of Noteholders may deem necessary or advisable, or (2) to clarify, add to or subtract from the rights, powers, duties and obligations theretofore granted any such additional or separate trustee, subject in each case to the remaining provisions of this Section 8.02. If no Event of Default has occurred and is continuing, no additional or supplemental trustee shall be appointed without the Company's consent. If the Company shall not have taken any action requested of it under this Section 8.02(a) that is required

by its terms within 15 days of a written request from the Loan Trustee to do so, or if an Event of Default shall have occurred and be continuing, the Loan Trustee may act under the foregoing provisions of this Section 8.02(a) without the concurrence of the Company, and the Company hereby irrevocably appoints (which appointment is coupled with an interest) the Loan Trustee as its agent and attorney-in-fact to act for it under the foregoing provisions of this Section 8.02(a). The Loan Trustee may, in such capacity, execute, deliver and perform any such supplemental indenture, or any such instrument, as may be required for the appointment of any such additional or separate trustee or for the clarification of, addition to or subtraction from the rights, powers, duties or obligations theretofore granted to any such additional or separate trustee, subject in each case to the remaining provisions of this Section 8.02. In case any additional or separate trustee appointed under this Section 8.02(a) shall become incapable of acting, resign or be removed, all the assets, property, rights, powers, trusts, duties and obligations of such additional or separate trustee shall revert to the Loan Trustee until a successor additional or separate trustee is appointed as provided in this Section 8.02(a).

(b) No additional or separate trustee shall be entitled to exercise any of the rights, powers, duties and obligations conferred upon the Loan Trustee in respect of the custody, investment and payment of monies and all monies received by any such additional or separate trustee from or constituting part of the Collateral or otherwise payable under any Operative Documents to the Loan Trustee shall be promptly paid over by it to the Loan Trustee. All other rights, powers, duties and obligations conferred or imposed upon any additional or separate trustee shall be exercised or performed by the Loan Trustee and such additional or separate trustee jointly except to the extent that applicable law of any jurisdiction in which any particular act is to be performed renders the Loan Trustee incompetent or unqualified to perform such act, in which event such rights, powers, duties and obligations (including the holding of title to all or part of the Collateral in any such jurisdiction) shall be exercised and performed by such additional or separate trustee. No additional or separate trustee shall take any discretionary action except on the instructions of the Loan Trustee or a Majority in Interest of Noteholders. No trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder, except that the Loan Trustee shall be liable for the consequences of its lack of reasonable care in selecting, and the Loan Trustee's own actions in acting with, any additional or separate trustee. Each additional or separate trustee appointed pursuant to this Section 8.02 shall be subject to, and shall have the benefit of Article IV, Article V, Article VI, Article VIII, Article IX and Article X hereof insofar as they apply to the Loan Trustee. The powers of any additional or separate trustee appointed pursuant to this Section 8.02 shall not in any case exceed those of the Loan Trustee hereunder.

(c) If at any time the Loan Trustee shall deem it no longer necessary or desirable or in the event that the Loan Trustee shall have been requested to do so in writing by a Majority in Interest of Noteholders, the Loan Trustee and, upon the written request of the Loan Trustee, the Company, shall execute and deliver an indenture

supplemental hereto and all other instruments and agreements necessary or proper to remove any additional or separate trustee. The Loan Trustee may act on behalf of the Company under this Section 8.02(c) when and to the extent it could so act under Section 8.02(a) hereof. In any case, the Company may remove an additional or separate trustee in the manner set forth in Section 8.01.

ARTICLE IX

AMENDMENTS AND WAIVERS

Section 9.01. Amendments to this Indenture without Consent of Holders. At any time after the date hereof, the Company and the Loan Trustee may enter into one or more agreements supplemental hereto and to amend the Equipment Notes, without notice to or consent of any Noteholder for any of the following purposes: (i) to evidence the succession of another Person to the Company and the assumption by any such successor of the covenants of the Company contained in any Operative Documents pursuant to Section 6.02(e) of the Participation Agreement; (ii) to cure any defect or inconsistency herein or in the Equipment Notes; (iii) to cure any ambiguity or correct any mistake; (iv) to evidence the succession of a new trustee hereunder pursuant hereto or the removal of the trustee hereunder or to provide for or facilitate the appointment of an additional or separate trustee pursuant to Section 8.02 hereof; (v) to convey, transfer, assign, mortgage or pledge any property to or with the Loan Trustee; (vi) to make any other provisions or amendments with respect to matters or questions arising hereunder or under the Equipment Notes, or to amend, modify or supplement any provision hereof or thereof, so long as such action shall not adversely affect the interests of the Noteholders, the Policy Provider or any Liquidity Provider; (vii) to correct or amplify the description of any property at any time subject to the Lien of this Indenture, or better to assure, convey and confirm unto the Loan Trustee any property subject or required to be subject to the Lien of this Indenture or to subject to the Lien of this Indenture the Airframe or Engines or any Replacement Airframe or Replacement Engine; (viii) to add to the covenants of the Company for the benefit of the Noteholders, or to surrender any rights or power herein conferred upon the Company; (ix) to add to the rights of the Noteholders; (x) to include on the Equipment Notes any legend as may be required by law or as may otherwise be necessary or advisable; (xi) to comply with any applicable requirements of the Trust Indenture Act of 1939, as amended, or any other requirements of applicable law or of any regulatory body; (xii) to provide for the issuance of New Series C Equipment Notes, New Series D Equipment Notes and/or Second New Series D Equipment Notes and/or Pass Through Certificates issued by a New Trust in connection with a Refunding and to make changes relating thereto; (xiii) to provide for the guaranty by AMR Corporation or another entity of this Indenture or one or more Series of Equipment Notes (other than in connection with the issuance of New Series C Equipment Notes, New Series D Equipment Notes, Second New Series D Equipment Notes and Series E Equipment Notes, subject to obtaining a Ratings Confirmation) and (xiv) to provide for the issuance

of Series E Equipment Notes and/or Pass Through Certificates issued by the Class E Trust and to make changes relating thereto, provided that (A) the Company shall have obtained written confirmation from each Rating Agency that the issuance of the Series E Equipment Notes would not result in a reduction of the rating for any class of Pass Through Certificates that is then rated below the then current rating for such class of Pass Through Certificates (without regard to the Policy in the case of the Class G Certificates) or a withdrawal or suspension of the rating of such class of Pass Through Certificates and (B) (1) if the Series E Equipment Notes are issued to a Class E Pass Through Trust, the Pass Through Trustee thereof shall become a party to the Intercreditor Agreement as provided therein or (2) if Series E Equipment Notes are issued to any person other than a Class E Pass Through Trust, the Series E Equipment Notes will be subject to the provisions of the Intercreditor Agreement that allow the "Controlling Party" (as defined in the Intercreditor Agreement), to direct the Loan Trustee in taking action under this Indenture; provided further that, unless there shall have been obtained from each Rating Agency written confirmation that a supplemental agreement described in any of clauses (i) through (xiv) of this Section 9.01 would not result in a reduction of the rating for any class of Pass Through Certificates that is then rated below the then current rating for such class of Pass Through Certificates (without regard to the Policy in the case of the Class G Certificates) or a withdrawal or suspension of the rating of such class of Pass Through Certificates, if any Pass Through Certificates are then outstanding, the Company shall provide each relevant Pass Through Trustee with an opinion of counsel (y) if an Event of Default shall have occurred and be continuing, to the effect that such supplemental agreement will not cause the relevant Pass Through Trust to become an association taxable as a corporation for United States federal income tax purposes or (z) in other circumstances, to the effect that such supplemental agreement will not cause the relevant Pass Through Trust to be treated as other than a grantor trust for United States federal income tax purposes.

Section 9.02. Amendments to this Indenture with Consent of Holders. (a) With the written consent of a Majority in Interest of Noteholders, the Company may, and the Loan Trustee shall, subject to Section 9.06, at any time and from time to time, enter into such supplemental agreements to add any provisions to or to change or eliminate any provisions of this Indenture or of any such supplemental agreements or to modify in any manner the rights and obligations of the Company, the Loan Trustee and of the Noteholders under this Indenture; provided, however, that without the consent of each Noteholder affected thereby, each Liquidity Provider and the Policy Provider, an amendment under this Section 9.02 may not:

(1) reduce the principal amount of, interest on, or Make-Whole Amount with respect to, any Equipment Note;

(2) change the date on which any principal amount of, interest on, or Make-Whole Amount with respect to, any Equipment Note, is due or payable;

(3) create any Lien with respect to the Collateral prior to or pari passu with the Lien thereon under this Indenture except such as are permitted by this Indenture, or deprive any Noteholder of the benefit of the Lien on the Collateral created by this Indenture;

(4) reduce the percentage of the outstanding principal amount of the Equipment Notes the consent of whose holders is required for any such supplemental agreement, or the consent of whose holders is required for any waiver of compliance with certain provisions of this Indenture or of certain defaults hereunder or their consequences provided for in this Indenture; or

(5) make any change in Section 4.05 or this Section 9.02, except to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of each Noteholder affected thereby.

Notwithstanding the foregoing, (i) neither the Company nor the Loan Trustee shall enter into any amendment, waiver or modification of, or supplement or consent to, this Indenture or any other Operative Document other than the Participation Agreement (which is addressed in Section 9.03) which shall reduce, modify or amend any indemnities in favor of the Policy Provider or any Liquidity Provider without the consent of the Policy Provider or such Liquidity Provider, as the case may be, (ii) no amendment under this Section 9.02 may make any change in Section 2.14 without the consent of the Policy Provider and each Liquidity Provider, to the extent any of such Persons is affected thereby, (iii) no amendment under this Section 9.02 may remove the Policy Provider or any Liquidity Provider as a "Specified Person" or an "Indenture Indemnitee" without the consent of the Policy Provider or such Liquidity Provider, as the case may be, and (iv) without the consent of each holder of an affected Related Equipment Note then outstanding, no amendment, waiver or modification of the terms hereof shall reduce the amount payable with respect to such Related Equipment Note, or the date on which any amount is payable with respect to such Related Equipment Note, pursuant to Section 2.10(b), 2.10(c), 2.10(e) or 3.04 or deprive any Related Noteholder of the benefit of the Lien of this Indenture or the Collateral, except as provided in Section 2.06 or in connection with the exercise of remedies under Article IV hereof.

(b) It is not necessary under this Section 9.02 for the Noteholders to consent to the particular form of any proposed supplemental agreement, but it is sufficient if they consent to the substance thereof.

(c) Promptly after the execution by the Company and the Loan Trustee of any supplemental agreement pursuant to the provisions of this Section 9.02, the Loan Trustee shall transmit by first-class mail a notice, setting forth in general terms the substance of such supplemental agreement, to all Noteholders, as the names and addresses of such Noteholders appear on the Equipment Note Register. Any failure of the Loan Trustee to

mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental agreement.

Section 9.03. Amendments, Waivers, Etc. of the Participation Agreement. Without the consent of a Majority in Interest of Noteholders, the respective parties to the Participation Agreement may not modify, amend or supplement such agreement, or give any consent, waiver, authorization or approval thereunder, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions thereof or of modifying in any manner the rights of the respective parties thereunder; provided, however, that, without the consent of the Loan Trustee or any Noteholder, the Participation Agreement may be modified, amended or supplemented in order (i) to cure any defect or inconsistency therein or to cure any ambiguity or correct any mistake, (ii) to amend, modify or supplement any provision thereof or make any other provision with respect to matters or questions arising thereunder or under this Indenture, provided that the making of any such other provision shall not materially adversely affect the interests of the Noteholders or (iii) to make any other change, or reflect any other matter, of the kind referred to in clauses (i) through (xiv) of Section 9.01. Notwithstanding the foregoing, without the consent of the applicable Liquidity Provider, the Company shall not enter into any amendment, waiver or modification of or supplement or consent to the Participation Agreement which shall reduce, modify or amend any indemnities in favor of any Liquidity Provider contained therein.

Section 9.04. Revocation and Effect of Consents. Until an amendment or waiver becomes effective, a consent to it by a Noteholder is a continuing consent by the Noteholder and every subsequent Noteholder, even if notation of the consent is not made on any Equipment Note.

Section 9.05. Notation on or Exchange of Equipment Notes. The Loan Trustee may place an appropriate notation about an amendment or waiver on any Equipment Note thereafter executed. The Loan Trustee in exchange for such Equipment Notes may execute new Equipment Notes that reflect the amendment or waiver.

Section 9.06. Trustee Protected. If, in the reasonable opinion of the institution acting as Loan Trustee hereunder, any document required to be executed by it pursuant to the terms of Section 9.01 or Section 9.02 adversely affects any right, duty, immunity or indemnity with respect to such institution under this Indenture, such institution may in its discretion decline to execute such document.

ARTICLE X

MISCELLANEOUS

Section 10.01. Termination of Indenture. Upon (or at any time after) payment in full of:

(x) the principal amount of, interest on and Make-Whole Amount, if any, with respect to, and all other amounts due under, all Equipment Notes, and provided that there shall be no other Secured Obligations due and payable to the Noteholders, the Indenture Indemnitees and the Loan Trustee hereunder or under the Participation Agreement, the other Operative Documents, the Policy Provider Indemnity and Inspection Agreement or the Supplemental Agreement and that no "Event of Default" shall have occurred and be continuing under any Related Indenture, and

(y) except as provided in the next paragraph, the principal amount of, interest on and Make-Whole Amount, if any, with respect to, and all other amounts due under, all Related Equipment Notes, and provided that there shall be no other Related Secured Obligations due and payable to the Related Noteholders, the Related Indenture Indemnitees and the Related Loan Trustees hereunder or under the Participation Agreement, the Related Participation Agreements, the other Operative Documents, the other Related Operative Documents, the Related Indentures, the Related Policy Provider Indemnity and Inspection Agreements or the Related Supplemental Agreements,

the Company and the Loan Trustee shall be deemed to have been released and discharged from their respective obligations hereunder and under the Equipment Notes and the security interest, mortgage lien and all other estate, right, title and interest granted by this Indenture shall cease and become null and void and all of the property, rights, interests and privileges granted as security for the Equipment Notes shall revert to and vest in the Company without any other act or formality whatsoever, and the Loan Trustee shall, upon the written request of the Company, execute and deliver to, or as directed in writing by, the Company an appropriate instrument (in due form for recording) releasing the Aircraft and the balance of the Collateral from the Lien of this Indenture, together with such other instruments and documents as the Company reasonably requests to give effect to the release and termination, and, in such event, this Indenture and the trusts created hereby shall terminate and this Indenture shall be of no further force or effect; provided, however, that this Indenture and the trusts created hereby shall earlier terminate and this Indenture shall be of no further force or effect upon any sale or other final disposition by the Loan Trustee of all property constituting part of the Collateral and the final distribution by the Loan Trustee of all monies or other property or proceeds constituting part of the Collateral in accordance with the terms hereof.

The requirements of clause (y) of the preceding paragraph shall not apply (and the terminations referred to in the preceding paragraph will occur upon payment in full of only the amounts specified in clause (x) of the preceding paragraph):

(i) if the Policy Provider consents in writing to such termination (other than with respect to any payments due and payable on the Final Payment Date), or

(ii) in connection with a redemption of the Equipment Notes pursuant to Section 2.10(a) or Section 2.10(d) of this Indenture, so long as there is no default (without regard to grace periods) in the payment of any amount due and payable under any Related Indenture (including, without limitation, any Policy Provider Amounts).

Except as otherwise provided above, this Indenture and the trusts created hereby shall continue in full force and effect in accordance with the terms hereof. Notwithstanding the foregoing, if this Indenture has not terminated prior to the Final Payment Date, this Indenture shall not terminate on the Final Payment Date unless no Event of Default of the type referred to in Section 4.01(j) exists.

Section 10.02. No Legal Title to Collateral in Noteholders. No Noteholder shall have legal title to any part of the Collateral. No transfer, by operation of law or otherwise, of any Equipment Note or other right, title and interest of any Noteholder in and to the Collateral or hereunder shall operate to terminate this Indenture or entitle such Noteholder or any successor or transferee of such holder to an accounting or to the transfer to it of any legal title to any part of the Collateral.

Section 10.03. Sale of Aircraft by Loan Trustee Is Binding. Any sale or other conveyance of the Aircraft, the Airframe, any Engine or any interest therein by the Loan Trustee made pursuant to the terms of this Indenture shall bind the Noteholders and the Company and shall be effective to transfer or convey all right, title and interest of the Loan Trustee, the Company and such Noteholders in and to such Aircraft, Airframe, Engine or interest therein. No purchaser or other grantee shall be required to inquire as to the authorization, necessity, expediency or regularity of such sale or conveyance or as to the application of any sale or other proceeds with respect thereto by the Noteholders.

Section 10.04. Indenture for Benefit of the Company, Loan Trustee, Noteholders and Other Indenture Indemnitees. Nothing in this Indenture, whether express or implied, shall be construed to give any Person other than the Company, the Loan Trustee, the Policy Provider, the Noteholders and the other Indenture Indemnitees (including the Related Noteholders) any legal or equitable right, remedy or claim under or in respect of this Indenture.

Section 10.05. Notices. Unless otherwise expressly specified or permitted by the terms hereof, all notices, requests, demands, authorizations, directions, consents, waivers or documents required or permitted under the terms and provisions of this Indenture shall be in English and in writing, and may be given by United States mail, courier service or facsimile, and any notices shall be effective when delivered (if delivered by facsimile, upon completion of transmission and confirmation by the sender (by a telephone call to a representative of the recipient or by machine confirmation) that such transmission was received) addressed as follows: (a) if to the Company or the Loan Trustee to its respective address (including facsimile number) set forth on Schedule I to the Participation Agreement, or (b) if to any Noteholder, addressed to such Noteholder at its address set forth in the Equipment Note Register maintained pursuant to Section 2.07.

Any party, by notice to the other parties hereto, may designate additional or different addresses for subsequent notices or communications. Whenever the term "notice" or "notify" or similar words are used herein, they mean the provision of formal notice as set forth in this Section 10.05.

Section 10.06. Severability. Any provision of this Indenture that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 10.07. No Oral Modification or Continuing Waivers. No terms or provisions of this Indenture or of the Equipment Notes may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the Company and the Loan Trustee, in compliance with Article IX. Any waiver of the terms hereof or of any Equipment Note shall be effective only in the specific instance and for the specific purpose given.

Section 10.08. Successors and Assigns. All covenants and agreements contained herein shall bind and inure to the benefit of, and be enforceable by, each of the parties hereto and the successors and permitted assigns of each, all as herein provided. Any request, notice, direction, consent, waiver or other instrument or action by any Noteholder shall bind the successors and permitted assigns of such Noteholder. Each Noteholder by its acceptance of an Equipment Note agrees to be bound by this Indenture and all provisions of the Participation Agreement applicable to a Noteholder.

Section 10.09. Headings. The headings of the various Articles and Sections herein and in the Table of Contents hereto are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

Section 10.10. Normal Commercial Relations. Anything contained in this Indenture to the contrary notwithstanding, the Loan Trustee, any Noteholder or any other party to any of the Operative Documents or the Pass Through Documents or any of their affiliates may conduct any banking or other financial transactions, and have banking or other commercial relationships, with the Company, fully to the same extent as if this Indenture were not in effect, including without limitation the making of loans or other extensions of credit to the Company for any purpose whatsoever, whether related to any of the transactions contemplated hereby or otherwise.

Section 10.11. Voting by Noteholders. All votes of the Noteholders shall be governed by a vote of a Majority in Interest of Noteholders, except as otherwise provided herein.

Section 10.12. Bankruptcy. It is the intention of the parties that the Loan Trustee shall be entitled to the benefits of Section 1110 with respect to the right to take possession of the Aircraft, Airframe, Engines and Parts and to enforce any of its other rights or remedies as provided herein in the event of a case under Chapter 11 of the Bankruptcy Code in which the Company is a debtor.

Section 10.13. The Company's Performance and Rights. Any obligation imposed on the Company herein shall require only that the Company perform or cause to be performed such obligation, even if stated as a direct obligation, and the performance of any such obligation by any permitted assignee, lessee or transferee under an assignment, lease or transfer agreement then in effect and in accordance with the provisions of the Operative Documents shall constitute performance by the Company and, to the extent of such performance, discharge such obligation by the Company. Except as otherwise expressly provided herein, any right granted to the Company in this Indenture shall grant the Company the right to permit such right to be exercised by any such assignee, lessee or transferee. The inclusion of specific references to obligations or rights of any such assignee, lessee or transferee in certain provisions of this Indenture shall not in any way prevent or diminish the application of the provisions of the two sentences immediately preceding with respect to obligations or rights in respect of which specific reference to any such assignee, lessee or transferee has not been made in this Indenture.

Section 10.14. Counterparts. This Indenture may be executed in any number of counterparts (and each of the parties hereto shall not be required to execute the same counterpart). Each counterpart of this Indenture including a signature page or pages executed by each of the parties hereto shall be an original counterpart of this Indenture, but all of such counterparts together shall constitute one instrument.

Section 10.15. Governing Law. THIS INDENTURE HAS BEEN DELIVERED IN THE STATE OF NEW YORK AND THIS INDENTURE, ANY INDENTURE SUPPLEMENT AND THE EQUIPMENT NOTES SHALL BE

GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Section 10.16. Confidential Information. The term "Confidential Information" means: (a) the existence and terms of any lease of the Airframe or Engines pursuant to Section 7.02(a) and the identity of the Permitted Lessee thereunder; (b) all information obtained in connection with any inspection conducted by the Loan Trustee, the Policy Provider or their respective representatives pursuant to Section 7.03(a); (c) each certification furnished to the Loan Trustee, any Liquidity Provider and the Policy Provider pursuant to Section 7.06(a) and Section 7.06(b); (d) all information contained in each report furnished to the Loan Trustee, the Policy Provider and any Liquidity Provider pursuant to Section 7.06(e); and (e) all information regarding the Warranty Rights; provided that the term does not include any information that is or becomes publicly known through no act or omission by the Loan Trustee, the Policy Provider, any Liquidity Provider or any Noteholder or any Person acting on behalf of any such Person. Except in connection with the exercise of remedies following the occurrence of an Event of Default, all Confidential Information shall be held confidential by the Loan Trustee, the Policy Provider (in the case of information obtained by it pursuant to Section 7.03(a), the certifications furnished to it pursuant to Section 7.06(a) and Section 7.06(b) and the reports furnished to it pursuant to Section 7.06(e)), each Liquidity Provider (in the case of the certifications furnished to it pursuant to Section 7.06(a) and Section 7.06(b) and the reports furnished to it pursuant to Section 7.06(e)) and each Noteholder and each affiliate, agent, officer, director, or employee of any thereof and shall not be furnished or disclosed by any of them to anyone other than (i) the Loan Trustee, the Policy Provider (in the case of information obtained by it pursuant to Section 7.03(a)) or any Noteholder and (ii) their respective bank examiners, auditors, insurance regulators, reinsurers, accountants, agents and legal counsel, and except as may be required by an order of any court or administrative agency or by any statute, rule, regulation or order of any governmental authority. Notwithstanding any other provision in this Agreement the Class G Liquidity Provider (and each employee, representative or other agent of the Class G Liquidity Provider) may disclose to any and all Persons, without limitation of any kind, the U.S. tax treatment and U.S. tax structure of the transaction and all materials of any kind (including opinions or other tax analyses) that are provided to any party to any Operative Documents relating to such U.S. tax treatment and U.S. tax structure, other than any information for which nondisclosure is reasonably necessary in order to comply with applicable securities laws.

Section 10.17. Submission to Jurisdiction. Each of the parties hereto, and by acceptance of Equipment Notes, each Noteholder, to the extent it may do so under applicable law, for purposes hereof and of all other Operative Documents hereby

(a) irrevocably submits itself to the non-exclusive jurisdiction of the courts of the State of New York sitting in the City of New York and to the non-exclusive jurisdiction of the United States District Court for the Southern District of New York, for the purposes of any suit, action or other proceeding arising out of this Indenture, the subject matter hereof or any of the transactions contemplated hereby brought by any party or parties hereto or thereto, or their successors or permitted assigns and (b) waives, and agrees not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Indenture or the Equipment Notes or the subject matter hereof or any of the transactions contemplated hereby may not be enforced in or by such courts.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed by their respective officers thereof duly authorized, as of the date first above written.

AMERICAN AIRLINES, INC.

By: /s/ Michael P. Thomas

Name: Michael P. Thomas
Title: Managing Director
Corporate Finance & Banking

U.S. BANK TRUST NATIONAL ASSOCIATION,
as Loan Trustee

By: /s/ Alison D.B. Nadeau

Name: Alison D.B. Nadeau
Title: Vice President

EXHIBIT A to
INDENTURE AND SECURITY AGREEMENT

INDENTURE SUPPLEMENT NO.

INDENTURE SUPPLEMENT NO. __, dated _____, ____ ("Indenture Supplement"), between AMERICAN AIRLINES, INC. (the "Company") and U.S. BANK TRUST NATIONAL ASSOCIATION, not in its individual capacity but solely as Loan Trustee under the Indenture (each as hereinafter defined).

W I T N E S S E T H:

WHEREAS, the Indenture and Security Agreement (N961AN), dated as of July 8, 2003 (the "Indenture"; capitalized terms used herein without definition shall have the meanings specified therefor in Annex A to the Indenture), between the Company and U.S. Bank Trust National Association, as Loan Trustee (the "Loan Trustee"), provides for the execution and delivery of supplements thereto substantially in the form hereof which shall particularly describe the Aircraft, and shall specifically grant a security interest in the Aircraft to the Loan Trustee; and

[WHEREAS, the Indenture relates to the Airframe and Engines described in Annex A attached hereto and made a part hereof, and a counterpart of the Indenture is attached to and made a part of this Indenture Supplement;](13)

[WHEREAS, the Company has, as provided in the Indenture, heretofore executed and delivered to the Loan Trustee Indenture Supplement(s) for the purpose of specifically subjecting to the Lien of the Indenture certain airframes and/or engines therein described, which Indenture Supplement(s) is/are dated and has/have been duly recorded with the FAA as set forth below, to wit:

Date	Recordation Date	FAA Document Number](14)
------	------------------	--------------------------

NOW, THEREFORE, to secure (i) the prompt and complete payment (whether at stated maturity, by acceleration or otherwise) of principal of, interest on (including interest on any overdue amounts), Make-Whole Amount, if any, with respect to, and other amounts due under the Equipment Notes, (ii) all other amounts payable by the Company under the Operative Documents, the Supplemental Agreement and the Policy Provider Indemnity and Inspection Agreement (including, without limitation, all amounts payable under Section 2.14 of the Indenture and any indemnities payable by the Company pursuant to Section 4.02 of the Participation Agreement or pursuant to the

- - - - -
(13) Use for Indenture Supplement No. 1 only.

(14) Use for all Indenture Supplements other than Indenture Supplement No. 1.

Policy Provider Indemnity and Inspection Agreement), and (iii) the performance and observance by the Company of all the agreements and covenants to be performed or observed by the Company for the benefit of the Noteholders and the Indenture Indemnitees contained in the Operative Documents, the Supplemental Agreement and the Policy Provider Indemnity and Inspection Agreement, and to secure the Related Secured Obligations under any Related Indentures, and in consideration of the premises and of the covenants contained in the Operative Documents, and for other good and valuable consideration given by the Loan Trustee, the Noteholders and the Indenture Indemnitees to the Company at or before the Closing Date, the receipt of which is hereby acknowledged, the Company does hereby grant, bargain, sell, convey, transfer, mortgage, assign, pledge and confirm unto the Loan Trustee and its successors in trust and permitted assigns, for the security and benefit of the Loan Trustee, the Noteholders and the Indenture Indemnitees, a first priority security interest in, and mortgage lien on, all estate, right, title and interest of the Company in, to and under the Aircraft, including the Airframe and Engines described in Annex A attached hereto, whether or not any such Engine may from time to time be installed on the Airframe or any other airframe or any other aircraft, and any and all Parts relating thereto, and, to the extent provided in the Indenture, all substitutions and replacements of, and additions, improvements, accessions and accumulations to, the Aircraft, including the Airframe, the Engines and any and all Parts (in each case other than any substitutions, replacements, additions, improvements, accessions and accumulations that constitute items excluded from the definition of Parts by clauses (b), (c) and (d) thereof) relating thereto;

To have and to hold all and singular the aforesaid property unto the Loan Trustee, and its successors and assigns, in trust for the ratable benefit and security of the Noteholders and the Indenture Indemnitees, except as otherwise provided in the Indenture, including Section 2.13 and Article III of the Indenture, without any preference, distinction or priority of any one Equipment Note over any other by reason of priority of time of issue, sale, negotiation, date of maturity thereof or otherwise for any reason whatsoever, and for the uses and purposes and subject to the terms and provisions set forth in the Indenture.

This Indenture Supplement shall be construed as supplemental to the Indenture and shall form a part thereof, and the Indenture is hereby incorporated by reference herein and is hereby ratified, approved and confirmed.

THIS INDENTURE SUPPLEMENT HAS BEEN DELIVERED IN THE STATE OF NEW YORK AND SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

IN WITNESS WHEREOF, the undersigned have caused this Indenture Supplement No. ___ to be duly executed by their respective duly authorized officers, on the date first above written.

AMERICAN AIRLINES, INC.

By: _____
Name:
Title:

U.S. BANK TRUST NATIONAL ASSOCIATION,
as Loan Trustee

By: _____
Name:
Title:

DESCRIPTION OF AIRFRAME AND ENGINES

AIRFRAME

Manufacturer	Model	FAA Registration No.	Manufacturer's Serial No.
-----	-----	-----	-----

ENGINES

Manufacturer	Model	Manufacturer's Serial No.
-----	-----	-----

Each Engine is of 750 or more "rated take-off horsepower" or the equivalent of such horsepower.

EXHIBIT B to
INDENTURE AND SECURITY AGREEMENT

LIST OF PERMITTED COUNTRIES

Argentina	Japan
Australia	Kuwait
Austria	Liechtenstein
Bahamas	Luxembourg
Barbados	Malaysia
Belgium	Malta
Bermuda Islands	Mexico
Brazil	Monaco
British Virgin Islands	Morocco
Canada	the Netherlands
Cayman Islands	Netherlands Antilles
Chile	New Zealand
Czech Republic	Norway
Denmark	Paraguay
Ecuador	Peoples' Republic of China
Egypt	Philippines
Finland	Poland
France	Portugal
Germany	Republic of China (Taiwan)
Greece	Singapore
Grenada	South Africa
Guatemala	South Korea
Hong Kong	Spain
Hungary	Sweden
Iceland	Switzerland
India	Thailand
Indonesia	Trinidad and Tobago
Ireland	United Kingdom
Italy	Uruguay
Jamaica	Venezuela

EXHIBIT C to
INDENTURE AND SECURITY AGREEMENT

AIRCRAFT TYPE VALUES FOR SECTION 7.06(b)

\$8,000,000

SCHEDULE I to
INDENTURE AND SECURITY AGREEMENT

DESCRIPTION OF EQUIPMENT NOTES

	Original Principal Amount -----	Maturity Date -----
Series G Equipment Notes:	\$ 20,264,620.17	July 9, 2010
Series C Equipment Notes:	\$ 7,599,182.86	July 9, 2010
Series D Equipment Notes:	\$ 2,533,087.47	July 9, 2010

CERTAIN DEFINED TERMS

Defined Term -----	Definition -----
Debt Rate for Series G Equipment Notes	3.857% per annum.
Debt Rate for Series C Equipment Notes	8% per annum.
Debt Rate for Series D Equipment Notes	12% per annum.

EQUIPMENT NOTE AMORTIZATION

SERIES G

N961AN

Payment Date	Percentage of Original Principal Amount To be Paid
January 09, 2004.....	2.074467898%
July 09, 2004.....	9.807016630%
January 09, 2005.....	1.947008464%
July 09, 2005.....	4.439551654%
January 09, 2006.....	1.904521954%
July 09, 2006.....	9.127232164%
January 09, 2007.....	1.777062373%
July 09, 2007.....	6.422256371%
January 09, 2008.....	1.692089351%
July 09, 2008.....	6.167337209%
January 09, 2009.....	1.607116231%
July 09, 2009.....	5.912417997%
January 09, 2010.....	1.522143210%
July 09, 2010.....	45.599778493%

EQUIPMENT NOTE AMORTIZATION

SERIES C

N961AN

Payment Date -----	Percentage of Original Principal Amount To be Paid -----
January 09, 2004.....	2.074467517%
July 09, 2004.....	9.807016672%
January 09, 2005.....	1.947008550%
July 09, 2005.....	4.439551676%
January 09, 2006.....	1.904522008%
July 09, 2006.....	9.127232135%
January 09, 2007.....	1.777062383%
July 09, 2007.....	6.422256432%
January 09, 2008.....	1.692089299%
July 09, 2008.....	6.167337181%
January 09, 2009.....	1.607116216%
July 09, 2009.....	5.912418062%
January 09, 2010.....	1.522143264%
July 09, 2010.....	45.599778606%

EQUIPMENT NOTE AMORTIZATION

SERIES D

N961AN

Payment Date	Percentage of Original Principal Amount To be Paid
-----	-----
January 09, 2004.....	\$ 52,548.09
July 09, 2004.....	248,420.31
January 09, 2005.....	49,319.43
July 09, 2005.....	112,457.73
January 09, 2006.....	48,243.21
July 09, 2006.....	231,200.77
January 09, 2007.....	45,014.54
July 09, 2007.....	162,681.37
January 09, 2008.....	42,862.10
July 09, 2008.....	156,224.05
January 09, 2009.....	40,709.66
July 09, 2009.....	149,766.72
January 09, 2010.....	38,557.22
July 09, 2010.....	1,155,082.27

SCHEDULE II to
INDENTURE AND SECURITY AGREEMENT

PASS THROUGH TRUST AGREEMENT AND
PASS THROUGH TRUST SUPPLEMENTS

Pass Through Trust Agreement, dated as of March 21, 2002, between American Airlines, Inc. and U.S. Bank Trust National Association (as successor to State Street Bank and Trust Company of Connecticut, National Association), as trustee, as supplemented by Trust Supplement No. 2003-1G, dated as of July 8, 2003, Trust Supplement No. 2003-1C, dated as of July 8, 2003, and Trust Supplement No. 2003-1D, dated as of July 8, 2003.

N961AN
Annex A to
Participation Agreement and
Indenture and Security Agreement

DEFINITIONS

"Agreement" and "Participation Agreement" mean that certain Participation Agreement (N961AN), dated on or before the Closing Date, among the Company, U.S. Bank, the Pass Through Trustee under each Pass Through Trust Agreement, the Subordination Agent and the Loan Trustee, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Aircraft" means the Airframe (or any Replacement Airframe substituted therefore pursuant to Section 7.05 of the Indenture) together with the two Engines described in the Indenture Supplement originally executed and delivered under the Indenture (or any Replacement Engine that may from time to time be substituted for any of such Engines pursuant to Section 7.04 or Section 7.05 of the Indenture), whether or not any of such initial or substituted Engines may from time to time be installed on such Airframe or installed on any other airframe or on any other aircraft. The term "Aircraft" shall include any Replacement Aircraft.

"Airframe" means (a) the Boeing aircraft further described in Annex A to the Indenture Supplement (except (i) the Engines or engines from time to time installed thereon and any and all Parts related to such Engine or engines and (ii) items installed or incorporated in or attached to such aircraft from time to time that are excluded from the definition of Parts (except Engines or engines)) originally executed and delivered under the Indenture and (b) any and all related Parts. The term "Airframe" shall include any Replacement Airframe that may from time to time be substituted for the Airframe pursuant to Section 7.05 of the Indenture. At such time as the Replacement Airframe shall be so substituted and the Airframe for which such substitution is made shall be released from the Lien of the Indenture, such replaced Airframe shall cease to be an Airframe under the Indenture.

"American Entity" has the meaning specified in Section 1.01 of the Policy Provider Agreement.

"American New Series D Equipment Notes" means any New Series D Equipment Notes that are purchased by a New Trust with proceeds of New Class D Certificates (as defined in Exhibit A to the Intercreditor Agreement) that are sold to a Person affiliated with the Company.

"Bankruptcy Code" means the United States Bankruptcy Code, 11 United States Code Sections 101 et seq., as amended, or any successor statutes thereto.

"Basic Pass Through Trust Agreement" means that certain Pass Through Trust Agreement, dated as of March 21, 2002, between the Company and U.S. Bank (as successor to State Street Bank and Trust Company of Connecticut, National Association), as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms (but does not include any Trust Supplement).

"Bills of Sale" means the FAA Bill of Sale and the Warranty Bill of Sale.

"Business Day" means any day other than a Saturday, a Sunday or a day on which commercial banks are required or authorized to close in New York, New York, Dallas, Texas or the city and state in which the Loan Trustee maintains its Corporate Trust Office or receives and disburses funds.

"Certificated Air Carrier" means any Citizen of the United States holding an air carrier operating certificate issued by the Secretary of Transportation pursuant to Chapter 447 of Title 49 of the United States Code for aircraft capable of carrying ten or more individuals or 6,000 pounds or more of cargo or that otherwise is certified or registered to the extent required to fall within the purview of Section 1110.

"Citizen of the United States" has the meaning specified for such term in Section 40102(a)(15) of Title 49 of the United States Code or any similar legislation of the United States enacted in substitution or replacement therefor.

"Claim" has the meaning specified in Section 4.02(a) of the Participation Agreement.

"Class C Liquidity Facility" has the meaning specified in the Intercreditor Agreement.

"Class C Liquidity Provider" has the meaning specified in the Intercreditor Agreement.

"Class E Trust" has the meaning specified in the Intercreditor Agreement.

"Class G Liquidity Facility" has the meaning specified in the Intercreditor Agreement.

"Class G Liquidity Provider" has the meaning specified in the Intercreditor Agreement.

"Closing" has the meaning specified in Section 2.03 of the Participation Agreement.

"Closing Date" means the date set forth on the cover page of the Indenture.

"Code" means the Internal Revenue Code of 1986, as amended.

"Collateral" has the meaning specified in the granting clause of the Indenture.

"Company" means American Airlines, Inc., and its successors and permitted assigns.

"Compulsory Acquisition" means requisition of title or other compulsory acquisition, capture, seizure, deprivation, confiscation or detention for any reason of the Aircraft by any government that results in the loss of title or use of the Aircraft by the Company (or any Permitted Lessee) for a period in excess of 180 days, but shall exclude requisition for use or hire not involving requisition of title.

"Confidential Information" has the meaning specified in Section 10.16 of the Indenture.

"Controlling Party" has the meaning specified in Section 2.06 of the Intercreditor Agreement.

"Corporate Trust Office" means the Corporate Trust Division of the Loan Trustee located at U.S. Bank National Association, 225 Asylum Street, Goodwin Square, Hartford, Connecticut, 06103, Attention: Corporate Trust Division, or such other office at which the Loan Trustee's corporate trust business shall be administered that the Loan Trustee shall have specified by notice in writing to the Company.

"CRAF Program" means the Civil Reserve Air Fleet Program authorized under 10 U.S.C. Section 9511 et seq. or any similar or substitute program under the laws of the United States.

"Debt Rate" means (i) with respect to the Series G Equipment Notes, the Original Series C Equipment Notes and the Original Series D Equipment Notes, the rate per annum specified as the "Debt Rate" in Schedule I to the Indenture, (ii) with respect to any New Series C Equipment Notes, New Series D Equipment Notes and Second New Series D Equipment Notes, the rate per annum specified as such in an Indenture Refunding Amendment applicable to such Series and (iii) with respect to any Series E Equipment Notes, the rate per annum specified in an amendment to the Indenture at the time of issuance of such Series E Equipment Notes.

"Department of Transportation" means the United States Department of Transportation and any agency or instrumentality of the United States government succeeding to its functions.

"Direction" has the meaning specified in Section 2.16 of the Indenture.

"Dollars" and "\$" mean the lawful currency of the United States.

"Engine" means (a) each of the two engines listed by manufacturer's serial number and further described in Annex A to the Indenture Supplement originally executed and delivered under the Indenture, whether or not from time to time installed on the Airframe or installed on any other airframe or on any other aircraft and (b) any Replacement Engine that may from time to time be substituted for an Engine pursuant to Section 7.04 or 7.05 of the Indenture; together in each case with any and all related Parts. At such time as a Replacement Engine shall be so substituted and the Engine for which substitution is made shall be released from the Lien of the Indenture, such replaced Engine shall cease to be an Engine under the Indenture.

"Equipment Note" means and includes any Series G Equipment Note, Original Series C Equipment Note, Original Series D Equipment Note, Series E Equipment Note, New Series C Equipment Note, New Series D Equipment Note or Second New Series D Equipment Note, and any Equipment Note issued in exchange therefor or replacement thereof pursuant to Section 2.07 or 2.08 of the Indenture.

"Equipment Note Register" has the meaning specified in Section 2.07 of the Indenture.

"Equipment Note Registrar" has the meaning specified in Section 2.07 of the Indenture.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder. Section references to ERISA are to ERISA as in effect at the date of the Participation Agreement and any subsequent provisions of ERISA amendatory thereof, supplemental thereto or substituted therefor.

"Event of Default" has the meaning specified in Section 4.01 of the Indenture.

"Event of Loss" means, with respect to the Aircraft, Airframe or any Engine, any of the following events with respect to such property:

(a) the loss of such property or of the use thereof due to destruction, damage beyond repair or rendition of such property permanently unfit for normal use for any reason whatsoever;

(b) any damage to such property which results in an insurance settlement with respect to such property on the basis of a total loss, a compromised total loss or a constructive total loss;

(c) the theft, hijacking or disappearance of such property for a period in excess of 180 days;

(d) the requisition for use of such property by any government (other than a requisition for use by a Government or the government of the country of registry of the Aircraft) that shall have resulted in the loss of possession of such property by the Company (or any Permitted Lessee) for a period in excess of 12 consecutive months;

(e) the operation or location of the Aircraft, while under requisition for use by any government, in any area excluded from coverage by any insurance policy in effect with respect to the Aircraft required by the terms of Section 7.06 of the Indenture, unless the Company shall have obtained indemnity or insurance in lieu thereof from such government;

(f) any Compulsory Acquisition;

(g) as a result of any law, rule, regulation, order or other action by the FAA or other government of the country of registry, the use of the Aircraft or Airframe in the normal business of air transportation shall have been prohibited by virtue of a condition affecting all aircraft of the same type for a period of 18 consecutive months, unless the Company shall be diligently carrying forward all steps that are necessary or desirable to permit the normal use of the Aircraft or Airframe or, in any event, if such use shall have been prohibited for a period of three consecutive years; and

(h) with respect to an Engine only, any divestiture of title to or interest in an Engine or any event with respect to an Engine that is deemed to be an Event of Loss with respect to such Engine pursuant to Section 7.02(a)(vii) of the Indenture.

An Event of Loss with respect to the Aircraft shall be deemed to have occurred if an Event of Loss occurs with respect to the Airframe unless the Company elects to substitute a Replacement Airframe pursuant to Section 7.05(a)(i) of the Indenture.

"Excess Amount" means the amount that the Company elects to apply (or that the Loan Trustee is required to apply), pursuant to Section 2.10(g) of the Indenture, to the redemption of Series G Equipment Notes under Section 2.10(b), 2.10(c) or 2.10(e) of the Indenture.

"Excess Proceeds" means (i) with respect to any Related Aircraft with respect to which an Event of Loss has occurred, the difference between (A) the total insurance proceeds received by the Company pursuant to the insurance policies maintained

pursuant to Section 7.06(b) of the Indenture or pursuant to requisition or indemnity payments described in Section 7.05(c) of the Indenture, and (B) the total amount required to be applied by the Company under Section 2.10(a) of the Related Indenture to the redemption of the Related Equipment Notes in respect of which the Event of Loss occurred, and (ii) with respect to the sale of any Related Aircraft, the positive difference (if any) between (x) the total proceeds realized in the sale of such Related Aircraft and (y) the total amount required to be applied by the Company to the redemption of the Related Equipment Notes under Section 2.10(d) of the Related Indenture related to such Related Aircraft.

"FAA" means the United States Federal Aviation Administration and any agency or instrumentality of the United States government succeeding to its functions.

"FAA Bill of Sale" means the bill of sale for the Aircraft on AC Form 8050-2, executed by the Manufacturer in favor of the Company and recorded with the FAA.

"Federal Funds Rate" means a fluctuating interest rate per annum in effect from time to time, which rate per annum shall at all times be equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or if such rate is not so published for any day that is a Business Day, the average of the quotations for such day for such transactions received by U.S. Bank from three Federal funds brokers of recognized standing selected by it.

"Final Payment Date" means July 9, 2010, or if such date is not a Business Day, the Final Payment Date shall be the next succeeding Business Day.

"Government" means the government of any of Canada, France, Germany, Japan, The Netherlands, Sweden, Switzerland, the United Kingdom or the United States and any instrumentality or agency thereof.

"Indemnitee" has the meaning specified in Section 4.02(b) of the Participation Agreement.

"Indenture" means that certain Indenture and Security Agreement (N961AN), dated as of the Closing Date, between the Company and the Loan Trustee, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms, including by an Indenture Refunding Amendment or an Indenture Supplement.

"Indenture Indemnitee" means (i) the Loan Trustee, (ii) U.S. Bank, (iii) each separate or additional trustee appointed pursuant to Section 8.02 of the Indenture, (iv) so long as it holds any Equipment Note as agent and trustee of any Pass Through Trustee,

the Subordination Agent, (v) each Liquidity Provider, (vi) the Policy Provider and its affiliates, (vii) so long as it is the holder of any Equipment Notes, each Pass Through Trustee, (viii) each Related Noteholder and (ix) each of the respective directors, officers, employees, agents and servants of each of the Persons identified in clauses (i), (v), (vi) and (viii). No holder of a Pass Through Certificate in its capacity as such shall be an Indenture Indemnitee.

"Indenture Refunding Amendment" means an amendment to the Indenture entered into for purposes of effecting a Refunding.

"Indenture Supplement" means a supplement to the Indenture, substantially in the form of Exhibit A to the Indenture, which shall particularly describe the Aircraft, and any Replacement Airframe and/or Replacement Engine included in the property subject to the Lien of the Indenture.

"Intercreditor Agreement" means that certain Intercreditor Agreement, dated as of the Closing Date, among the Pass Through Trustees, the Class G Liquidity Provider, the Policy Provider and the Subordination Agent, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Interests" has the meaning specified in Section 7.06(a) of the Indenture.

"Lease" means any lease permitted by the terms of Section 7.02(a) of the Indenture.

"Lien" means any mortgage, pledge, lien, charge, claim, encumbrance, lease, sublease, sub-sublease or security interest.

"Liquidity Facility" has the meaning specified in the Intercreditor Agreement.

"Liquidity Provider" has the meaning specified in the Intercreditor Agreement.

"Loan Amount" has the meaning specified in Section 7.06(b) of the Indenture.

"Loan Trustee" has the meaning specified in the introductory paragraph of the Indenture.

"Loan Trustee Liens" means any Lien attributable to U.S. Bank or the Loan Trustee with respect to the Aircraft, any interest therein or any other portion of the Collateral arising as a result of (i) claims against U.S. Bank or the Loan Trustee not related to its interest in the Aircraft or the administration of the Collateral pursuant to the Indenture, (ii) acts of U.S. Bank or the Loan Trustee not permitted by, or the failure of U.S. Bank or the Loan Trustee to take any action required by, the Operative Documents or the Pass Through Documents, (iii) claims against U.S. Bank or the Loan Trustee

relating to Taxes or Claims that are excluded from the indemnification provided by Section 4.02 of the Participation Agreement pursuant to said Section 4.02 or (iv) claims against U.S. Bank or the Loan Trustee arising out of the transfer by any such party of all or any portion of its interest in the Aircraft, the Collateral, the Operative Documents or the Pass Through Documents, except while an Event of Default is continuing and prior to the time that the Loan Trustee has received all amounts due to it pursuant to the Indenture.

"Loss Payment Date" has the meaning specified in Section 7.05(a) of the Indenture.

"Majority in Interest of Noteholders" means, as of a particular date of determination and subject to Section 2.16 of the Indenture, the holders of at least a majority in aggregate unpaid principal amount of all Equipment Notes outstanding as of such date (excluding any Equipment Notes held by the Company, any affiliate thereof or a Pass Through Trust the pass through certificates issued by which are owned, directly or indirectly, by the Company, unless all Equipment Notes are held by the Company, any affiliate thereof or a Pass Through Trust the pass through certificates issued by which are owned, directly or indirectly, by the Company).

"Make-Whole Amount" means: (a) with respect to any Original Series C Equipment Note, Original Series D Equipment Note or Series G Equipment Note, the amount (as determined by an investment bank of national standing selected by the Company), if any, by which (i) the present value of the remaining scheduled payments of principal and interest from the redemption date to maturity of such Equipment Note computed by discounting each such payment on a semiannual basis from its respective Payment Date (assuming a 360-day year of twelve 30-day months) using a discount rate equal to the Treasury Yield exceeds (ii) the outstanding principal amount of such Equipment Note plus accrued but unpaid interest thereon to the date of redemption; (b) with respect to any New Series C Equipment Note, New Series D Equipment Note or Second New Series D Equipment Note, the amount computed in the manner set forth in an Indenture Refunding Amendment applicable to such Series; and (c) with respect to any Series E Equipment Note, the amount computed in the manner set forth in an amendment to the Indenture at the time of issuance of the Series E Equipment Notes. For purposes of determining the Make-Whole Amount, "Treasury Yield" means, at the time of determination, the interest rate (expressed as a semi-annual equivalent and as a decimal and, in the case of United States Treasury bills, converted to a bond equivalent yield) determined to be the per annum rate equal to the semi-annual yield to maturity for United States Treasury securities maturing on the Average Life Date and trading in the public securities market either as determined by interpolation between the most recent weekly average yield to maturity for two series of United States Treasury securities trading in the public securities markets, (A) one maturing as close as possible to, but earlier than, the Average Life Date and (B) the other maturing as close as possible to, but

later than, the Average Life Date, in each case as published in the most recent H.15(519) or, if a weekly average yield to maturity for United States Treasury securities maturing on the Average Life Date is reported on the most recent H.15(519), such weekly average yield to maturity as published in such H.15(519). "H.15(519)" means the weekly statistical release designated as such, or any successor publication, published by the Board of Governors of the Federal Reserve System. The date of determination of a Make-Whole Amount shall be the third Business Day prior to the applicable redemption date or, in the case of any redemption of Equipment Notes as a result of an Event of Loss with respect to the Aircraft or any Related Aircraft, the 20th day prior to the applicable redemption date (or if such day is not a Business Day, the next succeeding Business Day), and the "most recent H.15(519)" means the H.15(519) published prior to the close of business on the third Business Day prior to the applicable redemption date or, in the case of any redemption of Equipment Notes as a result of an Event of Loss with respect to the Aircraft or any Related Aircraft, the 20th day prior to the applicable redemption date (or if such day is not a Business Day, the next succeeding Business Day). "Average Life Date" means, for each Equipment Note to be redeemed, the date which follows the redemption date by a period equal to the Remaining Weighted Average Life at the redemption date of such Equipment Note. "Remaining Weighted Average Life" of an Equipment Note, at the redemption date of such Equipment Note, means the number of days equal to the quotient obtained by dividing: (i) the sum of the products obtained by multiplying (A) the amount of each then remaining installment of principal, including the payment due on the maturity date of such Equipment Note, by (B) the number of days from and including the redemption date to but excluding the scheduled payment date of such principal installment by (ii) the then unpaid principal amount of such Equipment Note.

"Manufacturer" means The Boeing Company, a Delaware corporation, and its successors and assigns.

"Manufacturer's Consent" means the Manufacturer's Consent and Agreement to Assignment of Warranties, dated as of the Closing Date, substantially in the form of Exhibit E to the Participation Agreement.

"New Series" has the meaning specified in Exhibit A to the Intercreditor Agreement.

"New Series C Equipment Notes" means Equipment Notes that are issued as a New Series in connection with a Refunding of the Original Series C Equipment Notes, in the original principal amount and maturities and bearing interest as specified in Schedule I to the applicable Indenture Refunding Amendment under the heading "Series C Equipment Notes".

"New Series D Equipment Notes" means Equipment Notes that are issued as a New Series in connection with a Refunding of the Original Series D Equipment Notes, in the original principal amount and maturities and bearing interest as specified in Schedule I to the applicable Indenture Refunding Amendment under the heading "Series D Equipment Notes".

"New Trust" has the meaning specified in Exhibit A to the Intercreditor Agreement.

"Noteholder" means any Person in whose name an Equipment Note is registered on the Equipment Note Register (including, for so long as it is the registered holder of any Equipment Notes, the Subordination Agent on behalf of the Pass Through Trustees pursuant to the provisions of the Intercreditor Agreement).

"Noteholder Liens" means any Lien attributable to any Noteholder on or against the Aircraft, any interest therein or any portion of the Collateral, arising out of any claim against such Noteholder that is not related to the Operative Documents or Pass Through Documents, or out of any act or omission of such Noteholder that is not related to the transactions contemplated by, or that constitutes a breach by such Noteholder of its obligations under, the Operative Documents or the Pass Through Documents.

"Operative Documents" means, collectively, the Participation Agreement, the Indenture, each Indenture Supplement, the Manufacturer's Consent and the Equipment Notes.

"Original Series C Equipment Notes" means Equipment Notes issued on the Closing Date and designated as "Series C Equipment Notes" under the Indenture, in the original principal amount and maturities and bearing interest as specified in Schedule I to the Indenture under the heading "Series C Equipment Notes."

"Original Series D Equipment Notes" means Equipment Notes issued on the Closing Date and designated as "Series D Equipment Notes" under the Indenture, in the original principal amount and maturities and bearing interest as specified in Schedule I to the Indenture under the heading "Series D Equipment Notes."

"Other Party Liens" means any Lien attributable to the Pass Through Trustee (other than in its capacity as Noteholder), the Subordination Agent (other than in its capacity as Noteholder), any Liquidity Provider or the Policy Provider on or against the Aircraft, any interest therein, or any portion of the Collateral arising out of any claim against such party that is not related to the Operative Documents or Pass Through Documents, or out of any act or omission of such party that is not related to the transactions contemplated by, or that constitutes a breach by such party of its obligations under, the Operative Documents or the Pass Through Documents.

"Participation Agreement" has the meaning set forth under the definition of "Agreement".

"Parts" means any and all appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment of whatever nature (other than (a) complete Engines or engines, (b) any items leased by the Company or any Permitted Lessee, (c) cargo containers and (d) components or systems installed on or affixed to the Airframe that are used to provide individual telecommunications or electronic entertainment to passengers aboard the Aircraft) so long as the same shall be incorporated or installed in or attached to the Airframe or any Engine or so long as the same shall be subject to the Lien of the Indenture in accordance with the terms of Section 7.04 thereof after removal from the Airframe or any such Engine.

"Pass Through Certificates" means the pass through certificates issued by the Pass Through Trustees.

"Pass Through Documents" means the Pass Through Trust Agreements, the Intercreditor Agreement, the Liquidity Facilities, the Policy Provider Agreement and the Policy.

"Pass Through Trust" means each of the separate grantor trusts then holding Equipment Notes, which grantor trusts have been or will be created pursuant to the Pass Through Trust Agreements to facilitate certain of the transactions contemplated by the Operative Documents.

"Pass Through Trust Agreement" means each of the separate Trust Supplements relating to the Pass Through Trusts, together in each case with the Basic Pass Through Trust Agreement, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Pass Through Trustee" has the meaning specified in the introductory paragraph to the Participation Agreement and also includes any New Trustee (as defined in Exhibit A to the Intercreditor Agreement).

"Pass Through Trustees" means, collectively, the Pass Through Trustees under each Pass Through Trust Agreement.

"Past Due Rate" means, with respect to a particular Series, a rate per annum equal to the then applicable Debt Rate plus 1% and, in any case other than with respect to a particular Series, the Debt Rate for the Series G Equipment Notes plus 1%.

"Payment Date" means, for any Equipment Note, each January 9 and July 9 commencing with January 9, 2004 (or if any such day is not a Business Day, the immediately succeeding Business Day).

"Payment Default" means the occurrence of an event that would give rise to an Event of Default under Section 4.01(a) of the Indenture upon the giving of notice or the passing of time or both.

"Permitted Investments" means each of (a) direct obligations of the United States and agencies thereof; (b) obligations fully guaranteed by the United States; (c) certificates of deposit issued by, or bankers' acceptances of, or time deposits with, any bank, trust company or national banking association incorporated or doing business under the laws of the United States or one of the states thereof having combined capital and surplus and retained earnings of at least \$100,000,000 and having a rating of A, its equivalent or better by Moody's Investors Service, Inc. ("Moody's") or Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P") (or, if neither such organization shall rate such institution at any time, by any nationally recognized rating organization in the United States); (d) commercial paper of any holding company of a bank, trust company or national banking association described in clause (c); (e) commercial paper of companies having a rating assigned to such commercial paper by either Moody's or S&P (or, if neither such organization shall rate such commercial paper at any time, by any nationally recognized rating organization in the United States) equal to either of the two highest ratings assigned by such organization; (f) Dollar-denominated certificates of deposit issued by, or time deposits with, the European subsidiaries of (i) any bank, trust company or national banking association described in clause (c), or (ii) any other bank or financial institution described in clause (h) or (i) below; (g) United States-issued Yankee certificates of deposit issued by, or bankers' acceptances of, or commercial paper issued by, any bank having combined capital and surplus and retained earnings of at least \$100,000,000 and headquartered in Canada, Japan, the United Kingdom, France, Germany, Switzerland or The Netherlands and having a rating of A, its equivalent or better by Moody's or S&P (or, if neither such organization shall rate such institution at any time, by any nationally recognized rating organization in the United States); (h) Dollar-denominated time deposits with any Canadian bank having a combined capital and surplus and retained earnings of at least \$100,000,000 and having a rating of A, its equivalent or better by Moody's or S&P (or, if neither such organization shall rate such institution at any time, by any nationally recognized rating organization in the United States); (i) Canadian Treasury Bills fully hedged to Dollars; (j) repurchase agreements with any financial institution having combined capital and surplus and retained earnings of at least \$100,000,000 collateralized by transfer of possession of any of the obligations described in clauses (a) through (i) above; (k) bonds, notes or other obligations of any state of the United States, or any political subdivision of any state, or any agencies or other instrumentalities of any such state, including, but not limited to, industrial development bonds, pollution control revenue bonds, public power bonds, housing bonds, other revenue bonds or any general obligation bonds, provided that, at the time of their purchase, such obligations are rated A, its equivalent or better by Moody's or S&P (or, if neither such organization shall rate such obligations at any time, by any nationally recognized rating organization in the United States); (l) bonds or other debt

instruments of any company, if such bonds or other debt instruments, at the time of their purchase, are rated A, its equivalent or better by Moody's or S&P (or, if neither such organization shall rate such obligations at such time, by any nationally recognized rating organization in the United States); (m) mortgage backed securities (i) guaranteed by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation or the Government National Mortgage Association or rated AAA, its equivalent or better by Moody's or S&P (or, if neither such organization shall rate such obligations at any time, by any nationally recognized rating organization in the United States) or, if unrated, deemed to be of a comparable quality by the Loan Trustee and (ii) having an average life not to exceed one year as determined by standard industry pricing practices then in effect; (n) asset-backed securities rated A, its equivalent or better by Moody's or S&P (or, if neither such organization shall rate such obligations at any time, by any nationally recognized rating organization in the United States) or, if unrated, deemed to be of a comparable quality by the Loan Trustee; and (o) such other investments approved in writing by the Loan Trustee; provided that, the instruments described in the foregoing clauses shall have a maturity no later than the earliest date when such investments may be required for distribution. Any of the investments described herein may be made through or with, as applicable, the bank acting as Pass Through Trustee or Loan Trustee or any of their affiliates.

"Permitted Lessee" means any Person to whom the Company is permitted to lease the Airframe or any Engine pursuant to Section 7.02(a) of the Indenture.

"Permitted Lien" has the meaning specified in Section 7.01 of the Indenture.

"Person" means any person, including any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, trustee, unincorporated organization or government or any agency or political subdivision thereof.

"Policy" means the Certificate Guaranty Insurance Policy No. AB0686BE, issued as of the Closing Date by the Policy Provider in favor of the Subordination Agent, for the benefit of the Class G Certificateholders (as defined in the Intercreditor Agreement), as amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Policy Expenses" shall have the meaning specified in the Intercreditor Agreement.

"Policy Provider" means Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance corporation.

"Policy Provider Agreement" means the Insurance and Indemnity Agreement, dated as of the Closing Date, among the Company, the Subordination Agent, the Class G Trustee and the Policy Provider, including the related Policy Provider Fee Letter referred to therein, as amended, supplemented or otherwise modified from time to time in accordance with its terms.

"Policy Provider Amounts" means all Policy Provider Obligations, Policy Provider Interest Drawing Amounts, Policy Expenses, Policy Provider Interest Amounts and Excess Reimbursement Obligations.

"Policy Provider Indemnity and Inspection Agreement" means the Policy Provider Indemnity and Inspection Agreement (N961AN), dated as of the Closing Date, between the Company and the Policy Provider.

"Policy Provider Interest Amounts" shall have the meaning specified in the Intercreditor Agreement.

"Policy Provider Interest Drawing Amount" has the meaning specified in the Intercreditor Agreement.

"Policy Provider Obligations" shall have the meaning specified in the Intercreditor Agreement.

"Purchase Agreement" means the Purchase Agreement as described in Schedule I to the Participation Agreement.

"Rating Agencies" has the meaning specified in the Intercreditor Agreement.

"Ratings Confirmation" has the meaning specified in the Intercreditor Agreement.

"Refunding" has the meaning specified in Exhibit A to the Intercreditor Agreement.

"Related Aircraft" means each of the aircraft subject to a Related Indenture, including any Replacement Aircraft substituted therefor pursuant to Section 7.05 of any Related Indenture.

"Related Equipment Note" means a Related Series G Equipment Note, Related Series C Equipment Note or Related Series D Equipment Note.

"Related Indemnitee Group" has the meaning specified in Section 4.02(b) of the Participation Agreement.

"Related Indenture Indemnities" means the "Indenture Indemnities" (as defined in each Related Indenture).

"Related Indentures" means each of the indentures (other than the Indenture) under which equipment notes have been issued and purchased by the Pass Through Trustees (whether before or after the date of the Indenture).

"Related Loan Trustee" means the "Loan Trustee" (as defined in each Related Indenture).

"Related Noteholder" means a registered holder of a Related Equipment Note.

"Related Operative Documents" means the "Operative Documents" (as defined in each Related Indenture).

"Related Participation Agreement" means the "Participation Agreement" (as defined in each Related Indenture).

"Related Policy Provider Indemnity and Inspection Agreement" means the "Policy Provider Indemnity and Inspection Agreement" (as defined in each Related Indenture).

"Related Secured Obligations" means, the "Secured Obligations" (as defined in each Related Indenture).

"Related Series C Equipment Note" means a "Series C Equipment Note" (as defined in each Related Indenture).

"Related Series D Equipment Note" means a "Series D Equipment Note" (as defined in each Related Indenture).

"Related Series G Equipment Note" means a "Series G Equipment Note" (as defined in each Related Indenture).

"Related Supplemental Agreement" means the "Supplemental Agreement" as defined in each Related Indenture).

"Replacement Aircraft" means the Aircraft of which a Replacement Airframe is part.

"Replacement Airframe" means a Boeing aircraft of the model further described in Annex A to the Indenture Supplement dated the Closing Date or an improved model of the Manufacturer (except (a) Engines or engines from time to time installed thereon and any and all Parts related to such Engine or engines and (b) items excluded from the

definition of Parts (except Engines or engines)), that shall have been made subject to the Lien of the Indenture pursuant to Section 7.05 thereof, together with all Parts relating to such aircraft.

"Replacement Engine" means an engine of the make and model specified in Annex A to the Indenture Supplement dated the Closing Date (or an engine of the same or another manufacturer of a comparable or an improved model and suitable for installation and use on the Airframe with the other Engine (or any other Replacement Engine being substituted simultaneously therewith)) that shall have been made subject to the Lien of the Indenture pursuant to Section 7.04 or Section 7.05 thereof, together with all Parts relating to such engine.

"Responsible Officer" means, with respect to the Company, its Chairman of the Board, its President, any Senior Vice President, the Chief Financial Officer, any Vice President, the Treasurer, the Secretary or any other management employee (a) whose power to take the action in question has been authorized, directly or indirectly, by the Board of Directors of the Company, (b) working directly under the supervision of its Chairman of the Board, its President, any Senior Vice President, the Chief Financial Officer, any Vice President, the Treasurer or the Secretary and (c) whose responsibilities include the administration of the transactions and agreements contemplated by the Participation Agreement and the Indenture.

"Second New Series D Equipment Notes" means Equipment Notes that are issued as a New Series in connection with a Refunding of any American New Series D Equipment Notes, in the original principal amount and maturities and bearing interest as specified in Schedule I to the applicable Indenture Refunding Amendment.

"Section 1110" means Section 1110 of the Bankruptcy Code, as in effect on the Closing Date or any successor or analogous section of the federal bankruptcy law in effect from time to time.

"Secured Obligations" has the meaning specified in the Granting Clause of the Indenture.

"Series" means any series of Equipment Notes, including the Series G Equipment Notes, the Series C Equipment Notes, the Series D Equipment Notes or the Series E Equipment Notes.

"Series C Equipment Notes" means the Original Series C Equipment Notes or, following a Refunding of the Original Series C Equipment Notes, New Series C Equipment Notes.

"Series D Equipment Notes" means (a) the Original Series D Equipment Notes, or (b) following a Refunding of the Original Series D Equipment Notes, the New Series D

Equipment Notes, or (c) following a Refunding of the American New Series D Equipment Notes, the Second New Series D Equipment Notes.

"Series E Equipment Notes" means Equipment Notes, if any, issued and designated as "Series E Equipment Notes" under the Indenture, in the original principal amount and maturities and bearing interest as specified in an amendment to the Indenture at the time of issuance of the Series E Equipment Notes.

"Series G Equipment Notes" means Equipment Notes issued and designated as "Series G Equipment Notes" under the Indenture, in the original principal amount and maturities and bearing interest as specified in Schedule I to the Indenture under the heading "Series G Equipment Notes."

"Specified Person" has the meaning specified in Section 7.06(a) of the Indenture.

"Subordination Agent" has the meaning specified in the introductory paragraph to the Participation Agreement.

"Supplemental Agreement" means the Supplemental Agreement (N961AN), dated as of the Closing Date, between the Company and the Policy Provider.

"Tax" and "Taxes" means all governmental fees (including, without limitation, license, filing and registration fees) and all taxes (including, without limitation, franchise, excise, stamp, value added, income, gross receipts, sales, use and property taxes), withholdings, assessments, levies, imposts, duties or charges, of any nature whatsoever, together with any related penalties, fines, additions to tax or interest thereon imposed, withheld, levied or assessed by any country, taxing authority or governmental subdivision thereof or therein or by any international authority, including any taxes imposed on any Person as a result of such Person being required to collect and pay over withholding taxes.

"Transportation Code" means that portion of Title 49 of the United States Code comprising those provisions formerly referred to as the Federal Aviation Act of 1958, as amended, or any subsequent legislation that amends, supplements or supersedes such provisions.

"Trust Supplements" means those agreements supplemental to the Basic Pass Through Trust Agreement referred to in Schedule II to the Participation Agreement.

"Underwriting Agreement" means that certain Underwriting Agreement, dated June 30, 2003, among the Company and the underwriters named therein, relating to the purchase of the Class G Certificates (as defined in the Intercreditor Agreement) by such underwriters, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

"United States" means the United States of America.

"U.S. Bank" has the meaning specified in the introductory paragraph to the Participation Agreement.

"U.S. Government Obligations" means securities that are direct obligations of the United States for the payment of which its full faith and credit is pledged which are not callable or redeemable, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligations or a specific payment of interest on or principal of any such U.S. Government Obligations held by such custodian for the account of the holder of a depository receipt so long as such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligations or the specific payment of interest on or principal of the U.S. Government Obligations evidenced by such depository receipt.

"Warranty Bill of Sale" means the warranty (as to title) bill of sale covering the Aircraft, executed by the Manufacturer in favor of the Company and specifically referring to each Engine, as well as the Airframe, constituting a part of the Aircraft.

"Warranty Rights" means the Warranty Rights as described in Schedule I to the Participation Agreement.

[Logo of Aircraft Information Services, Inc.]

June 26, 2003

Mr. Michael Thomas
Managing Director, Corporate Finance
& Banking
American Airlines, Inc.
4333 Amon Carter Boulevard
Mail Drop 5662
Fort Worth, Texas 76155

Re: American Airlines, Inc. ("American") three Boeing 737-823
aircraft, one Boeing 767-300ER aircraft and three Boeing
777-223ER aircraft

Ladies and Gentlemen:

We hereby consent to (i) the use of the report prepared by us with respect to the aircraft referred to above, (ii) the summary of such report under the headings (a) "Summary - Equipment Notes and the Aircraft," (b) "Risk Factors - Risk Factors Relating to the Certificates and the Offering - Appraisals and Realizable Value of the Aircraft" and (c) "Description of the Aircraft and the Appraisals - The Appraisals" and (iii) references to our firm under the headings "Description of the Aircraft and the Appraisals - The Appraisals" and "Experts" in American's preliminary Prospectus Supplement expected to be dated on or about July 9, 2003 and American's final Prospectus Supplement, in each case relating to the offering of American Airlines, Inc. Pass Through Certificates, Series 2003-1.

Aircraft Information Services, Inc.

/s/ John D. McNicol

By: John D. McNicol
Its: Vice President - Appraisals & Forecasts

BK ASSOCIATES, INC.

1295 Northern Boulevard
Manhasset, New York 11030
(516) 365-6272 - Fax (516) 365-6287

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American Airlines, Inc.
4333 Amon Carter Boulevard, Mail Drop 5662
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Sincerely,

BK ASSOCIATES, INC.

/s/ John F. Keitz

John F. Keitz
President
ISTAT Senior Certified Appraiser

JFK/kf

[Logo of Morten Beyer & Agnew]

MORTEN BEYER & AGNEW
2107 Wilson Boulevard - Suite 750 - Arlington, VA 22201

June 26, 2003

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Managing Director, Corporate Finance
& Banking
American Airlines, Inc.
4333 Amon Carter Boulevard
Mail Drop 5662
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MORTEN BEYER & AGNEW

By: /s/ Bryson P. Monteleone
Name: Bryson P. Monteleone
Title: Vice President - Operations, CFO

SCHEDULE I

The following documents relating to one Boeing 737-823 aircraft bearing United States registration number N961AN (hereinafter referred to as "N961AN") have been provided in this filing: (a) Participation Agreement, dated as of July 8, 2003, among American Airlines, Inc. ("American"), U.S. Bank Trust National Association, as trustee under each of the Pass Through Trust Agreements (the "Pass Through Trustee"), U.S. Bank Trust National Association, as subordination agent (the "Subordination Agent"), as loan trustee (the "Loan Trustee"), and in its individual capacity as set forth therein ("U.S. Bank Trust"); (b) Indenture and Security Agreement, dated as of July 8, 2003, between American and the Loan Trustee; (c) Form of Indenture Supplement; and (c) Form of Series 2003-1 Equipment Notes.

The corresponding documents listed below are substantially identical in all material respects to the documents relating to N961AN, with the following exceptions: (1) conforming changes have been made to reflect the appropriate United States registration number of each aircraft (e.g., N963AN, N967AN, N388AA, etc.), the appropriate model of each aircraft (i.e., 737-823, 767-323, 777-223ER) and the appropriate manufacturer's serial number of each aircraft; (2) the description and original principal amounts of the equipment notes set forth on Schedule II to each Participation Agreement and Schedule I to each Indenture and Security Agreement differ; (3) the dollar amount set forth in Exhibit C to each Indenture and Security Agreement differs according to the model of each aircraft, (4) conforming changes have been made to reflect the appropriate engines relating to each aircraft (e.g., CFM International CFM56-7B27, General Electric CF6-80C2B6, Rolls-Royce RB211-TRENT-892-17); (5) the definitions of "FAA Bill of Sale" and "Warranty Bill of Sale" set forth in Annex A to each Participation Agreement and Indenture and Security Agreement differ; and (6) the definitions of "Purchase Agreement" and "Warranty Rights" set forth in Schedule I to each Participation Agreement differ.

- (1)(a) Participation Agreement, dated as of July 8, 2003, among American, the Pass Through Trustee, the Subordination Agent, the Loan Trustee, and U.S. Bank Trust, relating to one Boeing 737-823 aircraft bearing United States registration number N963AN ("N963AN").
- (1)(b) Indenture and Security Agreement, dated as of July 8, 2003, between American and the Loan Trustee, relating to N963AN.
- (1)(c) Form of Indenture Supplement relating to N963AN.
- (1)(d) Form of Series 2003-1 Equipment Notes relating to N963AN.

- (2)(a) Participation Agreement, dated as of July 8, 2003, among American, the Pass Through Trustee, the Subordination Agent, the Loan Trustee, and U.S. Bank Trust, relating to one Boeing 737-823 aircraft bearing United States registration number N967AN ("N967AN").
- (2)(b) Indenture and Security Agreement, dated as of July 8, 2003 between American and the Loan Trustee, relating to N967AN.
- (2)(c) Form of Indenture Supplement relating to N967AN.
- (2)(d) Form of Series 2003-1 Equipment Notes relating to N967AN.
- (3)(a) Participation Agreement, dated as of July 8, 2003, among American, the Pass Through Trustee, the Subordination Agent, the Loan Trustee, and U.S. Bank Trust, relating to one Boeing 767-323ER aircraft bearing United States registration number N388AA ("N388AA").
- (3)(b) Indenture and Security Agreement, dated as of July 8, 2003 between American and the Loan Trustee, relating to N388AA.
- (3)(c) Form of Indenture Supplement relating to N388AA.
- (3)(d) Form of Series 2003-1 Equipment Notes relating to N388AA.
- (4)(a) Participation Agreement, dated as of July 8, 2003, among American, the Pass Through Trustee, the Subordination Agent, the Loan Trustee, and U.S. Bank Trust, relating to one Boeing 777-223ER aircraft bearing United States registration number N784AN ("N784AN").
- (4)(b) Indenture and Security Agreement, dated as of July 8, 2003, between American and the Loan Trustee, relating to N784AN.
- (4)(c) Form of Indenture Supplement relating to N784AN.
- (4)(d) Form of Series 2003-1 Equipment Notes relating to N784AN.
- (5)(a) Participation Agreement, dated as of July 8, 2003, among American, the Pass Through Trustee, the Subordination Agent, the Loan Trustee, and U.S. Bank Trust, relating to one Boeing 777-223ER aircraft bearing United States registration number N760AN ("N760AN").
- (5)(b) Indenture and Security Agreement, dated as of July 8, 2003 between American and the Loan Trustee, relating to N760AN.

- (5)(c) Form of Indenture Supplement relating to N760AN.
- (5)(d) Form of Series 2003-1 Equipment Notes relating to N760AN.
- (6)(a) Participation Agreement, dated as of July 8, 2003, among American, the Pass Through Trustee, the Subordination Agent, the Loan Trustee, and U.S. Bank Trust, relating to one Boeing 777-223ER aircraft bearing United States registration number N761AJ ("N761AJ").
- (6)(b) Indenture and Security Agreement, dated as of July 8, 2003, between American and the Loan Trustee, relating to N761AJ.
- (6)(c) Form of Indenture Supplement relating to N761AJ.
- (6)(d) Form of Series 2003-1 Equipment Notes relating to N761AJ.